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DEPARTMENT OF OVERSEAS TRADE.

REPORT

ON

SOME ASPECTS OF BRITISH TRADE

IN

INDIA

*During the Fiscal Year, April 1st, 1923, to  
March 31st, 1924. Revised to June, 1924*

BY

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# DEPARTMENT OF OVERSEAS TRADE.

## COMMERCIAL REPRESENTATION BOARD.

To foster British overseas trade, the Department has developed and controls the following Services of Commercial Intelligence Officers :—

### 1. IN THE EMPIRE.

#### *The Trade Commissioner and Imperial Trade Correspondent Services.*

At the present time there are 13 Trade Commissioners' offices. These are situated, four in Canada (Montreal, Toronto, Vancouver, Winnipeg) ; two in South Africa (Johannesburg, Cape Town) ; two in Australia (Melbourne, Sydney) ; two in India (Calcutta and Bombay—to cover also Ceylon) ; and one each in New Zealand (Wellington), British East Africa (Nairobi) and British West Indies (Trinidad).

The Trade Commissioners in the Dominions have the assistance of Imperial Trade Correspondents at a number of important centres.

In various parts of the Empire in which at present there are no commissioners, there are correspondents with whom the Department deals direct.

The Department is represented in India by Mr. T. Ainscough, O.B.E., H.M. Senior Trade Commissioner ; Mr. W. D. Montgomery Clark, H.M. Trade Commissioner, Calcutta ; and Major R. W. Clarke, H.M. Trade Commissioner, Bombay.

### 2. IN FOREIGN COUNTRIES.

#### *(a) The Commercial Diplomatic Service attached to the British Diplomatic Missions.*

This service consists of between thirty and forty posts in all, and the officers of the service are stationed in all the more important foreign markets of the world. The members of the Commercial Diplomatic Service are styled " Commercial Counsellors " in the highest grade, and " Commercial Secretaries " in the three lower grades. They are members of the staff of the British Embassy or Legation in which they serve.

The Commercial Diplomatic Officer has general supervision over the commercial work of the consular officers in his area, and, with the co-operation of these two services, a complete network of Government commercial representatives is thrown over foreign countries.

#### *(b) The British Consular Service.*

This service has been re-organised. Particular attention has been given to the commercial side of consular work.

Members of British firms are urged to call upon the Department's representative abroad when they visit an overseas country. It is also important that they should make a point of their representatives abroad keeping in close touch with the Department's officers.

A handbook giving fuller details of the overseas organization of the Department can be obtained on application at the Department of Overseas Trade, 35, Old Queen Street, S.W.1.

### NOTE.

*It should be understood that the views expressed in annual reports are the views of the officers themselves, and are not necessarily in all respects the views of the Department.*

## PREFATORY TABLES.

NOTE.—The author desires to express his indebtedness to the Director of 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*).

	1909-14. <i>Average.</i>	1914-19. <i>Average.</i>	1921-22.	1922-23.	1923-24.
Cotton Manufactures ..	36	35	21	30	30
Iron and Steel .. ..	7	6	8	8	8
Machinery .. .. .	4	4	13	10	8
Sugar .. .. .	9	10	10	6	7
Railway Plant .. ..	4	5	7	5	5
Hardware .. .. .	2	2	2	2	2
Mineral Oil .. .. .	3	3	3	3	4
Silk .. .. .	3	2	2	2	2
Other articles .. ..	32	33	34	34	34

#### EXPORTS (*in percentages*).

	1909-14. <i>Average.</i>	1914-19. <i>Average.</i>	1921-22.	1922-23.	1923-24.
Jute, raw and manufac- tures .. .. .	19	25	24	20	18
Cotton, raw and manufac- tures .. .. .	15	16	19	29	32
Food-grains .. .. .	21	17	5	13	15
Seeds .. .. .	11	6	8	9	9
Tea .. .. .	6	8	7	7	9
Hides and skins .. ..	7	8	12	4	4
Other articles .. ..	21	20	25	18	13

## II.—TRADE DISTRIBUTION: PRINCIPAL COUNTRIES.

TABLE SHOWING VARIATIONS IN THE SHARE 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*).

	1909-14. <i>Average.</i>	1914-19. <i>Average.</i>	1921-22.	1922-23.	1923-24.
United Kingdom .. .. .	63	56	57	60	58
Other parts of the British Empire .. .. .	7	9	10	7	7
United States of America .. .. .	3	7	8	6	6
Japan .. .. .	2	10	5	6	6
Java .. .. .	6	8	9	6	6
Germany .. .. .	6	1	3	5	5
Other Foreign Countries .. .. .	13	9	8	10	12

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*).

	1909-14. <i>Average.</i>	1914-19. <i>Average.</i>	1921-22.	1922-23.	1923-24.
United Kingdom .. .. .	25	31	20	23	25
Other parts of the British Empire .. .. .	17	21	21	18	14
United States of America .. .. .	7	12	10	11	9
Japan .. .. .	7	11	16	13	14
France .. .. .	7	4	4	5	5
Germany .. .. .	10	1	7	7	7
Other Foreign countries .. .. .	27	20	22	23	26

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

## TABLE OF CONTENTS.

### PREFATORY TABLES.

	PAGE.
STATISTICS OF VARIATION IN SHARES OF PRINCIPAL ARTICLES OF IMPORT AND EXPORT AND OF PRINCIPAL COUNTRIES OF ORIGIN AND DESTINATION, 1914-24 .. .. .	3

### CHAPTER I.

#### GENERAL REVIEW OF THE PERIOD :—

The Outlook in the Import Trade .. .. .	10
Effects of Political Feeling on British Economic Interests ..	11
General position of British Trade in India .. .. .	16
The Balance of Trade .. .. .	20
The Budget, 1924-25 .. .. .	22
Removal of Duty on Sulphur .. .. .	24
Joint Stock Companies .. .. .	25
Flotations .. .. .	25
Liquidations .. .. .	25
The Trade Facilities Act and India .. .. .	25
Security Printing .. .. .	26
Important Irrigation Works under Construction—	
The Sarda Canal and Sarda Kicha Feeder .. .. .	28
The Sutlej Valley Project .. .. .	30
Use of Mechanical Excavators .. .. .	31
The Lloyd (Sukkur) Barrage and Canals Project .. .. .	32
General Description .. .. .	32
Economic Aspect .. .. .	33
Effect on British Trade .. .. .	34
Future of Port of Karachi .. .. .	35
Present Harbour Facilities .. .. .	36
Port Improvement Scheme .. .. .	37
The New Howrah Bridge .. .. .	38
The Indian Mercantile Marine Committee—	
Training of Indian Executive Officers .. .. .	39
Training of Indian Marine Engineers .. .. .	41
Measures for Shipbuilding in India .. .. .	42
Development of Mercantile Marine .. .. .	42
Minute of Dissent .. .. .	45
The Civil Justice Committee .. .. .	46
The Census of 1921—	
Industries .. .. .	49
Census of Power .. .. .	51
Humidification in Indian Cotton Mills—	
Conclusions .. .. .	52
Recommendations .. .. .	53
Wages and Hours of Labour in Bombay Cotton Mill Industry ..	55
Working Class Budget in Bombay .. .. .	57
Workmen's Compensation Act, 1923 .. .. .	59

## CHAPTER II.

## NOTE ON THE DEVELOPMENT OF PURCHASES IN INDIA BY THE INDIAN STORES DEPARTMENT AND ITS BEARING ON THE POSITION OF BRITISH MANUFACTURERS, TOGETHER WITH A COMMENTARY ON THE REVISED STORES RULES.

	PAGE.
The Indian Stores Department in 1922—	
Genesis of the Department .. .. .	60
Functions of the Department .. .. .	62
Activities of the Department .. .. .	63
Other Government Purchasing Departments in India .. .. .	63
Purchases of Railway requirements .. .. .	64
The Revised Stores Rules .. .. .	65
Report of the Railway Industries Committee .. .. .	65
The Committee and the Stores Rules .. .. .	68
Promulgation of the Revised Stores Rules—	
Note on the Revised Rules, with special reference to their bearing on the representation in India of British Manufacturers .. .. .	69
Purchase of Articles not manufactured in India .. .. .	70

## CHAPTER III.

## GROWTH OF THE DEMAND FOR A REVISION OF INDIA'S FISCAL POLICY AND THE ACCEPTANCE BY THE GOVERNMENT OF INDIA OF THE POLICY OF DISCRIMINATING PROTECTION :—

Report of the Fiscal Commission—	
Summary of Recommendations .. .. .	78
The Commission and Imperial Preference .. .. .	79
Reception of the Report .. .. .	81
Government's Attitude .. .. .	81
Acceptance by the Government of Discriminating Protection .. .. .	82
Appointment of the Tariff Board .. .. .	86

## CHAPTER IV.

## THE STEEL INDUSTRY (PROTECTION) ACT, 1924, AND ITS PROBABLE EFFECTS ON BRITISH STEEL EXPORTS :—

Summary of Tariff Board's Conclusions .. .. .	88
Analysis of Protection granted under each head—	
Structural Shapes .. .. .	90
Plates .. .. .	90
Bars and Rods .. .. .	90
Black Sheets .. .. .	90
Galvanized Sheets .. .. .	91
Steel Railway Track Material .. .. .	91
Wrought Iron .. .. .	92
Iron, Angle, Channel and Tee, etc. .. .. .	92
Fabricated Steel .. .. .	93
Steel Wagons .. .. .	93
Tinplates .. .. .	94
Steel Wire .. .. .	94
Wire Nails .. .. .	95
Agricultural Implements .. .. .	95
Other features of the Act .. .. .	95
Reception of the Act in the Legislature .. .. .	97
Subsidiary Industries to Steel Industry—	
Locomotive Building .. .. .	98
Steel Castings .. .. .	99
Enamelled Ware .. .. .	100
Estimated Effect of the Steel Industry Protection Bill on British Exports .. .. .	101

## CHAPTER V.

DETAILED EXAMINATION OF THE LEADING IMPORT TRADES, DURING  
THE FISCAL YEARS APRIL 1ST TO MARCH 31ST, 1922-23,  
AND 1923-24 :—

## Manufactured and Mainly Manufactured Goods :—

	PAGE.
Cotton Textiles—	
Yarns .. .. .	104
Piece Goods .. .. .	108
Italian Competition .. .. .	113
Shares of principal Competitors .. .. .	114
Indian Mill Competition .. .. .	115
Present position of Piece Goods Market .. .. .	117
Raw Cotton .. .. .	118
Cotton Sewing Thread .. .. .	119
Flax Manufactures .. .. .	119
Jute Manufactures .. .. .	120
Silk Manufactures .. .. .	120
Woollen Manufactures—	
Woollen Piece Goods .. .. .	121
Woollen Shawls .. .. .	122
Carpets and Rugs .. .. .	122
Machinery and Millwork .. .. .	123
Iron and Steel .. .. .	130
Aluminium .. .. .	136
Brass, Bronze and similar Alloys .. .. .	136
Copper .. .. .	137
German Silver .. .. .	138
Railway Plant and Rolling Stock .. .. .	138
Motor Vehicles .. .. .	139
Provisions .. .. .	142
Liquors .. .. .	143
Paper and Pasteboard .. .. .	144
Chemicals and Chemical Preparations .. .. .	146
Dyeing and Tanning Substances .. .. .	147
Paints and Painters' Materials .. .. .	149
Drugs and Medicines .. .. .	150
Apparel .. .. .	150
Hosiery .. .. .	151
Haberdashery and Millinery .. .. .	152
Boots and Shoes .. .. .	152
Leather .. .. .	153
Belting for Machinery .. .. .	154
Bobbins .. .. .	154
Books and Printed Matter .. .. .	155
Stationery .. .. .	155
Tobacco .. .. .	155
Rubber .. .. .	156
Instruments, Apparatus, Appliances, etc. .. .. .	157
Earthenware and Porcelain .. .. .	159
Glass and Glassware .. .. .	159
Cycles and Accessories .. .. .	160
Building and Engineering Materials .. .. .	161
Hardware—	
Agricultural Implements .. .. .	163
Galvanized Iron or Tinned Buckets .. .. .	164
Builders' Hardware .. .. .	164
Domestic Hardware .. .. .	164
Enamelled Ironware .. .. .	164
Implements and Tools.. .. .	164

Chapter V—Hardware— <i>continued.</i>	PAGE.
Gas Mantles .. .. .	165
Metal Lamps .. .. .	165
Safes, Stoves and Cutlery .. .. .	165
Polishes .. .. .	166
Arms, Ammunition and Military Stores .. .. .	166
Brushes and Brooms .. .. .	167
Toys and Sports Requisites .. .. .	167
Tea Chests .. .. .	168
Umbrellas .. .. .	168
Jewellery and Plate of Gold and Silver .. .. .	169
Electro-plated Ware .. .. .	169
Carriages and Carts .. .. .	169
Oil Cloth, etc. .. .. .	169
Furniture and Cabinetware .. .. .	169
Matches .. .. .	170
Packing .. .. .	170
Toilet .. .. .	170
Articles by Post .. .. .	170

#### Raw and Semi-Manufactured Articles :—

Coal, Coke, etc. .. .. .	171
Mineral Oils .. .. .	171
Salt .. .. .	172
Sugar .. .. .	173
Parts of Ships .. .. .	174

#### SUPPLEMENT.

IMPORT TRADE TO JUNE 30, 1924. .. .. .	175
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#### APPENDICES.

I.—Speech of Sir Basil Blackett, K.C.B., Finance Member (Stabilization of Rupee) .. .. .	181
II.—(A) Total Overseas Trade of India by Countries .. .. .	188
(B) Analysis of Chief Items of Imports from Principal Countries .. .. .	189
III.—Value of Principal Articles Imported into India from—	
(A) British Empire .. .. .	191
(B) Italy .. .. .	193
(C) Belgium .. .. .	194
(D) Germany .. .. .	195
(E) France .. .. .	196
(F) Japan .. .. .	197
(G) United States .. .. .	199
IV.—Supply of Stores: Resolution and Revised Rules pro- mulgated by the Department of Industries and Labour .. .. .	200
V.—Steel Industry Protection Act, 1920 .. .. .	209
VI.—(A) Estimated Consumption of Steel and Wrought Iron .. .. .	214
(B) Estimated Production of Tata Iron & Steel Company .. .. .	216
VII.—Detailed Statement of Quantity and Counts of Yarn Spun .. .. .	217
VIII.—(A) Cotton Spinning: All India .. .. .	219
(B) Cotton Consumption, Yarn and Cloth Production .. .. .	219



# REPORT ON SOME ASPECTS OF BRITISH TRADE IN INDIA.

## CHAPTER I.

### GENERAL REVIEW OF THE PERIOD.

The year 1923 is the first year, since the depression set in at the close of 1920, during which it is possible to record a distinct improvement in trade. Conditions on the whole have been favourable. For the third year in succession the south-west monsoon was a good one, and well-distributed rains brought prosperity to the countryside and considerable surplus crops for export. Political conditions were slightly more settled during the year and the trade recovery was not handicapped to any extent by extremist agitation. The Indian Budget was balanced for the first time since 1917-18 and a halt was called to the increase of Customs duties which had been going on from year to year and had resulted in a considerable advance in the cost of living, particularly in that of the European in India. Exchange fluctuated considerably, but the general tendency was upwards. The year opened with a rupee rate of  $1/4\frac{1}{3}$  and closed with a rate of  $1/5\frac{1}{4}$ , the intermediate highest and lowest points touched being  $1/5\frac{2}{3}$  and  $1/3\frac{2}{3}$ .

The exports of Indian produce and manufactures showed an increase on the previous year of Rs. 47 crores or 16 per cent., and reached a total of over Rs.348 crores. The figures were swollen by the very high prices realised for the raw cotton exports, Italy and Japan each taking approximately 10 crores more of Indian produce (mainly cotton) than they did in the previous year. On the other hand, total imports were reduced by 5 crores or 2 per cent. to a total of Rs.227 crores. The high prices of cotton piece goods prevented that revival in the trade which had been hoped for in view of the low stocks, considerable demand, and latent purchasing power in the country. The balance of trade in merchandise reached the record total of 144 crores of rupees in India's favour, and although this was to some extent counterbalanced by a net import of 48 crores of specie and 34 crores of Government remittances, the nett visible balance amounted to no less than 61 crores of rupees.

The process of liquidation of the heavy stocks of imports which accumulated during the short-lived boom of 1919-20 is now practically completed and the large quantities of Government Surplus Stores have also been absorbed, so that it may be stated with confidence that the market at the close of 1923 was in a healthier state than it had been at any time since the War.

**The Outlook in the Import Trade.**—For the first time, after four years of unprecedented depression it is possible to sound a note of guarded optimism. Stocks of imported goods throughout the country, both in importers' and dealers' godowns and also in upcountry hands are very light. Purchases, notably of piece goods, during the past four years have been on a very small scale, and I am convinced that there is an immense amount of latent purchasing power in the country, which will be translated into actual buying if only manufacturers' prices can be reduced and, more important still, if only some degree of stability in cotton goods prices could be reached, which would engender confidence. During the past year the demand for cotton goods has been insistent and the relative meagreness of the actual transactions put through is solely due to the high and fluctuating prices caused by the constant variations in the price of raw cotton. Clear evidence of the accumulated purchasing power of the country is provided by the table on page 21, which shows that during the past three years there has been a net import into India of Rs.67,58 lakhs worth of gold and Rs.51,50 lakhs worth of silver. These were years of good monsoons and considerable prosperity in the country districts. Had it not been for the high prices of imported goods and a feeling of distrust in their stability, there is little doubt that a very considerable portion of these sums would have been invested in piece goods, yarn and other imports. As it is, the bulk of these amounts have been hoarded until such time as purchases can no longer be postponed.

The official forecasts for the south-west monsoon of 1924 are optimistic and it would appear that for the fourth year in succession India is likely to be favoured with good crops. Importers and dealers have realised good profits on recent arrivals of goods, which have been cleared into consumption fairly promptly, and this is giving buyers more courage to enter into forward transactions than they have hitherto had. The business so far transacted in Bombay, Karachi, Delhi and Amritsar has been far below the normal scale in volume, but Calcutta and Madras, which were not so badly hit by the slump in 1920-21, have purchased slightly more freely. Business in the upcountry markets, particularly in Delhi and Amritsar, has so far been on a very limited scale owing to the fact that, in the first place, British shippers are somewhat reluctant—after their disastrous experiences of the past few years—to commit themselves too heavily at present high prices and are, in many cases, confining themselves to maintaining their old markets. Secondly, the attitude of the banks is a cautious one, and in many instances the opening of a credit by the importer is insisted upon. Moreover, the Indian importers and dealers have sustained such heavy losses that in most cases their present capital resources are limited, and it is satisfactory to note that they are not inclined to speculate. It would appear, therefore, that in these markets we may look forward to a period of slow but steady recovery and the cautious attitude of all parties is contributing to this end.

A most hopeful factor is the subsidence of that political and racial feeling which was such a marked feature in many markets during the crisis of 1920-21. In the past, the relations subsisting between the European and Indian mercantile communities have always been most cordial and friendly. After the brief interregnum of 1921 and 1922, it is most satisfactory to note that the amicable relations between European importers and representatives and their Indian clients are once more restored. The opinion is frequently expressed by Indian dealers that they are tired of politics and agitation and desire nothing more than a period of tranquility during which they may once more extend their business and make good the heavy losses which most of them sustained during the last few years.

The one uncertain element, which might delay or prevent that recovery in trade which seems to be inevitable, would be a recrudescence of political agitation. The political situation in India is still somewhat obscure and it would be somewhat rash to venture any forecast of the future. When one contrasts, however, the present attitude of the Swarajist Members of the Legislature with that of only six months ago, there is ground for hope that in time they may settle down to acceptance of the position of a more or less responsible opposition. Moreover, since his release, the influence of Mr. Gandhi has been directed against any boycott of Empire goods. Dissensions in the National Congress between the "No Changers" and the Swarajists are rife, while Hindu-Moslem feeling throughout the country is passing through a most acute stage. On the whole, therefore, I am inclined to the view that the slightly more reasonable attitude of the Swaraj party and the dissensions in the ranks of almost all Indian parties will prevent any serious outburst of agitation on such a scale as would adversely affect the recovery in trade. The political as well as the economic horizon in India would appear to be distinctly clearer than it was in 1921 and 1922.

**The Effects of Political Feeling on British Economic Interests.**—Indian political and national feeling, which has steadily increased in intensity and influence since the reformed Legislatures were opened in 1921, is affecting British economic interests in a variety of ways.

In the first place, both the Indian and also the non-official European members of the Legislature are determined that, in future, all purchases of stores for Government requirements shall be made in India and that all tenders shall be called for in India and in rupees. These claims have been met by the Government of India to some extent. The revised Stores Rules permit the newly-organised Indian Stores Department at Delhi/Simla to purchase almost unlimited quantities from stocks held in India or in the course of shipment. They also sanction purchases of machinery and plant from the Indian branches of British manufacturers or from their technical agents. There seems to be little doubt that the new Indian Stores Department will rapidly

increase in importance and that the centre of purchasing influence, so far as imported stores are concerned, will be transferred from London to India. It is probable that some form of organisation in London will always be required, as it will be necessary for India to be in touch with the latest world practice in engineering and railway working, and such a connection can best be maintained through the Consulting Engineers in London. Events are moving very quickly however and as the new system of purchase will call for a complete re-orientation of policy on the part of those British suppliers who have hitherto confined their attentions to the India Store Department, London, and are not represented in this country, I have deemed it advisable, in Chapter II, to deal with every aspect of the question. I would commend this chapter to the attention of all firms who are interested in supplying stores of all kinds to the Government of India, as the importance of the changes now being made in the system of purchase cannot be over-estimated.

Secondly, the granting of fiscal autonomy to India has resulted in an insistent demand for a protective tariff. The various events leading up to the acceptance by the Government of India in 1923 of a policy of discriminating protection and the creation of a Tariff Board are dealt with at some length in Chapter III, while in Chapter IV will be found an analysis of the Indian steel industry (Protection) Act 1924 and a forecast of its probable effect on British steel exports. The Tariff Board are at present engaged upon an inquiry into the claims of the paper and cement industries and there seems little doubt that we shall see a procession of Indian industries seeking favours at their hands. It must always be borne in mind, however, that, in dealing with all claims for protection, the Tariff Board is specifically enjoined to satisfy itself that the following three conditions are fulfilled :—

- (1) The industry must be one possessing natural advantages, such as an abundant supply of raw material, cheap power, a sufficient supply of labour, or a large home market. Such advantages will be of different relative importance in different industries, but they should all be weighed and their relative importance assessed. The successful industries of the world possess certain comparative advantages to which they owe their success. No industry which does not possess some comparative advantages will be able to compete with them on equal terms, and therefore the natural advantages possessed by an Indian industry should be analysed carefully, in order to ensure as far as possible that no industry is protected which will become a permanent burden on the community.
- (2) The industry must be one which without the help of protection either is not likely to develop at all or is not likely to develop so rapidly as is desirable in the interests of the country. This is an obvious corollary from the principles which have led us to recommend protection. The main object of protection is either to develop industries which otherwise would not be developed or to develop them with greater rapidity.
- (3) The industry must be one which will eventually be able to face world competition without protection. In forming an estimate

of the probabilities of this condition being fulfilled the natural advantages referred to in condition (1) will, of course, be considered carefully. The importance of this condition is obvious. The protection we contemplate is a temporary protection to be given to industries which will eventually be able to stand alone.

The Tariff Board scrupulously followed their terms of reference in the first inquiry into the steel industry and made it perfectly clear that they would not recommend any increase of duties on articles which could not economically be manufactured in India. Moreover, they stated unequivocally that the degree of protection which they were prepared to recommend would not exceed the difference between the cost at which they were satisfied that it is possible to manufacture in India and the normal cost of imported articles of the same kind. The ability and thoroughness which characterised their first inquiry gives ground for confidence that subsequent investigations will be conducted with scrupulous fairness and with due regard to all the interests involved and particularly to the well-being of the community.

Moreover, even though the Tariff Board recommend protection for an industry and the Government of India are prepared to embody their recommendations in a Bill, this Bill must always be passed by the Indian Legislature before it can become operative. The recent debates on the Steel Industry (Protection) Act clearly showed that the Assembly is by no means unanimously protectionist in sympathies. The interests of the predominantly agriculturist provinces were voiced by several members and the small but vocal labour group in the House lost no opportunity of presenting the case of the poor man, whether he be a cultivator or an employee in industry. The Steel Bill was passed with little difficulty, as the Tata Iron and Steel Works are regarded with pride as the largest purely national industrial effort which India has made. This sentiment, however, will not be so strong in the case of minor industries, particularly those which are mainly owned and managed by Europeans. It is likely that the applications of those industries with perhaps lesser claim to protection will meet with much keener opposition.

The imposition of increased duties in order to protect certain Indian industries will, without doubt, adversely affect our trade with India in the articles concerned and will probably cause some readjustment in our trade. For instance, it is quite conceivable that, as a result of the recent steel tariff, British exports of steel bars, sections, rails, etc., will decline while exports of fabricated steel such as bridgework and parts of steel buildings may increase. There does not seem to be any ground for immediate alarm. The number of industries which would satisfy the three conditions stated above is limited, while—on the other hand—important industries such as cotton, jute and tea do not require protection. The Government of India are not likely to sanction any extreme measure of protection, relying as they do on import, export and excise duties for a large part of their revenue. Furthermore,

the responsibility of protecting the interests of the vast body of agriculturists, who are the backbone of the country, but whose greatest need is for cheap clothing and other necessities, still rests with Government. The interests of the cultivator are directly opposed to those of the industrialist in this matter, and when one considers that over 70 per cent. of the people depend upon agriculture for their livelihood, these interests must tell in the end. It is quite likely that after a few years of protectionist agitation the representatives of the Indian people will come to the conclusion that their best interests lie rather with an increased application of science to agriculture than with the artificial stimulus of industries, which drain their labour into large towns, and whose claims for protection raise the cost of living throughout the country.

A third instance of political influences on trade in India is the boycott campaign. It will be remembered that in 1921, Mr. Gandhi then at the zenith of his fame and influence, launched a boycott of all imported cotton yarn and cloth and enjoined his adherents to wear only "Khaddar" *i.e.*, cloth woven on handlooms from hand-spun yarn. This boycott for a time appeared to have serious possibilities, but inasmuch as India was then overstocked with high-priced cotton textiles purchased during the boom of 1919-20 and—in any case—was not in a position to indent for further supplies on any scale, the results were not so detrimental to the Lancashire trade as might have been expected. The movement merely delayed the recovery of the market to some extent and gave a temporary fillip to the Indian mills, which, incidentally, was not intended by Mr. Gandhi.

The Indian National Congress in September 1923 appointed a special Committee for the purpose of drawing up a detailed scheme for the effectual boycott of British goods. The main recommendations of this committee were that all Congress organisations should be called on to appoint committees and carry out the boycott of all piece goods made in the British Empire, together with 27 other articles ranging from motor cars to watches. They further advocated that hand-spinning should be popularised and developed, that a Directory of Indian manufactures should be published, that foreign manufacturers should be approached with regard to articles not available in the country and that peaceful propaganda, such as house-to-house visits, should be carried out.

It is difficult to assess the precise results of this artificial movement, but when one takes into account the powerful Indian vested interests in the distribution of imported goods, the dissensions among the Congress party, Hindu-Moslem feeling, and the fact that the extremists have nothing like the power and influence they pretend to have, it is doubtful whether this movement has so far had any appreciable effect on the imports of British goods.

A far more important development has been the acquisition by the Swaraj party of a controlling majority in some of the

principal municipalities such as Bombay, Calcutta, and Allahabad. Corporations in India have been controlled by Indians for some time, but it is only of late years that they have adopted such a prejudiced attitude against British goods. In October 1923, the Bombay municipality passed a resolution to the effect that—as a protest against the decision of the Imperial Government with regard to Kenya Colony—no articles manufactured in any part of the British Empire outside India should be used by any of the Departments of the municipality or by any of its contractors except when they are not available in any other part of the world. So far the boycott has had very little effect, as the plant, machinery, and stores used by the municipality are almost all of British origin and its public works are based on British standards. Consequently, renewals and spare parts must be purchased from the original suppliers. In one or two cases, *e.g.*, motor cars, orders have gone to American firms in cases where British cars were recommended, but even here it is likely that considerations of lower price also affected the decision.

In view of Mr. Gandhi's recent expression of opinion that a boycott of British Empire goods seemed to him to be wholly indefensible, an attempt was made to rescind the resolution, but this was defeated by a large majority and the resolution still stands, although, as I have already stated, it had undoubtedly failed to attain its object. As a European member of the Corporation stated at the time in opposing the resolution:—

“ Fifty years ago the population of Bombay was 645,000, the municipal revenue amounted to 31½ lakhs, foreign trade was worth 37,00 lakhs, and customs revenue over 61 lakhs of rupees a year. Twenty years ago the city had increased in population to 825,000. The municipal revenue had risen to over 90 lakhs a year and the city's overseas trade had risen to 115,56 lakhs and customs dues to 192 lakhs. To-day the figures were remarkable. The population had practically doubled, for it amounted to nearly 1,200,000. The municipal revenue had risen in 50 years from 31½ lakhs to over 3 crores of rupees, while the foreign trade totalled 249,37 lakhs or more than twelve times greater than it was 50 years ago. The customs receipts also rose in that period from 61 to 600 lakhs.”

The speaker added that he could not believe that the Corporation would pass any resolution which would interfere with this remarkable story of prosperity or do anything to upset the long and cordial relationship between British and Indian trading interests in the city. If they did, they would be attacking directly or indirectly an Empire under whose flag and protection the City's trade and commerce had prospered and expanded to such an amazing extent.

Although the Calcutta municipality is now controlled by Mr. C. R. Das and his Swarajist followers, it is not expected that they will proceed to such extreme lengths. Beyond querying the advantage of retaining the British standard specification in the case of certain steel for workshop purposes, they have so far

shown no inclination to adopt a deliberately anti-British attitude and it is hoped that saner counsels will prevail.

My own view is that this system of organised opposition to British trade and influence is merely a temporary phase, which will pass when its futility is recognised and when, in the fulness of time, the Indian receives a still greater measure of self-Government. As His Excellency the Viceroy stated in a speech at Simla in October last, the boycott would absolutely fail in its intended effect and would not advance India's cause. It would be far better to trust to the sense of fair play and justice which was so strong a characteristic of the British people.

**General Position of British Trade in India.**—The following table, compiled by the Director of Statistics, 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 1923-24 as compared with the two previous years and the last complete pre-war year :—



	Imports.			Exports, including re-exports.			Total Trade.		
	1913-14.	1922-23.	1923-24.	1913-14.	1922-23.	1923-24.	1913-14.	1922-23.	1923-24.
	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.
United Kingdom .. ..	64	60	58	24	22	25	41	38	38
British Possessions .. ..	6	7	7	14	19	14	11	14	11
<b>Total British Empire ..</b>	<b>70</b>	<b>67</b>	<b>65</b>	<b>38</b>	<b>41</b>	<b>39</b>	<b>52</b>	<b>52</b>	<b>49</b>
<b>Total Foreign Countries ..</b>	<b>30</b>	<b>33</b>	<b>35</b>	<b>62</b>	<b>59</b>	<b>61</b>	<b>48</b>	<b>48</b>	<b>51</b>
<b>Total value of trade in lakhs .. ..</b>	<b>1,83,25</b>	<b>2,32,71</b>	<b>2,27,62</b>	<b>2,48,88</b>	<b>3,14,32</b>	<b>3,61,98</b>	<b>4,32,13</b>	<b>5,47,03</b>	<b>5,89,60</b>
<b>Principal Countries.</b>									
<b>British Empire—</b>									
United Kingdom .. ..	64.1	60.2	57.8	23.4	22.4	25.1	40.7	38.5	37.7
Ceylon .. ..	0.4	0.6	0.6	3.6	4.1	3.6	2.3	2.6	2.4
Straits Settlements .. ..	1.8	1.9	2.2	2.7	2.6	2.3	2.4	2.3	2.3
Hongkong .. ..	0.5	0.6	0.5	3.1	2.2	1.3	2.0	1.5	1.0
Australia .. ..	0.5	0.4	0.5	1.6	1.7	1.6	1.2	1.2	1.2
Egypt .. ..	0.2	0.3	—	0.9	1.0	—	0.6	0.8	—
Other British Possessions	2.5	3.0	3.4	2.6	7.0	5.1	2.8	5.1	4.4
<b>Total British Empire ..</b>	<b>70.0</b>	<b>67.0</b>	<b>65.0</b>	<b>38.0</b>	<b>41.0</b>	<b>39.0</b>	<b>52.0</b>	<b>52.0</b>	<b>49.0</b>

	Imports.			Exports, including re-exports.			Total Trade.		
	1913-14.	1922-23.	1923-24.	1913-14.	1922-23.	1923-24.	1913-14.	1922-23.	1923-24.
	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.	Share per cent.
<b>Foreign Countries.</b>									
Germany .. .. .	6.9	5.1	5.2	10.6	7.2	6.4	9.0	6.3	5.9
United States.. .. .	2.6	5.7	5.6	8.7	11.1	9.4	6.2	8.8	7.9
Japan .. .. .	2.6	6.2	6.0	9.1	13.0	14.1	6.4	10.1	11.0
Java .. .. .	5.8	5.5	6.2	0.8	1.0	1.0	2.9	2.9	3.0
France.. .. .	1.5	0.8	1.0	7.1	5.0	5.5	4.8	3.2	3.8
China (exclusive of Hong- kong and Macao) .. .. .	0.9	1.2	1.5	2.8	4.4	2.9	1.7	3.0	2.4
Belgium .. .. .	2.3	2.7	2.4	4.8	3.6	3.9	3.8	3.2	3.3
Egypt* .. .. .	—	—	0.2	—	—	1.3	—	—	0.9
Turkey Asiatic .. .. .	0.3	—	—	1.2	—	—	0.8	—	—
Italy .. .. .	1.2	0.9	1.2	3.1	3.3	6.1	2.3	2.3	4.2
Other Foreign Countries .. .. .	5.9	4.9	5.7	14.3	10.4	10.4	10.1	8.2	8.6
<b>Total Foreign Countries .. .. .</b>	<b>30.0</b>	<b>33.0</b>	<b>35.0</b>	<b>62.0</b>	<b>59.0</b>	<b>61.0</b>	<b>48.0</b>	<b>48.0</b>	<b>51.0</b>
<b>Total .. .. .</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

\* Included in Foreign Countries from 1923-24.

It will be observed that the share of the Empire as a whole in the total overseas trade of India has declined during the year from 52 to 49 per cent., while that of the United Kingdom has remained stationary at 38 per cent., which is only 3 per cent. below the pre-war figure in 1913-14. In the import trade, however, with which this report is primarily concerned, the share of the United Kingdom has declined from 60 to 58 per cent., and is now 6 per cent. below the pre-war proportion. The shares of our principal competitors, viz., Germany, the United States and Japan have remained fairly constant at 5, 5½ and 6 per cent. respectively. There have not been any noteworthy changes in the position of other countries.

In the appendix on pages 188 *seqq.* will be found a series of statistical tables, compiled by the Director of Statistics, which are designed to show the shares of all the leading countries in the trade of India, and in addition, to provide an analysis of the trade in particular commodities or groups of commodities so as to show the shares of the principal countries interested in each.

Appendix II shows the total overseas trade of India in private merchandise in such a way as to indicate India's trade balances with the principal overseas countries. It will be noted that India has a nett excess of exports in the case of all countries with which she trades, excepting the United Kingdom. Whereas the United Kingdom supplies 58 per cent. of the total imports into India, she only takes 25 per cent. of India's exports. As I have frequently stated in previous reports, it is a great potential source of weakness that the British Isles should only take from India less than one-half the value of goods which she exports to India. Apart from economic laws, there is a growing tendency all over the world for a country to purchase its imports from those countries which are the most important customers for its own produce. India's most important markets, apart from the United Kingdom, are Japan, the United States, Germany, Italy and France, and there is every likelihood that she will tend to buy more and more from those countries. As I have stated elsewhere, in dealing with the question of Imperial Preference the great disparity between the shares of the United Kingdom in the import and export trades presents a very real economic difficulty to any grant of preference to British products.

It is to be noted that since the war Germany has steadily increased her proportion of the import trade until she is within 1½ per cent. of her pre-war share. This has been effected in spite of the fact that her interests were represented by Indians and subjects of other nationalities. When the ban on the entry of Germans into this country is removed, it is likely that we shall see a further upward movement. Both the United States and Japan have failed to maintain the considerable share of India's imports which they were able to secure during the war and appear to have reached a position of equilibrium at between 5 and 6 per cent. of the total.

Table B shows the current position of the principal suppliers in some of the most important items of the import trade. It may be summarised in the following statement:—

Article.	The U.K.	U.S.A.	Germany.	Belgium.	Japan.	Italy.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Cotton manufactures ..	82·0	0·4	0·4	—	12·3	0·9
Iron and steel .. ..	66·9	4·0	6·4	18·5	—	—
Machinery .. ..	84·8	10·2	2·2	0·5	—	—
Hardware .. ..	47·1	16·3	21·0	—	5·9	—
Motor cars, motor cycles, etc. .. ..	26·0	35·2	—	2·0	—	4·2
Railway plant .. ..	94·1	1·4	0·3	1·7	—	—
Instruments and apparatus .. ..	68·7	11·6	10·6	—	1·1	2·1
Silk manufactures ..	4·1	—	—	—	40·8	11·4
Liquors .. ..	63·6	—	9·8	—	—	—
Paper and pasteboard ..	49·1	—	18·1	—	—	—

In Tables C, D, E, F, G, H and I will be found statements showing the values of the principal articles imported from the United Kingdom, Italy, Belgium, Germany, France, Japan and the United States over a long series of years including the pre-war period. These show the precise nature of the foreign competition which is being encountered and its varying intensity both before and since the war.

**The Balance of Trade.**—I am indebted to the Director of Statistics for the following comprehensive table which clearly shows since the beginning of the century the balance of trade in merchandise, the balance of transactions in treasure, the balance of remittances of funds and, finally, the total visible balance of trade. The detailed heads work up to a plus (net export) or minus (net import) balance for each of the three main heads of classification, leading up to a + or — total for the transactions as a whole.

## (II) BALANCE OF TRADE IN INDIA.

(In lakhs of Rupees)

	Average of 5 years ending			1920-21.	1921-22.	1922-23.	1923-24.
	1903-04.	1908-09.	1913-14.				
Exports of Indian merchandise (private) .. .. .	+1,21,32	+1,61,85	+2,19,50	+2,40,01	+2,31,38	+2,99,16	+3,48,91
Re-exports of foreign merchandise (private) .. .. .	+ 3,20	+ 3,46	+ 4,62	+ 18,16	+ 14,06	+ 15,16	+ 13,07
Imports of foreign merchandise (private) .. .. .	- 78,43	-1,11,85	-1,45,85	-3,35,60	-2,66,34	-2,24,31	-2,17,04
<b>Balance of trade in merchandise (private) .. .. .</b>	<b>+ 46,09</b>	<b>+ 53,46</b>	<b>+ 78,27</b>	<b>+ 77,43</b>	<b>- 20,90</b>	<b>- 90,01</b>	<b>+1,44,94</b>
Gold (private) .. .. .	- 9,55	- 12,88	- 28,87	+ 8,88	+ 2,79	- 41,18	- 29,19
Silver (private) .. .. .	- 5,12	- 8,11	- 7,21	- 7,59	- 14,95	- 18,17	- 18,38
Currency notes (private) .. .. .	—	—	—	—	—	- 91	- 1,08
<b>Balance of transactions in treasure (private) .. .. .</b>	<b>- 14,67</b>	<b>- 20,99</b>	<b>- 36,08</b>	<b>+ 1,29</b>	<b>- 12,16</b>	<b>- 60,26</b>	<b>- 48,65</b>
Council Bills, purchases of sterling and other Government remittances to the United Kingdom * .. .. .	- 27,76	- 35,56	- 41,35	—	—	- 7,06	- 33,39
Sterling transfers on London sold in India .. .. .	—	+ 2,41	+ 5	- 28,55	—	—	—
Transfers of Government securities .. .. .	- 88	- 54	- 87	- 56	+ 153	+ 2,62	- 35
Interest drafts on India in respect of Government of India securities .. .. .	- 70	- 56	- 44	- 23	- 27	- 35	- 44
<b>Balance of remittances of funds .. .. .</b>	<b>- 29,34</b>	<b>- 34,25</b>	<b>- 42,61</b>	<b>+ 27,76</b>	<b>+ 1,26</b>	<b>- 4,79</b>	<b>- 34,18</b>
<b>Total visible balance of trade .. .. .</b>	<b>+ 2,08</b>	<b>- 1,78</b>	<b>- 42</b>	<b>- 48,38</b>	<b>- 31,80</b>	<b>+ 24,96</b>	<b>+ 62,11</b>

\* Figures for the years prior to 1921-22 represent only Council Bills and telegraphic transfers paid in India.

It will be observed that, with the exception of the year of abnormally high exchange 1920/21 and its aftermath in the following year, there has consistently been a heavy net balance of exports of merchandise in favour of India. This has hitherto been adjusted by a net import balance of Government funds as the result mainly of the sale of Council Bills in London and also by a considerable net import of the precious metals. The heavy imports of gold and silver during the past two years are noteworthy, as they tend to show that the agricultural prosperity of the past two years as a result of good monsoons has led to hoarding rather than to purchases of imports. A latent purchasing power is therefore being accumulated until such time as greater confidence is felt in the stability of home prices.

The balance of trade in merchandise during the past year has surpassed all records and amounts to no less than 145 crores of rupees (say £100 millions sterling). This has been largely due to the high prices obtained for the exports of raw cotton and brought in its train acute financial stringency during the last months of 1923 and the first quarter of 1924. Not only were exceptionally large amounts of money required to finance the purchases of cotton and other produce for export, but it was found that a longer time than usual elapsed before this money returned into circulation and back to the banks. Consequently, the Imperial Bank was forced to raise its rate to 9 per cent., at which it remained for several months. Some indication of the extent of the demands made upon the banks can be obtained from the balance sheet of the Imperial Bank of India. On December 31st, 1923, the bank's loans stood at Rs. 21,62 lakhs, an increase of nearly Rs.232 lakhs as compared with the position at December 31st, 1922; the cash credits (or advances) stood at Rs. 37,64 lakhs, an increase of over Rs.864 lakhs; and the inland bills totalled Rs.11,44 lakhs, an increase of Rs.525 lakhs. By the end of December the bank had already borrowed 8 crores of rupees from Government against the deposit of bills in the Indian Paper Currency Reserve, which it is allowed to do under the terms of the Paper Currency Act. Even after allowing for the heavy net imports of treasure and considerable Government purchases of sterling in India—the method adopted last year in lieu of the sale of Council drafts by the India Office in London—there remains a nett visible balance of trade of no less than 62 crores (roughly £40 millions). It is little wonder, therefore that exchange has remained firm and even in July 1924, which is during the slack export season, stood at 1/5d.T.T.

**The Budget 1924/25.**—After five years of deficits amounting in all to over 98 crores of rupees, the national accounts for the financial year 1923/24 showed a small surplus and the Finance Member in introducing the budget for 1924/25 was able to estimate a surplus for the present year of 3.36 crores of rupees. When the demands for grants under the different heads of expenditure were laid before the Assembly, the Swarajist vote was successful

in rejecting—purely as a political move and without any examination of the expenditure on its merits—the demands for the Customs, Income-tax, Salt and Opium departments. These four demands were restored by the Government of India acting in accordance with the powers conferred on them by the Government of India Act. When, during the next stage of the Budget procedure the Finance Bill was presented for the consideration of the Assembly, consideration was refused without examination of details, in spite of the fact that the majority of the demands for expenditure under different departments of Government had actually been accepted by the House. The events which followed are described, in a statement issued by the Governor-General, in the following terms:—

“ The position which resulted from the action of the Assembly therefore was that when the Finance Bill providing for the means of meeting the expenditure which it has already voted came before the Assembly, the Bill was rejected without consideration. The Finance Bill prescribes the rates at which taxation shall be levied under several of the most important revenue heads, including the salt duty, postage and income tax, and the legislative sanction given by the Finance Act of the preceding year for the collection of taxation under these heads would have expired on the 31st March, 1924. In these circumstances it was my obvious duty, under the special powers conferred upon me by Section 67B of the Government of India Act, to take such action as was essential for the interests of British India in order to enable the administration of the country to be carried on and to provide sufficient funds to enable the Government of India's Budget for the coming year to be balanced. It was with this sole object in view that I recommended to the Assembly the Finance Bill in a modified form containing only such provisions as were essential for the purposes above mentioned. The Finance Bill as recommended by me provided for the levy of salt duty at the former rate of Rs. 1-4 per maund, for the existing postal rates and rates of income tax, for the continuance for a further year of the provision, agreed to by the Legislative Assembly last year, for the credit to general revenues of the interest on the securities held in the Paper Currency Reserve, and for the imposition of a specific duty on certain materials for match manufacture, which is required to safeguard the revenue (exceeding 1½ crores of rupees) derived from the present import duty on matches. Certain items, including proposals to reduce the excise duty and the import duty on motor spirit, to reduce the import duty on certain component parts of cotton-mill machinery and to effect other minor changes in the customs tariff, were omitted from the recommended Bill. These proposals, though of a beneficial character, were not such as I could hold to be essential for the interests of India. This Bill with my recommendation was presented to the Legislative Assembly, but leave to introduce it was refused. It was, thereupon, laid before the Council of State with a certificate by me that the provisions of the Bill were essential for the interests of British India and was passed by the Council without amendment. To this Bill as consented to by that Chamber I have signified my assent.

“ It is to me a matter of regret that the Legislative Assembly, to whom important responsibilities are entrusted in voting expenditure to be incurred by Government and in authorising the provision of the necessary funds to meet that expenditure, should have failed on this occasion to consider these important financial matters on their merits. The action which my Government was compelled to take to restore the four grants rejected by the Assembly and that which I have found it necessary to take in exercise of the special power conferred upon me as Governor-General, have as their sole object the maintenance of the administration and the provision of the funds necessary for that administration to be carried on.”

So far as the overseas trade of India is concerned, the only item in the Indian Finance Act, 1924, which has any bearing is the clause providing for a duty on match-making materials. An import duty of 4½ annas per pound is now levied on undipped splints such as are ordinarily used for match making and a further import duty of 6 annas per pound is imposed on veneers such as are ordinarily used for making match boxes, including boxes and parts of boxes made of such veneers.

The object of this duty is to protect the customs revenue on the imports of matches. It had been found that certain firms were importing the splints and empty match boxes from Japan at a low rate of duty, and were then merely dipping the splints in India, thus evading the heavy import duty on matches.

The Finance Member in framing his estimates for 1924/5 adopted the basis of an average exchange rate for the year of 1/4½ T.T. His views with regard to the stabilisation of the rupee and the general question of exchange were most ably and lucidly expressed in a speech delivered at the Annual General Meeting of the Associated Chambers of Commerce of India and Ceylon in December, 1923. This is such a valuable and closely-reasoned statement that the most important portions of it have been included in Appendix I on page 181.

**Removal of the Duty on Sulphur.**—The Tariff Board, after investigating nine representations received from firms and trade associations, recommended that the present import duty of Rs.15 per ton on sulphur should be removed and that henceforth sulphur should be admitted free of duty, the reasons given being that sulphur is not produced in India and is not likely to be produced, and no domestic interest will therefore be prejudiced. On the other hand, the removal of the duty will be of substantial benefit to the chemical industry, and the manufacture of fertilisers as well as to other industries.

The Board further state that—

“the present duty of Rs.15 per ton is applicable to what is known as ‘rough sulphur.’ Sulphur is also imported in two other forms known as ‘flowers of sulphur’ and ‘roll sulphur’ and the tariff valuations of these forms are Rs.120 and Rs.140 a ton respectively, the duties being Rs.18 and Rs. 21 a ton. It is ‘rough sulphur’ which is used for the manufacture of sulphuric acid and the bulk of the imports are in this form. ‘Flowers of sulphur’ are used chiefly for medicinal preparations and for insecticides and it is on account of the latter use that the Indian Tea Association has asked that this form also should be freed from duty. Their estimate is that the tea industry is now paying on account of import duty on sulphur a sum considerably in excess of Rs. 25,000 a year. Regarding the uses to which ‘roll sulphur’ is put we have no information. It is the removal of the duty on ‘rough sulphur’ that is the important matter, but since the removal of duty on ‘flowers of sulphur’ would benefit the tea industry and the imports of the third form are apparently small, we do not think it is advisable to discriminate. We, therefore, recommend that the import duty on all kinds of sulphur should be removed.”

The proposal was placed before the Legislative Assembly by the Commerce Member on June 6th, 1924, in the form of a



resolution, and although an attempt was made to exempt "flowers of sulphur" and "roll sulphur" from the provisions of the resolution, the motion was adopted and sulphur of all kinds can now be imported into India duty free.

**Joint Stock Companies.—Flotations.**—Some idea of the trend of registration during recent years may be obtained from the following statement compiled by the Director of Statistics, India :—

Year.	Number of Companies.	Index Number (pre-war year—100).	Aggregate authorized Capital.	Index Number (pre-war year—100).	Average authorized Capital per Company.
			Rupees. 000's omitted.		Rupees. 000's omitted.
1913-14 .. (pre-war)	356	100	66,91,53	100	18,79
1918-19 ..	290	81	21,27,55	32	7,34
1919-20 ..	948	266	2,81,76,12	421	29,72
1920-21 ..	1,039	292	1,48,03,70	221	14,24
1921-22 ..	720	202	79,79,64	119	11,08
1922-23 ..	489	137	29,80,96	43	6,09
1923-24 ..	430	121	24,94,78	37	5,80

In the year 1923-4, the number of companies registered decreased by 12 per cent. and the authorised capital by 16 per cent. as compared with 1922-23. The noteworthy decreases were under cotton mills (—Rs.1,88 lakhs); clay, stone, cement, lime and other building and constructing materials (—Rs.1,79 lakhs); coal mining (—Rs.1,37 lakhs); agencies, including managing agent companies (—Rs.1,13 lakhs); life, fire and marine insurance (—Rs.73 lakhs); and chemical and allied trades (—Rs.56 lakhs). The above table clearly shows the expansion during the industrial boom of 1919-20 and the considerable falling-away during the last three years of stagnant trade.

**Liquidations.**—During the year 1923-24, 365 companies with a total authorised capital of Rs.40,55 lakhs went into liquidation, were finally dissolved, or otherwise became defunct. The figures for the previous year were 331 companies with an authorised capital of Rs.51,62 lakhs. The heaviest liquidations in both years took place in Bombay.

**The Trade Facilities Act and India.**—It has so far not been possible to make any extended use in India of the financial facilities offered by His Majesty's Treasury by virtue of the provisions of the Trade Facilities Act. In the first place most important public works involving large capital outlay are in this country financed either by the Government of India and the Provincial Governments or by bodies such as the Port Trusts at the leading ports which, hitherto, have been able to borrow on the London market at very

favourable rates and which, therefore, do not require to make use of these facilities. On the other hand—apart from the established industries of the country such as cotton, jute, tea, engineering, etc., etc., which have not been embarking on capital extensions during the past two years—there are extraordinarily few large industrial concerns in a position to afford adequate security for guarantees. So far as I am aware, only two guarantees of any moment have been made in India under the Act. The first was for a sum of £500,000 to the Calcutta Electric Supply Corporation for the extension of their power plant, and the second was a guarantee of £1,000,000 to the Tata Power Co., Ltd., in order to provide funds for their hydro-electric project.

Detailed information with regard to the facilities offered by H.M. Government under this head have been circulated to all Government departments, port trusts, municipalities, railway companies, directors of industry and other bodies or individuals likely to be interested. Each important scheme is closely followed-up and the attention of the promoters is called to the facilities offered. For the reasons stated above, however, it is not anticipated that there will be much scope for the utilisation of these facilities in this country.

**Security Printing.**—The manufacture and printing of the enormous quantities of postage and revenue stamps, stamped papers and documents and currency notes used by the Government of India has hitherto been conducted in the United Kingdom under long-term contracts with Messrs. Thomas De La Rue & Co., so far as stamps and stamped papers are concerned and with the Bank of England so far as regards currency notes. Opinion in India has been growing for some time that the Government of India should conduct its own manufacturing organisation in the country and, as the present contract with Messrs. De La Rue & Co. expires at the end of 1924, it was decided to appoint a special committee with the object of investigating the possibility of manufacturing currency notes, stamps and stamped papers in India, and, secondly, if such manufacture were found possible, to prepare a detailed scheme and estimates for the purpose. The committee consisted of Lt.-Col. G. H. Willis, C.I.E., Master of the Mint, Bombay, and Mr. F. D. Ascoli, I.C.S., Controller of Printing, Stationery and Stamps, India. Their investigations were conducted both in India and in the United Kingdom and, after a most thorough inquiry, they presented their Report on Security Printing in India, which can be seen at the Department of Overseas Trade, and should be studied by all firms interested in the supply of papers and materials required for such work.

After an exhaustive review of the whole subject, the committee submit the following main conclusions and recommendations :—

- (1) Notice to terminate the existing contract for the manufacture of stamps, etc., as from the 31st December, 1924, should be given to the present contractors before the 30th June, 1924.

- (2) Supplies of important materials, *e.g.*, paper, should in future be arranged by contracts entirely separate from any arrangements that may be made for the manufacture of security papers.
- (3) The total annual expenditure in the United Kingdom on stamps, stamped papers, etc., and 1-rupee notes, but excluding currency notes of higher values, under the existing system for the quantity which we calculate will be required in 1925 would be £360,000.
- (4) Notice should be given to the Bank of England to terminate the arrangement for the printing of 1-rupee notes as from the 31st December, 1924.
- (5) Printing of security papers is ordinarily done now in the country in which they are used; there is no reason why a similar practice should not obtain in India.
- (6) Fine art printing, of which security printing is a class, is already done with excellent results in India.
- (7) The greater part of the work presents few difficulties; the main difficulty is the use of gummed paper, which, however, is required for a very small proportion of the work only. In the last resort this portion of the work could still be done in the United Kingdom, but the use of a suitable gum, careful location of the press, and such devices as interleaving and regulating the atmosphere of the press, should make the work possible in India; for this previous experiments are essential.
- (8) Distortion of paper owing to climatic variations is a difficulty which can be met by the suitable location of the press, efficient organization, and the use of up-to-date machinery.
- (9) We recommend that the manufacture of materials, *i.e.*, paper, ink and gum, should not be undertaken at the outset. It may be necessary at first to import dies and plates, with the exception of lithographic plates, which must be manufactured at the press.
- (10) Printing in any country other than India or the United Kingdom is not feasible.
- (11) Security printing is done in almost all countries by Government agency. The most notable exception is the United Kingdom, where circumstances are peculiar, and the existing practice is not considered correct.
- (12) We recommend that the work should be done by Government in India; the danger of entrusting the work to an inexperienced firm is very great.
- (13) From the financial point of view printing by Government in India has proved to be cheaper than printing by private agency; in either case the capital cost is ultimately paid by Government. Revenue control will cost less if Government is its own manufacturer.
- (14) We recommend that an experimental press should be started not later than the 1st January, 1924, in order to test the methods proposed, to give a nucleus staff the necessary experience and to avoid excessive wastage when the full press commences operations.
- (15) We estimate the capital expenditure on the experimental press at 1½ lakhs of rupees, and the running charges for six months at half a lakh of rupees to include the cost of a trained expert to be obtained from the United Kingdom. We propose to locate the experimental press at Delhi, where accommodation exists already.

The Government of India sanctioned the installation of an experimental press at Delhi, which has now been working satisfactorily for several months under the supervision of Col. Willis with the assistance of a trained mechanic from home. The full

scheme has not yet been passed by the Legislature, but, on the recommendation of Government, the Standing Finance Committee in June, 1924 agreed that the project should be proceeded with and authorised the expenditure in advance of sufficient funds to provide for the construction of buildings and the purchase of machinery—final sanction to await the Session of the Indian Legislature in September.

Notice has been given to terminate the contract with Messrs. De La Rue & Co. on its expiry in December, 1924, and Col. Willis was to proceed to England in September, in order to purchase the machinery and plant and to make arrangements for the supply of paper and other materials. He has already been in touch with the principal suppliers but British manufacturers who require further information would do well to communicate with the Department of Overseas Trade, who would be glad to place them in touch with him provided that he is still in England.

It has been decided to erect the new press adjacent to the old acetone factory at Nasik Road on the G.I.P. railway within a few hours of Bombay. This site is at an altitude of 2,000 feet, has a moderately cool climate, is on a main line of railway and is a convenient centre both for the import of raw materials, via Bombay, and for the distribution of the finished products throughout India.

**Important Irrigation Works under Construction.—**Three vast irrigation schemes of first rate importance are at present in various stages of progress. These are the Sarda Scheme in the United Provinces, which was sanctioned in 1921, and the work on which is well advanced; the Sutlej Valley Project in the Punjab, which will irrigate an immense tract to the South-West of Ferozepore and in the Native States of Bahawalpur and Bikaner; and the great Lloyd (Sukkur) Barrage and Canals project, which is the largest scheme of its kind in the world, and will convert over 5 million acres of Sind desert into a fertile land producing immense quantities of wheat, cotton, rice and oilseeds.

(1) *The Sarda Canal and Sarda Kichha Feeder.*—For over fifty years, scheme after scheme has been prepared by the irrigation authorities for a canal from the Sarda river for the irrigation of Oudh, only to be rejected largely on account of the opposition of the Taluqdars, or landed proprietors of Oudh. This opposition was gradually broken down and the Taluqdars slowly realised that, with the ever-increasing cost of labour, well irrigation was no longer profitable and that their crops were greatly inferior to those grown in other canal-irrigated tracts in the Province. One year of short rainfall brought a district, which had previously been regarded as immune from famine, to the brink of serious distress. The result was that the Taluqdars completely abandoned their former attitude and expressed a unanimous desire for the introduction of canal irrigation into Oudh. The preparation of a

comprehensive scheme was at once taken in hand and the result is the great project which is under construction at the present time.

The project is admirably described in the last Triennial Review of Irrigation in India and the following description is taken *in extenso* from that source:—

“ The scheme consists of two parts, the Sarda Canal proper and the Sarda Kichha Feeder, which leaves it at about the seventh mile. The former comprises a comprehensive project for the irrigation of the north-western districts of Oudh, while the latter will assure a supply to and admit of the extension of the existing Rohilkhand Canals. The headworks and the first seven miles of the canal are common to both projects; below the bifurcation the Sarda Canal runs in a southerly direction, while the Feeder flows westwards across the Tarai, the low-lying land at the foot of the Himalayas.

“ The headworks of the combined project are situated upon the Sada river a few miles below the point where it debouches from the hills. The weir and sluices have been designed to pass a maximum flood of 400,000 cubic feet a second, 2,000 lineal feet of weir and 240 feet of undersluices being allowed. The head regulator and the first seven miles of the combined canal are being constructed to carry 10,000 cubic feet a second; at the bifurcation the Sarda Canal has been designed for 8,000, the Sarda Kichha Feeder for 1,500 cubic feet a second.

“ The Sarda Canal proper, below the bifurcation, consists of a main canal with a length of  $17\frac{1}{2}$  miles, after which it trifurcates into three branches. From these branches a network of distributaries covers the watershed as far as the eastern boundaries of the Rai Bareilly and Bara Banki districts. The project comprises 478 miles of main canal and branches; 3,370 miles of distributaries and 100 miles of escapes or 3,948 miles of channel in all. To avoid percolation in the vicinity of the trifurcation, where there are difficulties in effecting satisfactory drainage, it is proposed to line the main canal for five miles above that point and the two main branches for ten and fifteen miles respectively below it. The canal will irrigate 1,368,000 acres, and produce a return of  $7\frac{1}{4}$ \* per cent. on the estimated capital outlay of Rs.750 lakhs.

“ The Sarda Kichha Feeder was originally designed upon the same alignment as the head reach of the Sarda Ganges Feeder as it is intended to do from it the irrigation which was to have been effected by that reach of the latter. This necessitated carrying the channel for its full length across the Tarai which has no resident population and is malarious in the extreme, besides involving a considerable number of large drainage crossings. An alternative alignment has, however, been found which is to be adopted in construction; the feeder will be carried only as far as the first river crossed, the Lohia, and will be allowed to flow down this until it meets the main drainage line of the tract, the Deoha river, from which the water will be picked up again by a barrage and carried westwards in a channel several miles south of the original alignment. This method is much cheaper than that proposed in the project, as not only will it be possible to obviate a large number of separate crossings for the tributaries of the Deoha, which river, under the revised proposals, will be crossed below its junction with them, but the most malarious portion of the Tarai will be avoided; no reduction of irrigation will, moreover, be necessitated by the change.

“ The primary object of the scheme is to assure a supply to the small existing canals which draw their water from the Rohilkhand rivers and to permit of their extension southwards, where possible into the districts of Bareilly, Sháhjehanpur and Hardoi. It is anticipated that 345,000 acres will be irrigated from the feeder, yielding a return of  $6\frac{1}{2}$  per cent. on the

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\* The most recent information gives the estimated return on the sum-at-charge 10 years after completion at 5.28%

capital cost of Rs.201 lakhs. This estimate includes, however, the whole cost of the headworks and of the combined canals as far as the bifurcation; were a proportionate share of these works debited to the Sarda Canal the anticipated return from the Feeder would be increased to 9 per cent.

"Viewing the Sarda Kichha Feeder and the Sarda Canal, as a single scheme, as in effect they are although sanctioned as two separate but dependent projects, the total cost will be Rs.951 lakhs, the area to be irrigated annually 1,713,000 acres and the net return anticipated over 7\* per cent."

Work is proceeding according to plan and it is satisfactory to note that the sluice gates, regulators and practically the whole of the plant employed on the work are of British manufacture.

(2) **The Sutlej Valley Project.**—The irrigation authorities describe the main features of this scheme in the following terms :—

"The Sutlej Valley project is the direct outcome of the great Triple Canals project in the Punjab, one of the principal reasons for executing that project on the lines eventually adopted being to conserve the Sutlej water for the further development and extension of irrigation on either side of the river. It is with the water thus conserved that the irrigation from the Sutlej Valley project will be effected.

"To understand the scheme, it is necessary to realise the conditions at present prevailing in the Sutlej Valley. There are, on either bank of the Sutlej, both in the Punjab and in the Indian State of Bahawalpur, long series of inundation canals, which draw their supplies from the river whenever the water level is high enough to permit of it. These canals are liable to all the drawbacks which invariably attend inundation irrigation. There are no weirs at their heads and, in many cases, no means of controlling the volumes entering them; consequently, while a supply is assured in a normal year during the monsoon months, it is liable to serious fluctuations according to the seasonal conditions. In a year of inferior rainfall little water enters the canals; in a year of high supplies they are liable to grave damage by floods. Generally speaking, they commence to irrigate during May, when a small supply is usually received; by September the volume has, in a normal year, fallen once again to an inconsiderable quantity. But, even in these adverse conditions, these works are of great value and irrigate an average area of no less than a million and a half acres in the tract to be commanded by the Sutlej valley project.

"The object of the project is threefold. Firstly, it is proposed, by the provision of weirs and head regulators, to afford to the existing canals a controlled supply from the beginning of April to the middle of October, rendering them immune from the present detrimental effect of seasonal fluctuations in the water level and thus converting them from the status of inundation to that of non-perennial canals, by non-perennial canals being understood canals to which a supply is assured during the hot weather and monsoon, though they are closed during the cold weather when the volume in the river is low. Secondly, the areas irrigated by the existing canals are to be extended so as to embrace the whole low-lying area in the river valley. Thirdly, perennial irrigation, that is to say, irrigation throughout the year, will be given to large tracts in the uplands on either bank, in the Punjab on the north and in the States of Bahawalpur and Bikaner on the south, these tracts, being at present entirely un-irrigated and, in consequence of the very low rainfall, waste. The system of dividing the irrigation into perennial and non-perennial ensures the best use being made of the water available. Only 7,000 cubic feet a second are required during the cold weather, when the supplies are low, whereas a maximum of 48,500 cubic feet a second will be drawn off during the hot weather and monsoon when, owing to the melting of the snows and the rainfall in the catchments of the rivers, water is plentiful.

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\* See footnote, p. 29.

" The project consists of four weirs, three on the Sutlej and one on the Panjnad, as the Chenab is called below its junction with the Sutlej, with twelve canals taking off from above them. This multiplicity of weirs and canals may seem to be a peculiar feature of the proposals unless the immensity of the whole scheme is considered. The project really consists of four interconnected systems, each of the first magnitude ; each weir will control about one and a quarter million acres of irrigation, the total annual irrigation from all the weirs being nearly three times that contemplated under the Triple Canal Project, the largest system constructed in India up to date. It has, moreover, been found economical, in order to obviate the loss of water entailed in carrying small supplies in very large channels, to provide separate canals for the perennial and non-perennial irrigation, the existing inundation canals being linked to the latter.

" The total area to be irrigated from the project is 5,108,000 acres or nearly 8,000 square miles. Of this 2,075,000 acres will be perennial and 3,033,000 acres non-perennial irrigation. 1,942,000 acres will be in British territory, 2,825,000 acres in Bahawalpur and 341,000 acres in Bikaner.

" The total cost of the project is estimated at Rs.1,460 lakhs. Upon this a return of 12½ per cent. is anticipated from water rates alone. But the scheme has another, and even more important source of revenue. On the introduction of irrigation, no less than 3½ million acres of desert waste, the property of the three parties concerned, at present valueless, will become available for colonization and sale. It is customary, in the *pro-forma* accounts of irrigation projects, to credit a scheme with the interest on the sale-proceeds of Crown waste lands rendered culturable by its construction ; if this is included, the annual return on the project will amount to nearly 38 per cent."

*Use of Mechanical Excavators.*—One of the great problems on the Sutlej scheme has been the supply of cheap labour, which was plentiful when the triple project and its predecessors were under construction. Much of this labour has now been absorbed on the new canal colonies which it helped to bring into being and in considering importation from outside the Province, the engineers were faced with the competition of Sind with its Lloyd (Sukkur) scheme and of the United Provinces with the Sarda scheme, both being under construction at the same time. It was realised, at the outset, that mechanical appliances would be necessary, not only to make good the shortage of labour, but also to carry out the project in the shortest possible time, thus saving heavy interest charges and rendering the scheme financially productive at the earliest possible date.

It has hitherto been the practice in India to carry out the whole of the excavation work with coolie labour employing hand tools and baskets. The Sutlej Valley scheme is the first important irrigation project in India to utilise the dragline excavator. Six of these machines were at work in the spring of 1924 including a large Ruston and Hornsby dragline weighing 280 tons and shifting 10 tons of spoil per cut. Although entirely new, this machine in the month of April turned out an average of 670,00 cubic feet per diem and it is expected that much better results will be obtainable later. One feature of the excavators is that they are fitted with electric light and can work night and day.

It is estimated that the large machines will each replace 2,000 to 2,500 coolies, working 16 hours or more per day, wet or fine, including those seasons of the year when manual labour usually leaves construction work to attend to their own agricultural pursuits.

It is only of late years that British makers have taken up the manufacture of draglines. At first, as is natural, mistakes were made, but the performance of the large new machines on the Sutlej project and also on the Gezira Plain scheme in the Sudan give ground for hope that British drag-lines will find a large market in India. Of eight large and three small machines recently purchased for the Sukkur scheme, no less than eight large British draglines were selected and after investigating their work on the Sutlej scheme, the Calcutta Port Commissioners gave orders for two machines for use in the Calcutta dock excavation.

**(3) The Lloyd (Sukkur) Barrage and Canals Project.—**  
*General Description.*—The most comprehensive brief description of this vast project will be found in a booklet entitled "The Future of Sind" which embodies a series of articles written by Mr. A. A. Musto, C.I.E., the Superintending Engineer in charge of the barrage, and first published in the *Times of India*. This, together with the complete technical reports of the engineers, containing drawings and details, may be consulted at the Department of Overseas Trade. The following outline of the project is taken from the Triennial Review of Irrigation in India:—

"The province of Sind depends for its irrigation at present upon inundation canals from the Indus, the supply of which canals fluctuates daily with the rise and fall of the water level in the river, there being no means of regulating this level artificially as is done in the case of all the other great canals of India. When the Indus is in flood, the inundation canals obtain a full supply; when it falls in the cold weather, only the most fortunately situated obtain any supply at all, and a minimum of 20,000 cubic feet of water a second runs waste to the sea. The majority of the channels commence to flow, in an average season, at about the beginning of June and cease to flow early in October; that is to say they obtain water, and that only in fluctuating quantities for some four months during the monsoon. The object of the Barrage project is to afford to the country irrigated an assured supply throughout the whole year. /

"This is to be accomplished by constructing a barrage across the Indus below Sukkur, where the river passes through a deep gorge. The site chosen is some three miles downstream of the gorge and from this point seven canals, four on the left bank and three on the right will run southwards, taking up the irrigation at present effected from the existing inundation canals and extending facilities for cultivation to an enormous area at present waste. The barrage will consist of a masonry floor across the river, at a level somewhat lower than the average level of the river bed, above which an over-bridge of 66 spans, each of 60 feet width, will be constructed. From this over-bridge shutters, 60 feet long and 18½ feet high can be lowered on to the floor when the river falls, thus ponding up the water to the level required in the canals; conversely, when the river rises they can be lifted and the whole of the waterway left free for the passage of floods.

"The barrage, when completed, will be the greatest work of its kind in the world, measuring 4,725 feet between the faces of the regulators on either



side. These regulators are seven in number. On the left bank two small canals will take off which will irrigate in the Khairpur State, the existing inundation irrigation in which would otherwise be adversely affected by the barrage, and two great channels will also have their heads on that bank, one, the Rohri Canal, to take up and convert into perennial the inundation irrigation now effected between the barrage site and Hyderabad, and to extend perennial irrigation into new tracts, the other to feed and assure a supply to the Eastern Nara Channel and the existing canals which derive their supply from it. The regulators will consist of a series of arched openings, each of 25 feet span, fitted with lifting gates; the two Khairpur canals have each two such openings, the Rohri canal has ten and the Eastern Nara Feeder twelve. The Rohri Canal is designed to carry 10,992, the Eastern Nara Feeder 12,200 cubic feet a second.

"The three canals on the right bank comprise two perennial and one purely rice canal; they will take up the existing inundation irrigation below Sukkur and permit of considerable extension, including the introduction of irrigation into the Nasirabad Tehsil of Baluchistan. The regulators at their heads have been given respectively four and five spans of 25 feet in the case of the south eastern and north western perennial canals, while that for the central rice canal has ten such spans. The right bank canals will carry 19,446 cubic feet a second during the monsoon and 6,281 cubic feet a second during the rest of the year, when the central rice canal is closed.

"The supply required by the whole system of canals varies throughout the year from 22,656 cubic feet a second in January and February to 45,926 cubic feet a second from June to September.

"The total cost of the scheme is estimated at Rs.1835 lakhs, of which the barrage accounts for about Rs.569 lakhs and the canals for Rs.1266 lakhs. A gross area of  $7\frac{1}{2}$  million acres is commanded, of which  $6\frac{1}{2}$  million acres is culturable and an annual area of irrigation of  $5\frac{1}{2}$  million acres is anticipated, of which 2 million acres represents existing inundation irrigation which will be given an assured supply by the new canals. The ultimate annual net revenue forecasted as obtainable from the project, after paying working expenses, is Rs.194 lakhs which represents a return of  $10\frac{1}{4}$  per cent. on capital. This is the return from water rates alone, but a further large increase in general revenues may safely be reckoned upon from the area of  $3\frac{1}{2}$  million acres of waste land which will be brought under cultivation. There will be increases on this account under practically every head of revenue, such as railways, customs, stamps, excise and the like, not to mention the addition to the country's wealth owing to the production, on land at present barren, of crops to the value of Rs.2500 lakhs per annum."

*The Economic Aspect.*—Mr. Musto quotes most illuminating figures to illustrate the economic effects of the scheme. He states that the project will provide sufficient water for the eventual cultivation of the following areas:—823,000 acres of rice, 1,729,000 acres of cotton, jowari, etc., and 3,338,000 acres of rabi crops (wheat, oil seeds, etc.)—a total of 5,900,000 acres of cultivation, annually, in a total commanded area of 8,132,000 acres in British and Khairpur territories. This is an increase of 3,522,000 acres over the present average cultivation of 2,236,000 acres annually. For comparison, it may be stated that the total area of Egypt is 8,460,000 acres, while the total cultivation is 5,400,000 acres. Thus the Sukkur Barrage project will provide for 500,000 acres more cultivation, annually, than there is at present in the whole of Egypt.

The following statement shows the present, and estimated, cultivation under the whole scheme.

	Acres.	
Present annual cultivation in the area and percentage of culturable area <i>now</i> commanded (4,677,000).	2,036,037	(43.5 per cent.)
Total culturable area under the project	6,529,705	
Anticipated cultivation <i>ten</i> years after opening of canals and percentage of culturable.	3,440,288	(52 per cent.)
Anticipated cultivation <i>twenty</i> years after opening.	4,060,828	(65 per cent.)
Anticipated cultivation <i>thirty</i> years after opening and thereafter	5,308,408	(81 per cent.)

On the Punjab perennial canals the actual intensity of annual cultivation is well over 90 per cent. of the culturable area, while in some of the largest rice areas in Sind, the present annual cultivation exceeds 75 per cent. of the culturable area. The project forecast therefore would seem to provide a very safe estimate of the probable growth of cultivation.

Mr. Musto then gives the following figures which show the approximate present quantities of crops grown, and exported, and the anticipated future quantities, after final development of the tracts affected by the project. They give some indication of the enormous increase which may be expected in the export of commodities, such as wheat, cotton, rice, etc., which are in world-wide demand. It is believed that the figures shown for exports would necessitate doubling the present capacity of the Port of Karachi, and possibly increasing the capacity of the North-Western Railway; while numerous feeder railways would find a lucrative field of enterprise in carrying the produce to the main line. Apart from the direct revenue from the sale of water and land, on which the productivity of the scheme is calculated, there will be further great indirect gains to the State due to the enormous increase of traffic on the North-Western Railway and at the Port of Karachi, while the increased trade and wealth of the province will react on income tax and other sources of revenue.

Approximate quantities of crops in the Barrage Canal areas:—

Crop.	As grown at present.	Anticipated after final development.
	Tons.	Tons.
Wheat .. .. .	68,600	935,000
Rice .. .. .	280,000	515,000
Cotton .. .. .	52,000	190,000
Jowar and other crops ..	300,000	575,000
Exports .. .. .	183,000	1,380,000

*Effect of the Project on British Trade.*—The Sukkur Barrage project will affect the British manufacturer in two ways according to whether one takes the short period or the long period view. In the first place for the next few years there will be a very large demand for plant, machinery and stores to be employed on construction work and, secondly, the increase in the population

of Sind, as a result of an additional 3 million acres of good land being placed under cultivation, will bring in its train a greatly increased demand for imported articles of all kinds. This latter aspect of the case will be treated in the next section of the report when dealing with the future of the port of Karachi.

Important purchases of dragline excavators, sheet piling, structural steel of all kinds, rock drills, oil engines, air compressors, light railway material, etc., etc., have already been made. In addition, such items as an electrical generating plant, workshop machinery and machine tools, pumps, pile drivers, suction dredgers, concrete mixers, mortar mills, etc., will be required. British manufacturers would be well-advised to instruct their branches or agents in India to pay special attention to these demands. The Chief Controller of Stores, Indian Stores Department, Delhi—Simla, is carrying out the bulk of the purchases in India and tenders are being advertised in the Indian Trade Journal. Representatives and agents should keep in close touch with the Indian Stores Department and in the case of special plant, machinery and tools, they would do well to call on Mr. C. S. C. Harrison, the Chief Engineer in charge of the scheme, whose office is at Karachi, and also on Mr. A. A. Musto, C.I.E., the Superintending Engineer in charge of the Barrage, who will be found on the site at Sukkur. The engineers on the work appreciate information with regard to and demonstrations of special plant suited to their requirements. Competition is keen and those firms who take the trouble to investigate the precise requirements on the spot will probably find that their enterprise will be rewarded. Full information with regard to the project, can be obtained from H.M. Trade Commissioner at Bombay, Exchange Building, Sprott Road, Ballard Estate, Bombay, who will be glad to advise inquirers as to the best method of procedure.

**Future of the Port of Karachi.**—When it is considered that the whole of the exportable surplus of the lands brought into cultivation under both the Sutlej Valley and the Sukkur Schemes will find its natural outlet through the harbour of Karachi, some idea may be formed of the great future which lies before this progressive port. Even now, Karachi ranks as one of the five great ports of India, and is the entrepot for the produce of the Punjab, Sind, Afghanistan, Baluchistan, and also large tracts of Rajputana, and even portions of the United Provinces. Owing to the lower port charges and facilities for rapid clearance of goods, there has been a distinct tendency during the past year for the Delhi market to import its piecegoods and other imports through Karachi rather than *via* Bombay, and this tendency will probably be accentuated when the new Karachi harbour works are completed. Some idea of the expansion during the past forty years will be gained from the following table showing the value of the trade of the port over a series of years :—

Year.	Export.	Import.	Total.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
1887-88 .. ..	4,08	6,18	10,26
1897-98 .. ..	7,27	8,71	15,98
1907-08 .. ..	11,14	21,66	32,80
1917-18 .. ..	36,81	23,03	59,84
1918-19 .. ..	28,60	21,13	49,73
1919-20 .. ..	28,56	33,54	62,10
1920-21 .. ..	30,00	50,36	80,36
1921-22 .. ..	21,90	43,33	65,23
1922-23 .. ..	33,85	37,02	70,87

The Principal Collector of Customs in Sind in his review of the trade for the year 1923-4 makes the following general comments :— The total value of the entire maritime trade of the province of Sind in 1923-4 reached the record figure of Rs.8,981 lakhs, and showed an increase of Rs.1,872 lakhs or 26 per cent. over the figures of the previous year, and of 59 per cent. over those of the pre-war year 1913-14. Of this value, the coasting trade accounted for 26 per cent. and the foreign trade 74 per cent. The latter was as usual confined to Karachi, the chief port, and rose considerably by Rs.1501 lakhs or 29 per cent. to Rs.6,657 lakhs, imports contributing 40 per cent. and exports 60 per cent. to the total value against 49 per cent. and 51 per cent. in the previous year. The export trade exhibited a remarkable expansion both in value and volume. The total value of this trade aggregated no less than Rs.40,09 lakhs and was the highest on record, representing an increase of 58 per cent. over the figures of the previous year. Over half of this increase was due to heavy shipments of cotton, the price of which ruled very high during the year. Exports of wheat, the leading commodity in the export trade of the port in pre-war days, also contributed largely to this, expansion having risen from 218,438 tons in quantity and Rs.340 lakhs in value to 605,206 tons valued at Rs.863 lakhs in 1923-24. It is of interest to note that the maximum quantity of wheat exported from Karachi in any one year was 1,321,377 tons in 1912-13 worth Rs.1,404 lakhs. Shipments of rapeseed during the year under review, which amounted to 260,266 tons valued at Rs.566 lakhs, created a new record.

The import trade presents no marked fluctuations. The figures were almost on a level with those of the previous year. The total value amounted to Rs.26,48 lakhs, an increase of 27 lakhs or 1 per cent. Cotton piece-goods, the principal article, contributed Rs.847 lakhs to this value and rose by 1 per cent. in quantity and 3 per cent. in value as compared with the imports in the previous year.

*Present Harbour Facilities.*—In addition to special piers for the discharge of oil and liquid fuel there are, in the present harbour, seventeen ship berths in line, occupying a total frontage of 8,600 feet in length with an average

depth of 28½ feet at low water completely served by railway, with 87 hydraulic cranes of 35 cwt., one of 30 tons and one of 14 tons. In addition, there are in the stream 20 moorings from 25 feet to 32 feet in depth for ocean-going steamers and ample anchorage for country craft. Briefly the shipping facilities at present provide accommodation for the deepest draught vessel which can pass through the Suez Canal. Vessels drawing up to 25 feet can enter and leave at the lowest state of the tide and those drawing 30 feet at high tide level. Dredging operations which are now in progress in the main channel and at the fixed moorings will increase these depths to 27 feet and 32 feet respectively.

*Port Improvement Scheme.*—Having in mind not only the present rapid growth of the port but also the prospects for greatly accelerated expansion when the Sutlej and Sukkur irrigation schemes are completed, the Karachi Port Commissioners have embarked upon a scheme of extensions, known as the West Wharf Scheme, which will ultimately provide an additional 13 berths on the west side of the harbour at a total cost of approximately £2 million sterling.

The construction of three berths, each 550 feet long to accommodate vessels up to 34 feet draught, is now in progress, and when these are completed the remaining 10 berths will be taken in hand. These wharves will handle both imports and exports and will be equipped with hydraulic cranes able to deliver goods into either wagons or transit sheds. When this work is completed, the Commissioners hope to take in hand the reconstruction of the present berths on the east side of the harbour, the extension of the oil pier and the construction of a new boat basin.

It will be noted that every effort is being made to provide for the future so far as berthing facilities are concerned, but in addition Karachi will require improved railway communications and marshalling yards if the port is to keep ahead of future requirements. The present yards and sidings are already somewhat congested in the height of the export season and it would appear that considerable reclamation still requires to be carried out before the siding and yard accommodation can be materially increased.

It must be remembered that Karachi is entirely dependent upon the North-Western Railway, which has now been double-tracked as far north as Samasata. In March, 1924, an accident on the line caused a complete suspension of traffic between Karachi and the Punjab for five days and partial interruption for 21 days. Had this occurred in the height of the shipping season very serious dislocation of trade would have been caused. The local business community fully realise the need for improved rail communications and the President of the Chamber of Commerce, speaking in 1923 corroborated the necessity, for the future commercial prosperity of Karachi, of materially increased and improved railway communications, especially by a broad gauge railway route with Cawnpore and the wealthy produce growing districts of the United Provinces. He added that the commencement of the Sutlej Valley and Sukkur Barrage irrigation schemes called for immediate attention being paid to the development of present railways and the necessity for more Feeder Lines.

I regard it as absolutely certain that within the next twenty years or so the port of Karachi will have developed beyond all expectations. We have seen that the irrigation experts anticipate that the Sukkur barrage scheme alone will contribute an extra million tons of exports of wheat, cotton and oilseeds, while the Sutlej Valley project is likely to contribute an equal quantity from the Punjab. If the Great North Central Railway scheme is put through and direct communication established with Cawnpore, the valuable areas of the United Provinces will be tapped. Already the import trade of Delhi is being attracted *via* Karachi owing to

lower charges and more rapid clearance. Karachi is 200 miles nearer Aden than is Bombay. The rainfall is only about 4 ins. per year and goods can be stacked, sorted, loaded and discharged in the open on most days in the year.

Most important of all is the keen *esprit-de-corps* with which the Karachi mercantile community is imbued. Not only is the greatest optimism shown in the future of the port, but almost every member displays an intelligent and helpful interest in the development of the harbour and its communications.

British exporters would do well to keep a vigilant eye on Karachi and to remember that it is the key to the import trade of the Punjab and North-Western India. If definite agency arrangements have not yet been made, they would be well-advised to consider either the establishment of branches or the appointment of agents in the port. There are many sound, old-established British importers in Karachi who would be quite prepared to act for them on the usual terms.

**The New Howrah Bridge.**—One of the most important schemes of Public Works contemplated at the present time is the construction of a steel cantilever bridge over the Hooghly between Calcutta and Howrah. In a communique recently issued by the Government of Bengal they state that as the present bridge is nearly fifty years old, there is a consensus of opinion that it is necessary to construct a modern type of bridge as soon as possible. After several years of discussion and the reports of many committees, it has now been decided that a steel bridge of the cantilever type should be erected and, after obtaining the advice of the consulting engineers to the India Office, it is estimated that the total cost of the scheme (including approaches and claims for compensation) will not exceed Rs.634 lakhs—say £4,000,000. The Government of Bengal are introducing a bill in the Bengal Legislative Council in July, 1924, with a view to obtaining powers to proceed with the construction of the bridge, to raise the funds required and to provide for adequate revenue to meet these charges by levying taxes and tolls. The duty of carrying out the provisions of the Act will be vested in a body of commissioners to be called "The Commissioners for the new Howrah Bridge," and it is laid down that the members of the Board of Trustees for the improvement of Calcutta for the time being shall be the commissioners for the new Howrah Bridge. The commissioners will be invested with powers to construct the bridge and to raise loans for the capital sums required subject always to the direction and approval of the local Government, and provided that no loan exceeding Rs.25 lakhs shall be taken by the commissioners unless the terms, including the date of flotation of such loan, have been approved by the Government of India.

**The Indian Mercantile Marine Committee.**—The Indian Mercantile Marine Committee was appointed by the Government of India on February 3rd, 1923, in pursuance of a resolution

adopted by the Indian Legislative Assembly the previous year. The composition of the Committee was as follows:—

*President.*

Captain E. J. Headlam, C.M.G., D.S.O., Director, Royal Indian Marine.

*Members.*

The Hon. Sir Arthur H. Froom, Kt., Partner, Messrs. Mackinnon Mackenzie & Co., Bombay.

The Hon. Mr. Lalubhai Samaldas, C.I.E.

Jadu Nath Roy, Esq., Bengal National Chamber of Commerce.

Sir John Biles, K.C.I.E., Consulting Naval Architect to the India Office.

Diwan Bahadur Tiruvenkata Rangachariar, M.L.A.

The following were the terms of reference to the Committee:—

To consider what measures can usefully be taken:—

- (1) For the liberal recruitment of Indians as deck or executive officers and engineers in the Royal Indian Marine.
- (2) For the establishment of a Nautical College in Indian waters for the purpose of training executive officers and engineers of ships.
- (3) For ensuring the entertainment of Indian apprentices for training as such officers and engineers in the ships owned by shipping firms that enjoy any subsidy or other benefits from Government on any account and for the creation of an adequate number of State scholarships for providing instruction in the nautical colleges and training ships in England pending the formation of a Nautical College in India.
- (4) For the encouragement of shipbuilding and of the growth of an Indian mercantile marine by a system of bounties, subsidies and such other measures as have been adopted in Japan.
- (5) For the acquisition of training ships by gift from the Imperial Government or otherwise; and
- (6) For the construction of the necessary dockyards and engineering workshops in one or more ports.

The Committee signed an unanimous report on March 3rd, 1924, subject to a most important minute of dissent by Sir Arthur Froom, and the report was published in July, 1924. The recommendations are grouped under three main heads, namely:—

- (a) The training of Indian executive officers and engineers for the Mercantile Marine.
- (b) Measures for the encouragement of self-propelled shipbuilding in India.
- (c) The development of an Indian Mercantile Marine.

(a) *Training of Indian Executive Officers.*—The Committee recommend that the Royal Indian Marine troopship *Dufferin* should be converted into a training ship for Indian cadets and that the teak motor vessel *Howard* should be purchased as a sea-going tender for the training ship. The training ship should

be located at Bombay and a two years' course of training is suggested, divided into four terms, not more than 25 pupils being admitted at the beginning of each term, the total number of admissions during the year being limited to 50. All candidates should be required to sit for a special examination to be set by the authorities of the training ship of a standard similar to the Middle School or Junior Cambridge examination. Before a candidate is allowed to sit for the written examination he should be required to produce a recommendation from the head of the school or college in which he has been educated, or from a magistrate or some well-known person, and a certificate of physical fitness from the civil surgeon of the district in which he resides. The age for joining should be not younger than 15 and not older than 17 years. A knowledge of English would be essential as all tuition would be in English.

The Committee recommend that the training ship and tender, as well as the instructional staff, should be provided at Government expense and maintained by Government. The fees to be charged to the students should not exceed those ordinarily charged in other Government professional institutions. Food would be provided free from the ship as is usual in the case of all nautical training establishments.

After having completed their time in the training ship, which will only count as one year's sea service, Indian cadets will still be required to serve for three years in a mercantile marine ship as apprentices before they will be qualified to sit for their Board of Trade certificates as second mate.

The committee enquired of the leading steamship companies plying in the Indian coastal trade whether they would be prepared to accept for training on board their vessels a certain number of Indians from the training ship as apprentices, provided that such apprentices have obtained a qualifying leaving certificate similar to the certificates issued by such establishments in England and that the Board of Trade agree to the proposal that this training be counted as equivalent to one year's sea time. A reply in the affirmative was received from all the companies who were approached. The committee in their scheme for Indianising the ownership of the Indian mercantile marine also recommend that it should be made obligatory on the companies to accept such apprentices. The committee were also assured by the companies that they would be prepared to employ young Indians as officers on board their ships provided they prove efficient and satisfactory as apprentices and successfully pass their Board of Trade qualifying examinations as mates and masters.

After suggesting that a nautical class be opened in the large Government colleges in the principal ports and also in the training ship at Bombay for the purpose of coaching Indian Officers for their certificates of competency as mates and masters, the



committee in conclusion sound a note of warning in the following terms :—

“ In establishing an Indian mercantile marine, we must be most careful not to jeopardise the success of the whole scheme by making promotions too quickly and thus putting insufficiently experienced people into the higher posts on board ship. In the beginning we consider that it will be necessary to follow the Japanese principle of employing foreigners ; or non-Indians in the present case, except in the most junior posts, gradually eliminating them and replacing them by Indians as Indian officers become competent. We consider that each young Indian officer should serve at least one year as fourth officer, two years as third, three years as second and five years as chief officer before he can be given command of a ship ; in other words, no Indian officer with less than 11 years' service should be considered fit to take command.”

*Training of Indian Marine Engineers.*—The Committee cite the evidence of certain authoritative witnesses who believe that there is no reason, why, given the proper selection and suitable training, Indian youths should not be found entirely suitable as engineer officers in the mercantile marine, and in the event of a shipbuilding industry being started in India they will have those facilities of instruction in marine engine construction which are now lacking.

After reviewing the facilities for securing practical training in mechanical engineering in the large workshops at Calcutta, Bombay and Rangoon, and also the theoretical training available at the three Government colleges of engineering at Sibpur (Calcutta), Poona (Bombay), and Guindy (Madras), and also at the Victoria Jubilee Technical Institute at Matunga (Bombay), the committee see no reason why similar facilities for a training in marine engineering should not also be provided at these colleges. After this preliminary training, it will be necessary for the cadets to serve a period as engineers without certificates at sea, and it is anticipated that facilities for this purpose would be provided by the steamship companies who have already expressed their willingness in regard to deck officers. The committee, however, recommend that, in the case of engineer officers also, it should be made obligatory for a certain number of apprentices and also engineer officers to be taken by the companies before licences to deal in the coastal trade would be granted.

Finally the Committee make the following proviso :—

“ After merely passing the necessary qualifying examinations, engineers of insufficient practical experience should not be given charge of the machinery of ships. It is necessary that ordinarily engineers trained in this country should serve at least six years in the junior grades and five years as second engineers before they can be allowed to serve as chief engineers of any sea-going ships. Given the facilities for training which we propose should be provided, we see no reason why, in course of time, Indians should not make as capable engineer officers in the mercantile marine as those trained elsewhere.”

So far as the above schemes of training for deck officers and marine engineers are concerned, the committee was unanimous and Sir Arthur Froom states that he is in general agreement with his colleagues.

(b) *Measures for the encouragement of self-propelled shipbuilding in India.*—The evidence was very meagre and the committee admit that they have been compelled to form a judgment from their own observations of the shipyards visited. They express the opinion that Calcutta would be the best position for shipbuilding as there is more experience of it there than elsewhere and it is near the coal and steel producing districts and the steel works at Jamshedpur. They add that if an entirely self-contained condition is desired for India, it would appear to be as necessary to be able to build ships in India as it is for Indians to own ships. Shipowners, however, naturally want to buy in the cheapest market, *which is not India at present*, but if protection is granted to shipowners to enable them to create an Indian mercantile marine, it would seem to be desirable for shipbuilders to have protection to create their industry.

After examining the various methods of State assistance advocated by witnesses, the committee recommend that for the present the most advantageous course to be adopted would be to give construction bounties. Any such system of bounty should only extend to making up the difference between the minimum cost of production in India and abroad, and, in any event, should not exceed 25 per cent. of the price abroad. They add that if a shipbuilding yard is projected by an Indian company, the Government may aid that enterprise by:—

- (a) advancing a cheap loan to the extent of one-third of the paid-up capital of that company and assistance in acquiring suitable sites;
- (b) guaranteeing the giving of all Government and Port Trust work to this shipyard at a cost not unduly higher than the cheapest price which can be secured abroad for a similar class of work; and
- (c) legislating that, when such a suitable shipbuilding yard is completed and established, all ships seeking for a licence on the coast should also be required to have been built in India.

The Committee were, more or less, in agreement on the above recommendations. Mr. Lalubhai Samaldas would, however, have preferred that the Government should pioneer the shipbuilding enterprise and should establish and maintain a shipbuilding yard at its own cost.

Sir Arthur Froom states that "the whole question of the practicability of shipbuilding in India is a matter for experts and the committee has been fortunate in having as one of them a notable expert in ship construction. The expense to the country, however, of establishing shipbuilding is another matter, and I am not in favour of Government embarking on a costly and unremunerative scheme. The recommendations of the committee upon this question will require the most careful consideration from the financial aspect."

(c) *Development of an Indian Mercantile Marine.*—So far I have dealt with matters in which all the members of the committee were in substantial agreement. We now come to the

artificial measures advocated in order to stimulate an Indian-owned and managed mercantile marine. These called forth the strongest dissent and protest from Sir Arthur Froom, and will be read with considerable astonishment by shipping and mercantile circles in the United Kingdom.

At the outset, the committee explain their attitude by stating that, judging from the tenor of the debate which took place in the Legislative Assembly on the 12th January, 1922, they assumed that it was no part of their responsibility to examine the necessity for an Indian Mercantile Marine and that all they were required to do was to consider what measures could usefully be taken to this end under the six heads mentioned in the resolution, which was adopted by the Legislative Assembly and which formed their terms of reference. Sir Arthur Froom, on the other hand, states that :—

*"The terms of reference to our committee were 'to consider what measures can usefully be taken, etc., etc.' The word 'usefully' formed the subject of considerable discussion among the committee and is dealt with by my colleagues in the opening paragraph of Chapter III. My interpretation of the word was that the committee should consider whether India would benefit by the establishment of an Indian mercantile marine by means of artificial or extraneous aid. This view, however, was not shared by all my colleagues, hence it was considered by them necessary to put forward some scheme which might have the effect of starting an Indian mercantile marine through some agency other than that of the natural course of commercial enterprise. Having this object in view the licensing scheme detailed in Chapter III, with which I am not in agreement, was evolved."*

I have deemed it desirable to deal with this difference of view at length inasmuch as it explains the attitude of mind of the committee, who, apparently, did not consider that they were concerned with investigating the necessity for an Indian mercantile marine at all. They merely set themselves to consider what steps could usefully be taken, under the six heads of their reference, to bring it into being.

After examining the present conditions of the Indian coastal shipping industry which are, briefly, that the proportion of the trade on the coast which is carried in ships owned by Indians is comparatively small while the number of Indian ships which take part in the overseas trade is practically negligible, the committee admit that—

*"So far as the ports served are concerned, there is no great fault to be found with the efficiency or the regularity of the services offered by the existing shipping lines and the question of a replacement of non-Indian lines by Indian concerns does not arise so far as these grounds are concerned. But we have been directed to examine what measures can usefully be taken for the development of an Indian mercantile marine and we cannot agree that the provision of training facilities alone exhausts all the necessary avenues of action which can usefully be taken in the direction indicated."*

The committee recommend that the coasting trade of India should be closed to ships belonging to foreign nations and that, in order to effect this, the Indian Coasting Trade Act V of 1850 should be repealed provided that an exception should be made

in favour of those foreign States which enjoy any treaty rights in respect of the Indian coasting trade (*vide* section 736 (c) of the Merchant Shipping Act, 1894). They consider that no foreign ships should in any circumstances enjoy superior privileges to those accorded to British ships.

The exclusion of foreign shipping, however, is not sufficient to meet Indian aspirations, whose main aim is to exclude British-owned shipping, which has hitherto controlled 90 per cent. of the coasting trade. The committee go so far as to support this view and cite the case of Australia as a precedent. They state—

“ The Honourable Member for Commerce stated in the Legislative Assembly on behalf of the Government that this desire on the part of the people for their own mercantile marine was a very natural desire. Recognising this natural desire we are of opinion that this should be met within a reasonable period of time and not in the distant future. This being so, it is our considered opinion that the provision of facilities for the training of Indian officers and engineers alone is not sufficient to meet the requirements of the case and that some further steps are required to achieve the object in view. These further steps we recommend should be in the form of the eventual reservation of the Indian coasting trade for ships, the ownership and controlling interests in which are predominantly Indian. This should be done by the introduction of a system of licenses or permits as has been done in Australia, except that the conditions to be attached to the grant of a license or permit in India will be different to the conditions imposed in Australia. We recommend that it should be announced now that with effect from a date, to be fixed by Government, the privilege to engage or to take part in the coasting trade of India will be regulated by a system of licenses, the conditions of which are indicated in the paragraphs which follow.”

The committee then proceed to define what is an Indian owned and managed ship. They consider that this qualification should be held to have been fulfilled if a ship conforms to the following conditions :—

- (a) That it is registered in India.
- (b) That it is owned and managed by an individual Indian or by a joint stock company (public or private) which is registered in India with rupee capital, with a majority of Indians on its directorate and a majority of its shares held by Indians, and
- (c) That the management of such company is predominantly in the hands of Indians.

They then lay down the conditions which should be attached to the grant of licenses to trade on the Indian coast as follows :—

- (1) Licenses or permits shall after the introduction of the licensing system be issued to any ship flying the British flag, provided that it is proved to the satisfaction of the licensing authority that such ship, not being more than 25 years old, has been regularly engaged on the coasting trade during the preceding twelve months and that the joint stock company (public or private) or individual by whom it is owned given an undertaking in writing to take Indian apprentices for training subject to a minimum of two per ship, no line being compelled to take more than 60 apprentices all-told. Provided further that such joint stock company or individual owner undertakes to employ qualified Indian officers and engineers, as they become eligible,

up to the extent of at least 50 per cent, of the total number of officers and engineers employed. These licenses shall continue subject to Board of Trade Regulations until the ship has reached the age of 25 years, provided the conditions set forth above are complied with.

- (2) All ships hereafter seeking to enter the coastal trade can only obtain licenses on their complying with such conditions as may be laid down by Government for Indian shipping concerns; provided also that the owners of all such ships are likewise required to give an undertaking on the lines indicated in condition (1) regarding the employment of Indian apprentices and the gradual Indianization of their officers and engineers.
- (3) The licensing authority may be given discretion to waive all or any of these conditions, during exceptional periods of stress such as trade booms, famines, war, etc., and to issue permits to any ship flying the British flag to cover such periods as he may consider requisite.
- (4) The licensing authority may also be vested with power to take such steps, with the approval of the Government of India, as may be considered advisable to deal with deferred rebates, rate wars, or any other conditions which act unduly as a restraint on trade.
- (5) Provision should be made that, where by treaty made before the 13th May, 1869, Her late Majesty Queen Victoria agreed to grant to any ships of a foreign State such rights or privileges in respect of the coasting trade of British India, those rights and privileges shall be enjoyed by those ships for so long as Her Majesty agreed or His Majesty the King may hereafter agree to grant them. This, however, should be subject to the proviso that no foreign ships should under any circumstances enjoy superior privileges to those accorded to British ships.
- (6) For the purpose of these regulations "Coasting trade" may be deemed to mean trade exclusively carried on between any port or ports in British India and any port or ports or place on the continent of India (including Burma).

The committee then make the suggestion that, in combination with the licensing system proposed above, the Government of India might, by means of a loan, purchase one of the existing British lines operating on the coast as a going concern and appoint directors to control it, a majority of whom should be Indians. The present management should be retained until such time as there are sufficient Indians available with the necessary experience to undertake complete management. The ownership of the vessels in this line should be transferred by sale from time to time to approved Indian owners with a view to the concern ultimately being placed in the hands of Indian companies.

**The Minute of Dissent.**—Sir Arthur Fromm expresses his disagreement with his colleagues on the above recommendations and points out clearly that the second condition prevents the existing British-owned companies from renewing their coastal fleet as their ships reach the age limit and in fact provides for the ultimate elimination of all British-owned (as distinct from Indian-owned) shipping on the coast of India. He adds—"No

one refutes the right of India, or of any of the Dominions, to have a mercantile marine of their own, but to seek to establish these by domestic legislation against the shipping of any other part of the British Empire is to be deprecated. In fact so much importance is attached to the freedom of shipping within the Empire that the British Merchant Shipping Act of 1894 provides against such domestic legislation."

As regards Condition (4), Sir Arthur remarks that the suggestion to empower a licensing authority in India to deal with deferred rebates, etc., which have been widely discussed in most countries throughout the world and have recently been the subject of an examination by an Imperial Shipping Committee in England composed of the greatest experts, seems to him to be investing one particular body with powers which are not held by any authority within the British Empire.

Referring to the proposed purchase by the Government of India of one of the existing British lines, Sir Arthur states that the effect of the purchase would be to establish a State-owned line which has been tried in many other countries, usually as an aftermath of the war, and in no instance has the experiment proved a success. He adds that there is no reason to suppose that the Government of India would succeed in such a venture where others have failed. Government should leave commercial enterprises severely alone and refrain from competing in commercial pursuits. Should one of the existing shipping companies on the coast be willing to sell its concern there does not appear to be anything to prevent any other party from buying it in the ordinary way of business.

In conclusion, he reiterates his opinion that the further establishment of an Indian mercantile marine—by which is understood ships owned and managed by Indians—should be left to be developed by those who have a real interest in the business of shipping.

**The Civil Justice Committee.**—In my last report\* I animadverted to the state of congestion and delay in the Indian Courts and expressed the hope that local Governments might see their way to consider the possibility of expediting civil cases.

It is with considerable satisfaction, therefore, that I have to record that, on January 24th, 1924, the Government of India issued a Resolution to the effect that the Governor-General in Council had decided to appoint a committee:—

"To enquire into the operation and effects of the substantive and adjective law, whether enacted or otherwise, followed by the Courts in India in the disposal of civil suits, appeals, applications for revision and other civil litigation (including the execution of decrees and orders) with a view to ascertaining and reporting, whether any and what changes and improvements should be made so as to provide for the more speedy,

\* *On the Conditions and Prospects of British Trade in India, Revised to September, 1922*, published by H.M. Stationery Office, 2s. 6d. net, p. 11.

“economical and satisfactory despatch of the business transacted in the Courts and for the more speedy, economical and satisfactory execution of the processes issued by the Courts.”

The committee were not called upon to enquire into the strength of the judicial establishments maintained in each province.

The personnel of the committee comprised:—

The Hon. Mr. Justice G. C. Rankin, of the High Court, Calcutta (*Chairman*).

The Hon. Mr. Justice Stuart, of the High Court, Allahabad.

Dr. F. X. De Souza, I.C.S., District and Sessions Judge, Bombay.

Sir Tirumalai Desika Achariyar Avergal, Vakil, Trichinopoly.

The committee assembled in Calcutta on February 4th, 1924, and visited in turn Allahabad, Lahore, Rangoon, Patna, Madras, Bombay and Karachi. They expect to complete the hearing of evidence by the end of September and retire to Simla in October in order to compile their report, which is expected to be forwarded to the Government of India before the end of the year.

The case of the British shipper was very clearly put forward by the Manchester and Liverpool Chambers of Commerce. Several Lancashire representatives also gave valuable evidence before the committee. Local firms and the Exchange Banks appeared to be loath to give evidence, and had the British case rested with them it would probably have gone by default.

Fortunately, however, the chairman of the committee realised the importance of the question and throughout the inquiry has shown a desire to sift all available cases and to give every facility for the hearing of evidence. It is of course impossible to anticipate the findings and recommendations of the committee, but it is to be hoped that some means will be found to strengthen the judicial establishments in certain mofussil centres such as Delhi, Amritsar and Cawnpore and to give some degree of priority to commercial cases in those centres exactly as is done in the Calcutta High Court. It would also be of advantage if the Judges in these Courts could before their appointment receive some training in the practice of treating commercial cases in one of the High Courts, preferably Calcutta, where commercial cases are dealt with in a relatively expeditious manner.

**The Census of 1921.**—The extremely valuable and illuminating report of the fifth regular Census of India taken on March 18th, 1921, was published early in 1924 and contains, as usual, a mass of most interesting information with regard to such details as the distribution, religion, age, sex, civil condition, literacy, language, infirmities, castes, tribes, races and occupations of the peoples of India. From the point of view of this report, however, the final chapter which treats of the occupations of the people is perhaps of the greatest value. An attempt has been made

in this last census to obtain such information as is possible regarding the personnel employed in organised industrial establishments and the amount of power used—an industrial establishment for the purposes of the census meaning premises wherein ten or more persons are employed on separate remuneration in any process for making, repairing, ornamenting, finishing or otherwise adapting for use, for transport or for sale any article or part of an article. The report summarises the statistical results of the occupational census in the following terms:—

“ India is essentially an agricultural country and agriculture proper supports 224 million persons, or 71 per cent. of the population. If to this is added pastoral and hunting occupations the percentage rises to 73. Industries support 10 per cent. of the population, but the bulk of these are engaged in unorganized industries connected with the supply of personal and household necessities and the simple implements of work. Organized industries occupy only 1 per cent. of the people. In trade and transport, on which less than 6 per cent. and 2 per cent. respectively depend, a not inconsiderable number are connected with the disposal of the various kinds of agricultural products. The administration and protection of the country engages only 4,825,479 persons, or 1½ per cent. of the population, and the remainder are supported by domestic, miscellaneous and unproductive occupations. Though the extent to which agriculture predominates in individual provinces varies, there is no region in which it does not in some form easily take the first place. In spite of the trade of Calcutta and the numerous industrial and mining concerns of Bengal and Bihar and Orissa, the population of the eastern provinces is overwhelmingly agricultural and contains a higher percentage of persons supported by the land than any other tract of India. Of industrial workers the largest proportions in the local population are in the Punjab, the United Provinces and Bombay. Of these three provinces, however, agriculture dominates the economic life of the first two, where the industrial occupations, though they engage a substantial number of persons, are mostly of the cottage industry type. In Bombay the development of organized industry is of more economic importance, but is at present largely confined to a few of the biggest cities. In the category of unclassified occupations the majority of persons are labourers whose particular form of labour is unspecified and the rest mostly unspecified clerks.

“ Compared with 1911 the agriculturists have increased a little faster than the total population, though fishermen and hunters are fewer. Miners have risen in number with the recent expansion of the industry. Industries have substantially decreased and of the principal forms of industry the textile workers have dropped considerably, as also have potters and workers in wood and metal. An increase under transport by rail is countered by a drop under transport by road. Trade has increased, trade in textiles showing a sharp rise and trade in food a slight drop. The number employed in public administration is practically stationary, but the army has risen while the police has fallen heavily. Law and medicine have gained at the expense of religion, and though instruction has spread letters have fallen. Rentiers are fewer and domestic servants as many. Beggars and vagrants, the raw material of crime and disease, have decreased, but criminals, the finished article, have risen in numbers.”



*Industries.*—The number and percentage of persons supported by industries are as follows:—

Industry.	Number (000's <i>omitted.</i> )	Per centage.	Variation since 1911 (decrease).
<i>All industries.</i>	33,167	100·0	6·0
Textiles .. .. .	7,848	23·7	5·5
Wood .. .. .	3,614	10·9	4·9
Metals .. .. .	1,802	5·4	3·2
Ceramics .. .. .	2,215	6·7	1·1
Chemical .. .. .	1,194	3·6	3·9
Food .. .. .	3,100	9·3	16·5
Dress .. .. .	7,425	22·4	4·2
Building .. .. .	1,754	5·3	14·9
Jewellers .. .. .	1,694	5·1	4·8
Scavengers .. .. .	1,377	4·2	0·9
Others .. .. .	1,144	3·4	3·0

The textile industries are by far the most important, the number of persons occupied in industries connected with cotton being returned as 5,872,000, or just three-quarters of the whole number of those supported by textile industries. Of the 2,037 establishments connected with cotton manufacture, employing in all 434,000 persons, no less than 737 establishments with 277,000 employees, or 64 per cent., belong to the Bombay Presidency and its states. There has been considerable expansion of the industry during the decade, the Bombay figures showing an increase in textile establishments from 497 to 566 and in the number of employees from 198,169 to 277,857 persons. The industry is practically in the hands of Indians, the number of European companies in Bombay being 17 out of 193 and of European or Anglo-Indian private owners 27 out of 622.

It was not considered possible to take a census of handlooms throughout India, but in several provinces and states local instructions were issued to the census staff to record the number of handlooms in use in the towns and villages. The following are the figures:—

Province, State or Agency.	Number of Handlooms. in existence.	Province, State or Agency.	Number of Handlooms in existence.
Ajmer-Merwara ..	1,587	Madras .. .. .	169,403
Assam .. .. .	421,367	Punjab .. .. .	270,507
Bengal .. .. .	213,886	Baroda State ..	10,851
Bihar and Orissa ..	164,592	Hyderabad State ..	115,434
Burma .. .. .	479,637	Rajputana Agency	89,741
Delhi .. .. .	1,067		

The population census gives 493,099 persons supported by spinning, pressing and weaving of jute, the corresponding number in 1911 being 362,369. Bengal has 62 jute mills. Measured by the number employed the industry has grown by 42 per cent. during the ten years, though the mills in Calcutta itself have

declined and the total number of concerns has only increased by twelve. Fifty-four mills are controlled by companies with European directors and six by mixed Boards, while there is one private concern owned by Europeans and one by Indians.

As a result of the Industrial Census, the following table has been compiled showing the number of establishments (under the main headings) which employ more than twenty persons and the total number employed both in 1911 and in 1921. The progress in mining, metal, textile industries and industries connected with transport is specially noticeable.

Establishments employing more than 20 persons.	1921.		1911.	
	No.	Persons.	No.	Persons.
I.—Growing of special products ..	2,034	817,340	1,687	810,407
Tea .. .. .	1,353	746,760	1,002	703,585
II.—Mines .. .. .	927	265,067	562	224,087
Collieries .. .. .	581	180,660	353	142,877
III.—Quarries of hard rocks .. ..	188	26,138	53	12,273
Stone, etc., quarries .. .. .	170	24,454	50	11,866
IV.—Textiles .. .. .	2,098	760,115	1,487	557,589
Cotton .. .. .	1,498	425,883	1,127	308,190
V.—Leather, etc., industries .. ..	177	13,530	158	13,612
Tanneries .. .. .	139	9,787	122	9,399
VI.—Wood, etc., industries .. .. .	326	31,133	168	29,067
Saw mills .. .. .	183	20,073	106	12,490
VII.—Metal industries .. .. .	632	164,780	372	71,045
Metal, machinery, etc. .. .. .	280	81,598	93	23,147
VIII.—Glass, etc., industries .. ..	825	78,063	453	49,466
Brick, etc., factories .. .. .	762	71,607	411	46,156
IX.—Chemical products .. .. .	762	102,382	455	49,358
Oil mills .. .. .	265	13,741	208	9,745
X.—Food industries .. .. .	1,451	92,953	720	74,401
Flour and rice mills .. .. .	736	41,464	403	42,374
XI.—Industries of dress .. .. .	140	8,480	90	10,189
Boot and shoe factories .. .. .	59	1,967	23	5,163
XII.—Furniture industries .. .. .	100	5,877	50	3,372
Furniture factories .. .. .	99	5,748	46	3,110
XIII.—Building industries .. .. .	283	27,672	163	22,168
Lime works and kilns .. .. .	210	18,032	53	7,630
XIV.—Transport and communication ..	395	154,173	242	125,117
Railway works .. .. .	169	112,265	118	98,723
XV.—Production, application and mission of physical forces .. .. .	124	14,825	64	8,169
Gas and electric works .. .. .	81	11,528	14	4,680
XVI.—Industries of luxury .. .. .	572	50,436	389	45,504
Printing presses .. .. .	478	44,534	341	41,598

Of the total number of 2,681,000 persons engaged in industries coming within the Industrial Census, 123,000 belong to the directing, supervising and clerical staff, 724,000 are skilled workmen, and 1,829,000 are unskilled labourers; the corresponding proportions per thousand are 46,271 and 683 and the proportions in 1911 were 33,264 and 703 respectively. The high proportion

of the directing, supervising and clerical staff as compared with the skilled workers is an eloquent commentary on Indian conditions. The report gives interesting facts in this connection. Of the 14,863 managers less than a quarter of the number are Europeans or Anglo Indians. As is natural the larger European owned concerns usually have European managers, and this is the case with the tea gardens in Assam and Bengal, the coffee and rubber plantations of South India and the collieries and large mechanical workshops and printing presses, where a high grade of special technical training is required, and a considerable staff of Europeans is employed. Of the cotton mills in Bombay only about one-tenth have European managers. In the case of the supervising and technical staff, Europeans and Anglo-Indians form about one-fifth of the whole number and of the clerical staff about 3 per cent. The tea, coffee and rubber plantations employ a good deal of European supervision, the number of Europeans being about 1 to 642 workers in the tea gardens, while the collieries, manganese mines, oil wells and large metal works all require men with advanced European training. In the jute mills of Bengal there are 735 Europeans against 527 Indians in the supervising and technical staff, and in the iron foundries of the same province the Europeans are 135 to 103 Indians in this category. In the metal, machinery and engineering works the proportion is 600 European to 1,036 Indians, while in the petroleum refineries of Burma the supervising staff is predominantly European, the numbers being 503 Europeans to 45 Indians. In the cotton industries on the other hand the superior staff is predominantly Indian. In the 345 cotton spinning and weaving mills of Bombay, with their large staff of over 253,000 workers the number of European and Anglo-Indians employed is only 244 or less than 1 to 1,000 workers, while the jute mills of Bengal employ a proportion of one European or Anglo-Indian in about 300 employees, the collieries one in about 260, and the iron foundries one in less than 100 persons. The numbers of the superior staff have increased in industries of 20 and more employees by 61 per cent. in the decade, the increase being large in the more technical industries such as textiles, collieries, and metal workshops, where progress has been specially noticeable.

*Census of Power.*—The number of establishments given as using power of one kind or another is as follows :—

Kind of Power.	No. of Establishments.
Steam .. .. .	5,293
Oil .. .. .	1,335
Water .. .. .	85
Gas .. .. .	165
Electricity—	
(1) Generated on premises .. .. .	420
(2) Supplied from without .. .. .	717
<b>Total .. .. .</b>	<b>8,015</b>

Of the total number of industrial establishments 51 per cent. use power of some kind, the power being steam in 34 per cent. of the total number and, therefore, in considerably more than half of the concerns which use power. Oil is used chiefly in the textile industries of Western India and in the plantations and rice and flour mills of South India; water power is mostly used in Bengal, the Punjab and Madras, and gas engines are chiefly found in Madras and Bombay, supplying power to the cotton ginning plants and to the smaller metal and miscellaneous workshops and coffee and flour mills. A growing number of these smaller concerns are using power plants, especially in South India. The number of rice mills using power increased in the district of Tanjore from 21 in 1911 to 244 in 1921, and from 1 to 61 and nil to 43 in Trichinopoly and Madura respectively.

Readers, who are closely interested in Indian conditions, would do well to purchase the two volumes of the Census of India Report 1921, as it is impossible here to do more than touch on one or two points in this most instructive and fascinating work.

**Humidification in Indian Cotton Mills.**—The question of adequate ventilation of cotton mills in India has for many years engaged the attention of the Central and Provincial Governments and Millowners' Associations. Various labour Commissions have stressed the importance of the question, but no definite recommendations were made owing to the absence of data relating to health and the effects of work in hot moist atmospheres.

In 1921, however the Government of India commissioned Mr. T. Maloney to carry out an inquiry into the whole question. The investigation was designed:—

- (1) To obtain accurate observations regarding the methods of humidification and ventilation employed in cotton mills and their effect on working conditions.
- (2) To evolve recommendations designed to effect a marked amelioration in conditions without serious detriment to the industry.

A thorough and comprehensive report on "Humidification in Indian Cotton Mills" was presented to the Government of India by Mr. Maloney in 1923 and can now be purchased, or consulted at the Department of Overseas Trade, 35, Old Queen Street, London, S.W. I would commend it to the attention of all Lancashire millowners who may be interested in working conditions in the Indian cotton industry. The conclusions reached and the recommendations made were as follows:—

#### CONCLUSIONS.

The objects of the investigation as defined in the terms of reference were to suggest suitable means for regulating atmospheric conditions in cotton mills so as to effect a marked amelioration in atmospheric conditions without serious detriment to the industry.

Very extensive observations were made to estimate the effect of present conditions upon the health of the operatives, and while it has not been

definitely proved that health is materially affected in every case, it is significant that the physique of the average cotton operative is much lower than that of workers of similar castes and wage-earning capacity in other trades, and that weight decreases after a few months' continuous service.

The more uncomfortable conditions which usually existed in weaving departments on account of the higher percentage of humidity used, did not seem to affect specially the physique of weavers, who usually showed a higher average height and weight than in other departments, but this was probably due to selection.

Even at very high wet bulb temperatures, the body temperatures of factory workers at the end of a day's work did not show any especially large increase, and were certainly not higher than in other trades, where atmospheric conditions were better; but at such times efficiency fell very considerably and fatigue was apparent.

From a detailed study of sickness rates in a large number of mills, there is reason to believe that the conditions existing in weaving sheds in the hot weather have an adverse effect on the sickness rate for that department which must be accounted for to some extent by the enervating atmospheric conditions due to the high humidity.

There is also abundant evidence to show that when high temperatures were combined with a high degree of humidity, conditions were most distressing and uncomfortable, and on humanitarian grounds, even though health may not be permanently affected, something should be done to improve conditions. Since at many times when these distressing conditions exist, the degree of humidity obtaining is hardly sufficient for effective production, it would be inadvisable to improve conditions by enforcing the use of a still lower percentage of air saturation and the two methods of obtaining better conditions are:—

- (1) Reducing temperatures by more effective ventilation, of roof-spraying, prohibition of the use of live steam.
- (2) Increasing the velocity of air in the department and thus increasing its cooling powers.

The recommendations made have been framed on the practical possibilities in these directions and if adopted, will, it is thought, add greatly to the comfort of the operative, very materially increase his efficiency, and probably improve his general health.

### RECOMMENDATIONS.

1. It is desirable to fix a standard of ventilation for all factories and workshops in India on the basis of the cooling power of the air as measured by the wet kata-thermometer.

2. The standard of ventilation demanded for different trades should take cognisance of the class of work performed, and the degree of atmospheric cooling power demanded should be increased in accordance with the degree of muscular activity demanded by the work.

3. For cotton mills throughout India, the ventilation should be such as to give a minimum cooling power of 11 millicalories per square centimetre per second at a height of 5 feet, in positions usually occupied by an operative in the performance of his ordinary duties. This standard is very much lower than that recommended for sedentary workers in other countries but would be sufficient to prevent visible perspiration in the majority of cases, and would represent a vast improvement in the cooling powers usually found in weaving sheds during the greater part of the year.

4. Such a standard be equally applicable in all departments, and in all processes of cotton manufacture, irrespective of whether humidity is

artificially introduced into the room in which the particular process is carried on or not.

5. In order to give sufficient time for mills to fit arrangements capable of producing the required standard of cooling, the adoption of a ventilation standard measured by atmospheric cooling powers should be postponed until 1st July, 1925.

6. In the interim, atmospheric conditions in those departments in which artificial humidification is practised should be regulated in accordance with the readings of approved wet and dry bulb thermometers according to a given schedule.

7. Artificial humidification by the introduction of live steam should be prohibited when the dry bulb temperature of the department reaches 85 deg. Fahr.

8. In shed buildings, in which any process of cotton manufacture is carried on, the use of corrugated or galvanized iron as a roofing material should be prohibited unless :—

- (a) Covered by tiles, slates or other roofing material, or
- (b) Underdrawn by wooden boards at least  $\frac{3}{4}$ -inch in thickness, or similar non-conducting material, or
- (c) The average height of the room is more than 20 feet, or
- (d) Roof arrangements are made whereby the roof is kept cool by spraying with water whenever the shade temperature exceeds 95 deg. Fahr.

9. It is not essential to make the whitewashing or water spraying of roofs of all shed buildings compulsory during the hot weather, but mill agents and managers are recommended to adopt generally these methods of reducing room temperatures.

10. In cases where the factory inspector deems it advisable, he may be given powers to order roofs of shed buildings, or the roofs of storey buildings to be whitewashed or sprayed with water.

11. The system of ventilation and humidification adopted in Mill LI should be more extensively adopted in new mills of suitable construction owing to its very great advantages as a cooling plant.

In May 1924 the industries and Labour Department of the Government of India addressed a lengthy despatch, based on the report, to all local Governments likely to be interested in which they invited opinions on the several questions raised in the report and asked for answers to the following specific questions :—

- (1) Should cooling power as measured by the kata-thermometer be adopted as the most satisfactory basis for ultimate control of the humidification and ventilation in cotton mills ?
- (2) If so, should the standard suggested by Mr. Maloney be approved ?
- (3) What period must be allowed to elapse before a standard of this kind can be enforced ?
- (4) Is it advisable to introduce immediately the alternative standards suggested in Mr. Maloney's report ?
- (5) Should the use of steam be prohibited when the temperature of a department exceeds 85 deg. Fahr. ?
- (6) Should mill managers be required to maintain humidity registers ?
- (7) Should inspectors be empowered to insist on whitewashing roof-spraying or other measures to reduce excessive temperatures ?
- (8) What measures should be taken to control construction of new factories with a view to ensuring healthy conditions of work ?

As regards regulations for immediate application, Mr. Maloney's proposal in essence was to permit, as a temporary alternative, to a standard of cooling power—a standard of difference between wet and dry bulb temperatures. The Government of India think that the evidence adduced by Mr. Maloney on this point affords strong support for the immediate introduction of regulation of the type proposed. The Government finally state:—

“It is proposed to empower inspectors to insist on the adoption of methods designed to reduce temperature and to place restrictions upon the methods of construction in the case of new mills. So far as existing mills are concerned, it may be advisable to empower inspectors to insist on the whitewashing of roofs or on spraying them with water when temperatures are excessive. It is also worth considering whether inspectors should not be empowered to insist on the introduction of suitable devices, where these are necessary, to mitigate unusually high temperatures.”

It will probably be some considerable time before all replies are received and action taken by the Government of India. The matter will be brought to date in next year's report.

**An Enquiry into the Wages and Hours of Labour in the Bombay Cotton Mill Industry.**—An interesting enquiry was conducted by Mr. G. Findlay Shirras, Director of the Labour Office, Bombay, into the earnings and hours of labour in the cotton mill industry in Bombay during a selected month in 1921 as compared with a similar period in the pre-war year 1914. The results of the enquiry were embodied in a valuable report which was published in 1923, and can be consulted at the Department of Overseas Trade, 35, Old Queen Street, London, S.W.1, or purchased through any bookseller.

As the results of this enquiry are largely in the form of tables giving the position in the case of each class of factory operative, e.g., jobbers, piecers, reelers, winders, frame tenters, spinners and weavers, it is not practicable to reproduce them here, and I would refer readers to the actual report. The following table summarises the position as regards all types of mill labour throughout the Bombay Presidency:—

Workpeople.	Monthly Earnings per head.		Increase per cent. in 1921 over 1914.	Weekly earnings in May, 1921*.
	May, 1914.	May, 1921.		
	Rs. a. p.	Rs. a. p.		s. d.
Men .. .. .	17 0 8	33 6 10	96	10 3·5
Women .. .. .	9 0 1	16 9 1	84	5 1
Big lads and children	7 13 4	17 3 7	119	5 3·5
All workpeople ..	14 11 11	28 14 4	96	8 10·5

\* Converted at Rs.15 to the £.

In addition, in 1921 with the exception of Sholapur (where a bonus of half a month's pay was given) workers received generally a month's wages. In Sholapur, in addition to half a month's wages, grain, clothing and in some cases cheap housing were given.

The subjoined table gives the cost of living and the real wages in 1921 (1914 = 100):—

Workpeople.	Cost of Living, May, 1921.	Nominal Wages, May, 1921.	Real Wages, May, 1921.
Men .. .. .	167	196	117
Women .. .. .	167	184	110
Big lads and children .. .. .	167	219	131
All workpeople .. .. .	167	196	117

The next statement prepared by Mr. Shirras gives the index numbers of nominal and real wages (in the currency of each country) in the cotton industry of various countries in 1921. (Pre-war = 100). The data are based on information collected by the International Labour Office, Geneva.

	Nominal Wages. 1921.	Real Wages. 1921.
India—		
Bombay (City and Island) .. .. .	187	112
Bombay Presidency .. .. .	196	117
United Kingdom .. .. .	211	110
France—		
(Roubaix) spinners .. .. .	519	116
(Whole country) weavers, textiles, general average.. .. .	432	119
(Roubaix) weavers, textiles, general average.. .. .	589	131
Germany—		
Textiles, weavers (average 24 towns) .. .. .	1,590	100
Textiles, spinners (average 17 towns) .. .. .	1,116	105
Austria, Vienna, weavers, textiles ..	40,464	68
Italy, textiles, general average ..	622	162
Denmark (Copenhagen), textile, general average .. .. .	332	140
Sweden, textiles, general average ..	259	112
U.S.A.—		
(Whole country), spinners .. .. .	237	134
(Whole country), weavers .. .. .	240	136
(Whole country), general .. .. .	243	134
(New York State).. .. .	217	121

In commenting on the above table, the Labour Director states that "in comparing one country's wages with those of another, several factors have to be taken into consideration. There are differences in the relative efficiency of workers in



different countries. There are often changes in efficiency in the organisation of the trade and as between pre-war and post-war years. No account is taken of the need in some countries for a higher standard of living and of the fact that many groups of workers were underpaid before the War."

**An Enquiry into Working Class Budgets in Bombay.—**

The Director of Labour, Bombay, also investigated 3,076 family budgets during the twelve months, May, 1921, to April, 1922, and his report, which can also be seen at the Department of Overseas Trade, is of extraordinary interest particularly when read in conjunction with the enquiry into wages referred to above. The conclusions arrived at after a thorough and painstaking enquiry may be summarised as follows :—

- (i) The results have been based on 3,076 working class budgets, of which 2,473 are family budgets, and 603 single men's budgets. The information was collected between May, 1921, and April, 1922.
- (ii) Of the budgets collected, 90·3 per cent., refer to Hindus, 6·2 per cent. to Mahomedans, and 1·8 per cent. to Christians.
- (iii) Of the budgets 49·5 per cent. refer to cotton mill workers, 14·8 per cent. to municipal workers, 12·2 per cent. to dock labourers, 8·9 per cent. to railway workers, and 7·9 per cent. to engineering workers.
- (iv) The average working class family in the city of Bombay consists of 4·2 persons, namely, 1·1 men, 1·1 women and 2·0 children, exclusive of 0·6 dependents living outside Bombay.
- (v) The so-called normal family of 5 persons (1 man, 1 woman and 3 children) cannot be taken as the representative family in the city of Bombay.
- (vi) The monthly income of the family, based on the family budgets tabulated—2,473 in number—is Rs.52-4-6 (17s. 5d. per week). The average earnings per month for earning men in these budgets are Rs.42-5-7 (14s. 1d. per week), and, if the single men's budgets (603) be included, the earnings are Rs. 42-9-6 (14s. 3d. per week), for earning women Rs.16-11-6 (5s. 7d. per week), and for earning children Rs.13-13-5 (4s. 7d. per week).
- (vii) These average earnings should not be regarded as representing the average of all working class incomes but only of the budgets collected.
- (viii) The income of 75 per cent. of the families for which budgets have been tabulated ranges from Rs.40 to Rs.70 per mensem.
- (ix) The annual per capital income is Rs. 149-6-0.
- (x) In every 100 families there were 154 wage earners of whom 104 were men, 42 women and 8 children.
- (xi) The standard of comfort is not high. The necessaries for efficiency are not as great as they ought to be.
- (xii) The standard of living may not necessarily improve in proportion to an increase in wages, as the increase in wages may mean actually less time spent at work.
- (xiii) The percentage expenditure on the main groups when the budgets were collected was as follows :—

	Per-cent.:
Food .. .. .	56.8
Fuel and lighting .. .. .	7.4
Clothing .. .. .	9.6
House rent .. .. .	7.7
Miscellaneous expenditure .. .. .	18.5
	<hr/>
Total .. .. .	100.0
	<hr/>

- (xiv) More than half of the expenditure of the family is spent on food.
- (xv) The greater the earnings the smaller the percentage of those earnings spent on food.
- (xvi) The percentage expenditure on cereals tends to decrease, and that on other food to increase with the income.
- (xvii) The proportionate percentage expenditure on food is nearly the same as in Italy and Argentina, but less than that in the more industrially advanced countries, such as the United States and the United Kingdom. The proportionate percentage expenditure is, however, below that of the East Indies (for East Indians only in Trinidad), Egypt and China.
- (xviii) In the diet of the Bombay working classes the expenditure on food-grains (cereals and pulses) predominates and forms 60.2 per cent. of the total food expenditure, while animal food forms an insignificant portion, being only 5.5 per cent. of the total monthly earnings as against 17.4 per cent. of the United Kingdom enquiry of 1904.
- (xix) The quantity of cereals consumed by the industrial workers in Bombay compares favourably with the maximum prescribed by the Bombay Famine Code. It falls, however, below the scale prescribed for jails.
- (xx) The family budgets, however, include other articles of comparatively high nutritive value, such as sugar, sweetmeats, and refreshments and other articles which do not enter into either the famine or jail diets.
- (xxi) Rice is the staple food of the working classes, and enters into the diet of 99 per cent. of the family budgets. Bajri is consumed by 55.6 per cent. of the families, mutton by 65.8 per cent., and beef only by 5.5 per cent.
- (xxii) The diet, it will be seen, is predominantly vegetarian. About 30 per cent. are strictly vegetarian and do not eat meat.
- (xxiii) The expenditure on fuel and lighting is chiefly on wood and kerosene. There is no expenditure on gas and electricity.
- (xxiv) The expenditure on clothing is low as compared with other countries being on the 1921-22 expenditure, 9.6 per cent. of the total expenditure. This corresponds in the pre-war period to an expenditure of a little over 7 per cent.
- (xxv) The predominant range of monthly rent for working class tenements is from Rs.3-8 to Rs.5-8 for single rooms and for double rooms Rs.7 to Rs.10.
- (xxvi) About 97 per cent. of the working class families live in single rooms. Seventy per cent. of the total tenements in Bombay consist of one room only, and 14 per cent. of two rooms; 66 per cent. of the population live in one room; and 14 per cent. in two-roomed tenements. The average number of persons per one-roomed tenement is 4.03 and in two-roomed tenements 2.11.

- (xxvii) The number of rooms per family is one as against two rooms in France and Belgium, three in Germany, and even four or five in England and Wales and the United States.
- (xxviii) The question of housing leaves much to be desired, but is receiving the closest attention by Government and local authorities.
- (xxix) It is estimated that, if four occupants per tenement including children are taken, the Development Directorate alone by 1929 will have completed 50,000 tenements or accommodation for nearly 17 per cent. of the present total population of Bombay city.
- (xxx) The expenditure on education is only Rs.0-2-11 per mensem. Out of 2,473 families 21 per cent. spent on this account and the average expenditure of those who spent on education is Rs.0-13-10. The percentage of illiteracy is high—76.
- (xxxi) In order to improve the worker, more and better education is required. The adult, however, especially the woman, cannot be neglected until there is a sufficiency of schools.
- (xxxii) It has been extremely difficult to collect accurate data of expenditure on liquor. Investigators estimate that at least 8 to 10 per cent. of the income of those families whose members drink is spent on this account. Women workers with certain exceptions do not drink.
- (xxxiii) Approximately 47 per cent. of the families are shown to be in debt to money lenders. The average indebtedness extends to an equivalent of two and a half months' earnings, and the usual charge is one anna in the rupee per month or 75 per cent. per annum, a rate which is not infrequently exceeded.
- (xxxiv) The average expenditure on each marriage is Rs.214, on each funeral Rs.35, and on festivals and anniversaries together Rs.18 per annum. This occasional expenditure, especially among an illiterate population, results in considerable indebtedness.
- (xxxv) Single men in Bombay are able to remit a larger sum of money to their villages each month than family men. The average figure for all incomes amounts to 26·2 per cent. of the monthly income as against 3·2 per cent. in the case of the family in Bombay.
- (xxxvi) The single man spends more on liquor, tobacco and betelnut than does the man living with his family. Although he is able to remit more upcountry his credit is not so good as the family man's.
- (xxxvii) Of the total families, 37·2 per cent. purchase on credit, 33·8 per cent. on a cash basis, and 29 per cent. on both a cash and a credit basis.

**The Indian Workmen's Compensation Act, 1923.**—The Indian Workmen's Compensation Act (Act No. VIII of 1923) received the assent of the Governor-General on March 5th, 1923, but did not come into force until July 1st, 1924. The Act itself and the rules governing its application (which were published in the *Gazette* of India, June 28th, 1924) may be seen at the Department of Overseas Trade.

## CHAPTER II.

### NOTE ON THE DEVELOPMENT OF PURCHASES IN INDIA BY THE INDIAN STORES DEPARTMENT AND ITS BEARING ON THE POSITION OF BRITISH MANUFACTURERS TOGETHER WITH A COMMENTARY ON THE REVISED STORES RULES.

In my last two reports I traced with some detail the gradual change in the policy of the Government of India in connection with the purchase of Government Stores, which has resulted from a combination of circumstances, the principal of which were the effects of the war, the report of the Indian Industrial Commission, the recommendations of the Stores Purchase Committee and—above all—the quickening of national consciousness, expression to which is being more and more freely given in the debates of the Indian Legislative Assembly.

If readers will refer to Chapter III, pages 88 to 103, of my report for 1921-22 they will find an account of the opening of the Indian Stores Department in Delhi-Simla and a full report of the debates in the Assembly leading up to the creation of the Railway Industries Committee, to which body was remitted the consideration of the revision of the Stores Rules. I propose now to describe the developments which have taken place in the Indian Stores Department during the past two years, to deal with the revised Stores Rules which have been sanctioned by the Secretary of State and are now in operation, and finally to trace the effect of these far-reaching changes on the position of the British manufacturer.

#### The Indian Stores Department in 1922.

*Note.*—For the bulk of the information on this subject, I am indebted to the Chief Controller of Stores, from whose able reports on the administration of his Department I have freely drawn most of the facts which follow. These reports may be seen at the Department of Overseas Trade, 35, Old Queen Street, London, S.W.1.

*Genesis of the Department.*—The Chief Controller describes the genesis of his Department in the following terms:—

"Forty years ago the Government of India enunciated their policy of substituting stores of indigenous manufacture or origin for stores of like description manufactured or produced abroad for all State purposes; and for many years past the rules which regulate the purchase of stores for the public service have prescribed that, if certain conditions, the objects of which are to ensure economy and suitability of supply, are satisfied, preference should be given to articles manufactured either wholly or in part in India over similar articles of like descriptions manufactured in the United Kingdom and elsewhere. The rules also provide for the purchase in India in certain circumstances, and subject to conditions similar to those just mentioned, of stores imported from abroad. Changes have

from time to time been made in the rules with the object of allowing greater freedom of purchase in India ; but there has been for some time good reason to doubt whether full effect in actual practice was being given to the policy laid down. This question naturally came under review in the course of the investigations of the Indian Industrial Commission. The Commission found that the manufacturing resources of the country were far from sufficiently utilised by Government Departments, but, in their opinion, this result was due not to any undue restrictiveness in the rules governing the purchase of Indian products, but to the fact that the Departments had not availed themselves fully of the latitude afforded to them by these rules. They attributed this failure on the part of purchasing officers to want of information of sources and market values of supplies, and also to the lack of inspecting agencies in the country. The conclusion at which they arrived was that the interest of Indian industries demanded the creation of an expert central agency for the purchase and inspection of stores for the public service. This conclusion was unanimously supported by the Stores Purchase Committee which was appointed by and to advise the Government of India as to the character of the organisation which should be constituted. The Government of India accepted this consensus of opinion and obtained the approval of His Majesty's Secretary of State for India to the principle of the constitution of the Indian Stores Department. Owing to the grant of extended powers to the major Local Governments under the Reforms Scheme, it was decided that these Governments could not be compelled to utilise the services of the Indian Stores Department, which is therefore intended primarily to deal with the requirements of the Central Departments and minor Local Governments. Nevertheless, the Government of India have intimated their willingness to allow the major Local Governments and also public bodies, such as Company-managed Railways, Port Trusts, Municipalities, which may so desire, to utilise the services of the Department to the fullest possible extent. Sanction having been obtained from the Secretary of State to the temporary appointment of the three chief officers of the Department, viz. :—

- The Chief Controller of Stores ;
- the Chief Inspector (now designated Director of Inspection) ;
- the Director of Purchase and Intelligence ;

the Government of India constituted the Department on the 1st January, 1922, when the Chief Controller of Stores was appointed. The work of purchasing textile goods for the Army was from that date undertaken by the Chief Controller of Stores, Indian Stores Department, who took over the Textiles Purchase Section, originally constituted under the Indian Munitions Board and since retained under the Department of Industries."

From July 1st, 1922, the offices of the Superintendent of Local Manufactures and Government Test House at Alipore, near Calcutta, and of the Metallurgical Inspector at the Tata Iron and Steel Works at Jamshedpur were absorbed in the Indian Stores Department, forming the nucleus of the executive side of the inspection branch of the Department.

The first measure of development was sanctioned by the Government of India in December, 1922, and this provided for :—

- (a) the creation of the nucleus of an agency for the purchase of engineering stores and materials ;
- (b) the strengthening of the inspection staff at headquarters by the appointment of an Assistant Director of Inspection ;
- (c) the creation of an agency for the acquisition and dissemination of information in respect of sources of supply, markets, prices, etc. ;

- (d) the reorganisation of the office of the Superintendent of Local Manufactures and Government Test House by the separation of inspection work, as distinct from tests and analyses, from that office, and its entrustment to a separate organisation, called the Inspection Circle, under a Controller of Inspection with headquarters at Calcutta; and
- (e) the strengthening of the staff dealing with the chemical laboratory work in the Government Test House.

No steps were taken to engage the additional establishment sanctioned before the end of the financial year 1922-23, by which time the constitution of the Department had been reviewed by the Retrenchment Committee. In filling the appointments of staff hitherto made, the Government of India have given practical effect to the principle that the purchase and inspection of stores is work of such a highly technical character that its efficient performance demands that the staff entrusted with it should be carefully selected men, possessing both theoretical and practical experience of the class of goods with which they have to deal.

*Functions of the Department.*—The Chief Controller of Stores outlines the principal functions of the Indian Stores Department as follows :—

- (a) To act, subject to the limitations in clause (c) below, as a purchasing and inspection agency, and in an advisory capacity on all matters connected with the purchase of stores in their widest sense for the public service on behalf of all Central Departments of Government, and of the minor Local Governments and also on behalf of such major Local Governments, Company-worked Railways, Corporations, Port Trusts, Municipalities and similar *quasi*-public bodies, and Indian States as may desire to avail themselves of the Department's assistance.
- (b) To scrutinize the Home indents of all Central Departments, minor Local Governments and such other authorities as utilize its services with a view to ensure attention to the encouragement of Indian industries, so conducting its operations in this respect as to prevent the purchase of articles of non-Indian manufacture when goods of indigenous production of suitable quality and price are obtainable.
- (c) To purchase and inspect in India :—
- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>(i) cement, oils, paints, varnishes and chemicals and miscellaneous stores of an allied nature ;</li> <li>(ii) leather goods and miscellaneous stores of an allied nature ;</li> <li>(iii) textile goods and miscellaneous stores of an allied nature ;</li> <li>(iv) steel and iron, as produced by the blast furnace, steel hearths or rolling mills and not further manufactured into articles, but including steel intended for structural work;</li> </ul> | } For all Central Departments and minor Local Governments and such other authorities as may desire to avail themselves of the services of the Department. |
|--|---|

- (v) all engineering manufactures, including plant and machinery and miscellaneous hardware and stores of an allied nature.

For all Central Departments and minor Local Governments (except such as may be specially permitted to continue to make their own purchases) and other authorities desiring to utilise the services of the Department.

- (d) To inspect stores of the above categories which may be purchased by Central Departments and minor Local Administrations, and other authorities which do not use the purchasing agency of the Indian Stores Department.
- (e) To draw up, for the approval of Departments, etc., which effect their purchases through the agency of the Stores Department, specifications of the various classes of stores in demand, and, if so desired, to advise and assist Departments, etc., which make their own purchases in the preparation of specifications and the standardisation of patterns.
- (f) To act as a central bureau of information on all matters affecting the purchase of stores and their price, particularly with reference to the extent of Indian manufactures and their capacity from time to time."

*Activities of the Department.*—During the first year of its existence, the purchasing activities of the Indian Stores Department were confined to buying textiles for the Army and certain other Departments of Government. During the period January-March, 1922, the total value of such purchases amounted to Rupees 59,27,000, and during the complete financial year April 1st, 1922, to March 31st, 1923, the total purchases were Rupees 1,64,78,000, of which no less than 92 per cent. represented goods manufactured in India. The direct competitive tender system was the one ordinarily followed. The practice of the Department is that tenders are invited by public advertisement for all the larger demands of the value of Rs.5,000 and upwards.

In view of the fact that the Indian Stores Department is treated as a *quasi-commercial* department and is expected to be self-supporting, the Government of India sanctioned, as a tentative arrangement, the imposition of a charge of 1 per cent. on the value of the goods purchased by the Stores Department on behalf of other departments, and the levy of a similar charge in cases where the services of the Department are utilised only for the inspection of goods which are purchased by other authorities. In cases where the Department carries out both purchase and inspection, the charge is 2 per cent. of the cost of the stores.

**Other Government Purchasing Departments in India.**—It should be noted that the Indian Stores Department is not the only purchasing organisation employed by the Government of

India. The Director of Contracts at Army Headquarters, Delhi/Simla, Col. Dunlop, purchases the bulk of the army requirements with the exception of textiles and certain engineering stores which are dealt with by the Stores Department. The total amount of purchases made by the Director of Contracts last year amounted to nearly four crores of rupees (say £2½ million sterling), while during the Afghan campaign of 1919 the total reached 10 crores of rupees. Over 50 per cent. of the purchases made represent foodstuffs and grain, a further 25 per cent. are oils and paints, and the balance is made up of a miscellaneous variety of articles such as horsehoes, basins, soap, etc. In those cases where articles of adequate quality and at a competitive price cannot be obtained in India, indents are forwarded to the India Stores Department, London. Inspection in India is very largely carried out by the Government Test House at Alipore near Calcutta.

The Deputy Director-General of the Indian Medical Service in charge of stores also purchases very considerable quantities of drugs, medicines, dressing and surgical instruments and apparatus in the country. Here again, where such stores are not available in India, they are purchased by indent on the India Stores Department, London. Stores depots are maintained by the Indian Medical Service at Calcutta, Bombay, Madras, Lahore and Rangoon.

**Purchases of Railway Requirements.**—Each of the Indian Railways, whether operated by the State or by a Company, maintains a Stores Controller at its headquarters in India, who purchases all stores bought locally and forwards indents for articles which must be imported. In the case of the State-operated railways, these indents are despatched to the India Stores Department, London, and in the case of Company-worked lines the indents are made on the head office of the Company in London, which effects the purchases in consultation with the Consulting Engineers.

Of recent years it has become the practice of the Railway Board in India to call for tenders for any large number of locomotives or wagons required for use on State-worked lines, simultaneously in London and in India, and the order is placed either by the Director-General of Stores, London, or by the Railway Board in Delhi/Simla according to whether the foreign or the local tender is accepted.

It is not always realised that the dealings of the Company-managed lines such as the East Indian Railway, the Great Indian Peninsula Railway, the Bengal-Nagpur Railway, etc., are in the aggregate of greater importance to British manufacturers than the entire purchases of the State-managed lines together with the whole of the other Government services. The purchases in London of these companies are governed in practice by much the same general policy as the direct State purchases, though they are made through the companies' own Board of Directors. Two of



the largest lines, the East Indian Railway and the Great Indian Peninsula Railway, are shortly to come under direct State management on the termination of their leases on December 31st, 1924, and June 30th, 1925, respectively.

**The Revised Stores Rules.**—In my last report, pages 95-103, I dealt at some length with the debate in the Legislative Assembly on March 2nd, 1922, on the resolution proposed by the late Sir Vithaldas Thackersey to the effect that :—

“ This Assembly recommends to the Governor-General in Council that a Committee consisting of members of the Indian Legislature be appointed to consider and report at an early date as to what steps should be taken by the Government of India to encourage the establishment of the necessary industries so that as large an amount as possible of the Rs.150 crores proposed to be set aside for the rehabilitation of the railways during the next five years be spent in India, and further to advise the Government of India in regard to the revision of the Indian Stores Rules.”

This resolution resulted in the appointment of the Railway Industries Committee with the Hon. Mr. (now Sir Charles) Innes, Member for Commerce and Industries, as Chairman and having, as its terms of reference, the provisions of the resolution cited above. This committee submitted its report to Government early in 1923. Its findings are so illuminating on the present condition of affairs in India that I propose to treat it at some length.

**Report of the Railway Industries Committee.**—The Committee confine their attentions to the industries which would be likely to be benefited by the railway programme, the most prominent examples of which are the manufacture of wagons and locomotives. They state frankly that the main difficulty of the problem lies in industries of the latter type—that is, in industries which involve fabrication and the employment of large bodies of skilled workmen. They then briefly recount the steps which have already been taken by the Government of India with the object of encouraging the manufacture of railway requirements in the country as follows :—

“ In the matter of rails, an agreement was concluded with the Tata Iron and Steel Co., Ltd., that Government would take 20,000 tons of rails every year for a period of years at a price equal to the price of imported rails c.i.f. Calcutta. As regards steel plates, Government in agreement with the same Company guaranteed to find a market for 10,000 tons a year for ten years at a price equal to that of imported steel plates c.i.f. Calcutta, provided that the first 10,000 tons were supplied within three years of the date of commencement of the agreement. The Company, however, owing to circumstances beyond its control, failed to produce plates within the specified period. As regards wagons, the Government of India published a communique on the 1st March, 1918, announcing that they would guarantee to purchase in India 2,500 broad gauge and 500 metre or narrow gauge wagons annually for ten years, provided that the price was not higher than the price at which wagons could be imported. In the matter of locomotives, again, the Government of India published a communique on the

1st October, 1921, in which they undertook to invite tenders annually in India for all the railway locomotive engines and locomotive boilers required by them during the twelve years commencing with 1923. Among the conditions published in this communique it was stated that tenders in India, to be successful, must quote prices "not unfavourable" as compared with the price of the imported article and that tenders must satisfy Government that an appreciable part of the manufacturing process would be performed in India. It was added that firms receiving orders in India would be expected to provide facilities for the training of Indians in their works."

The Committee consider that the guarantee of orders is probably the most effective method of stimulating new industries, but add that the guaranteed price should, as a general rule, be fixed in accordance with Rule 10 of the then existing Stores Purchase Rules (Rule 8 of the revised Rules now in force) which reads as follows :—

"In all cases in which the selection of source of supply depends upon comparison of prices, the procedure to be adopted for such a comparison is as follows :—

- (1) A reference should be made to Home prices as shown in the Rate lists, and freight should be added at the lowest rates paid by the India Office, together with 13s. 4d. per £100 for interest, 2s. 2d. per £100 for insurance, and 3d. per ton for freight brokerage.
- (2) In cases of important contracts, the prices ruling in the English market should be ascertained by telegraphic reference to the Director-General of Stores.
- (3) In cases where the necessary information as to Home prices is not available from the Rate lists, the purchase in India shall be subject to the condition that the price is not unfavourable.
- (4) In order to arrive at the market value at an Indian port of the article imported from England, the following charges should be included :—
  - (a) Landing, wharfage and port charges as shown in the Rate Lists.
  - (b) Customs duty, as shown in the tariff, to be applicable to the article in question, to be calculated on its cost plus the additional charges mentioned in the earlier part of this rule.
- (5) The cost of carriage to site from port or place of manufacture, as the case may be, shall be taken into account."

The Committee, however, recognise that while it would be a comparatively simple matter to apply the provisions of the above rule to the less complex industries such as the manufacture of fencing wire, permanent-way material and structural steel, and see no reason why the method of guaranteeing orders on the lines indicated above should not prove effective in the case of these industries, they foresee grave difficulties in applying this remedy to those large scale industries such as locomotive and waggon-building which involve fabrication and the employment of large bodies of skilled labour. In this connection they refer to a quotation from Professor Pigou, cited in the report of the Indian Fiscal Commission, as follows :—

"The main element of productive power, whose development involves a long process, is a population trained in the general atmosphere of industrial pursuits. If a country is entirely agricultural and has no important class of artisans or factory workers, the skill required for starting any particular kind of mill will be very difficult to get. Masters, foremen and workmen must first be either trained up at Home or procured from abroad, and the profitableness of the

business has not been sufficiently tested to give capitalists confidence in its success. For a long time, therefore, it is improbable that any works which may be started will be able to compete on equal terms with established foreign rivals—and that in spite of the fact that the industry in question may be one for which the country has great natural advantages.”

The Committee consider that this argument applies in a special measure to India where the supply of skilled labour is limited. It is, moreover, extremely expensive to import all the skilled labour required and much time and money must be spent in collecting and training the necessary operatives. *They conclude that industries newly started in India for the manufacture of railway material of a fabricated character cannot, in the initial stage, compete without assistance against established industries abroad, and in support of this view they give a most illuminating example of present conditions.*

“It is well known that, owing to general trade depression, manufacturers abroad, especially in the United Kingdom, are fighting with their backs to the wall in order to keep their works open and their men employed, and they are quoting prices which, in some cases at any rate, we believe to be below the commercial cost of production. In any case they are quoting prices with which firms in India cannot possibly compete. As a case in point, we refer to the tender for 3,132 railway wagons of different types recently called for by the Railway Board. We have been informed that in all 44 tenders were received from wagon manufacturers in India, England, Belgium, Germany, America, Canada, France and Holland. The tenders from British manufacturers were by far the lowest, and *in the case of the most important type of wagon, the lowest satisfactory Indian tender was 50 per cent. higher than the lowest English tender, even with the addition to that tender of c.i.f. charges and customs duty.* It would have cost the Indian tax-payer approximately half a crore of rupees (approximately ₹350,000) if the lowest satisfactory Indian tenders for these 3,132 wagons had been accepted instead of the lowest satisfactory tenders from abroad, and the case also affords a good illustration of the inherent difficulty referred to above. The British firm which obtained the bulk of the order has an authorised capital of nearly ₹11 million sterling, and is a combination of numerous old-established engineering concerns which between them manufacture almost every part of a wagon from the initial pig iron to the final paint. It is doubtful whether an Indian concern can for many years compete against so powerful a concern without a very large measure of assistance from Government. At any rate, it cannot do so in the early stages of its existence. Thus we are driven to the conclusion that a guarantee of orders at a fixed price in accordance with Rule 10 of the Stores Purchase Rules will not by itself suffice to encourage industries which produce railway material of a fabricated nature, such as wagons and locomotives.”

The only recommendation which the Committee see their way to make is that if a Tariff Board be constituted in India, and if the question whether protection should be extended to the steel industry is remitted to that Board for examination, it should be instructed also to investigate wagon, locomotive and similar industries, to consider the bearing on such industries of any proposals it may make in respect of steel, and to make such recommendations as it thinks fit in regard to these industries.

As will be seen in Chapter IV, the Indian Legislature passed a Bill in June last granting bounties on the production of a certain number of wagons in India ranging from Rs. 850 per wagon on 800 wagons in the year 1924-25, to Rs. 440 per wagon on 1,600 wagons in the year 1928-29.

**The Committee and the Stores Rules.**—The Committee then proceed to consider the draft revised Stores Rules which were circulated to Local Governments for opinion in March, 1921, a copy of which will be found on pp. 302-310 of my 1921 Report. They recommend very few alterations and the minor changes suggested are intended to give greater discretion to purchasing officers in India, particularly to the Chief Controller of Stores, and to relax the somewhat meticulous control reserved by the draft rules to the Secretary of State for India.

In a significant minute of dissent, Sir Campbell Rhodes, the then President of the Bengal Chamber of Commerce, voices the views of the merchant importers in India in the following terms :—

“ Whilst in general agreement with my colleagues, I consider that the concentration of India's stores purchases in any one centre, however capable, is calculated to lead both to extravagance at the centre and possibly to undesirable developments at the perimeter, a point on which, I am aware, the commercial community is not unanimous. My chief objection, however, to the Stores Purchase Rules is centred in Rule 3, which appears to arrogate to the Store Department in London an authority inconsistent with India's freedom of action in the matter of purchases for her own requirements. I see no reason why the Chief Controller of Stores should be restrained from purchasing in India from the Indian or European importer, whether such importer is acting as a merchant or as a manufacturer's agent, provided, of course, that the price is no greater and that the other conditions are not unfavourable. The establishment of commercial undertakings in this country should be encouraged. They contribute to the general revenues of the country, and if the largest individual purchaser, viz., the Government itself, does not buy from them, the incidence of their overhead charges must necessarily be higher, to the detriment of the Indian public and such private industrial enterprises as depend for their supplies on the importer. It is obvious, moreover, that encouragement of such importers will enable the latter to carry larger stocks, thus constituting, without cost to the country, the best guarantee for obtaining supplies in the country in cases of national emergency. If, on the other hand, the Chief Controller of Stores is compelled to purchase through the Store Department in London, he must indent far ahead for his probable requirements and estimate such requirements at the maximum, with possibly a margin of safety, a procedure calculated to produce waste. There are numerous instances where importing firms have become first fabricators and then local manufacturers of the commodities they had hitherto imported, and there is thus a natural tendency towards the establishment of industries in the country. Knowing the conditions of the market they are able to avoid some, at least, of the pitfalls surrounding the establishment of new industries in the country. The science of marketing is a subject for specialists, as has been proved by many abortive attempts at the end of the war to bring the manufacturer and consumer into direct communication without the intermediary of the trading expert.”

This point of view will be found considerably elaborated in the subsequent debate in the Legislative Assembly on February 14th, 1924, on Mr. Jinnah's resolution *re* tenders for Government Stores. This debate will be dealt with at a later stage in the present Chapter.

In conclusion, the Committee recommend that the Secretary of State be requested to sanction the rules in the form in which they have revised them.

**Promulgation of the Revised Stores Rules.**—On May 6th 1924, the Government of India published a Resolution with the new Rules attached, both of which will be found in extenso in the Appendix IV on page 200. After recounting the steps which have been taken during the past few years both in connection with the Stores Department and with the framing of the new Rules, the Government of India make the following statement :—

“ The Secretary of State in Council has now approved the rules appended to this Resolution, which will henceforth regulate the purchase of stores by all Departments and officers of the Central Government and of the Local Governments and Administrations, other than those of the Governors’ Provinces. The main features of the new rules consist in the assertion of a more definite preference for stores produced and manufactured, wholly or partly, in India, an important extension of the power to purchase imported stores and the introduction of a central purchasing agency in India, namely, the Indian Stores Department. This Department, as announced on December 10th, 1921, was created on a temporary basis with effect from January 1st, 1922, on which date the Chief Controller of Stores assumed charge of his duties and proceeded to formulate a detailed scheme of organisation. This scheme, after consideration by the Government of India, was submitted to the Secretary of State who has now sanctioned the constitution of the Indian Stores Department on a permanent basis.

“ The revision of the Stores Purchase Rules and the establishment of the Indian Stores Department are the direct outcome of a policy which aims at the encouragement of the industries of the country without sacrificing economy, and the Government of India take this opportunity of impressing upon all Departments and officers purchasing stores the importance which they attach, not only to a strict adherence to the letter of the rules, but also to a loyal observance of the policy underlying them, as stated in the preamble to the rules. The observance of this policy, coupled with utilisation to the fullest possible extent of the services of the Indian Stores Department, will, it is confidently anticipated, promote both the objects which the Government of India have in view, namely, encouragement of manufacture in India and economy in the purchase of Government Stores.”

*Note on the Revised Rules with special reference to their bearing on the representation in India of British Manufacturers.*—From the previous brief history of the events which have led to the revision of the Stores Rules and the creation of the Indian Stores Department at Delhi/Simla it will be realised that the present changes are the result of a feeling which has been steadily growing in India for many years that purchases of stores for the public service should be made in such a way as to encourage the industries of the country so far as is consistent with economy and efficiency.

This policy has now been accepted by the Government of India with the approval of the Secretary of State, and is unequivocally set forth in the preamble to the new Rules.

In order to give effect to this policy, Rules 1 and 2 definitely state that :—

(1) “ *All articles which are produced in India in the form of raw material, or are manufactured in India from materials produced in India, should in preference to articles not manufactured in India or wholly or partly manufactured in India from imported materials, be purchased locally, provided that the quality is sufficiently good for the purpose and the price reasonable.*”

NOTE.—“ Although a strict comparison of prices is not enjoined by this rule, it is essential in the interest of economy that the purchasing officer should take into consideration, so far as may be possible, the price at which articles of similar quality, not manufactured or produced in India can be purchased at the time.”

and

(2) “ Articles wholly or partly manufactured in India from imported materials should also be purchased in India in preference to articles not manufactured in India, provided that the quality is sufficiently good and the price not unfavourable.”

This policy of preference for locally produced articles is an eminently reasonable one and is one which is either openly or tacitly followed by practically every Government purchasing authority in the world. The qualifications as to quality and price admit of a great deal of latitude and leave very considerable discretionary powers in the hands of the purchasing officers. The primary considerations of efficiency and economy which should be paramount in the conduct of a State Purchasing Organisation must constantly and inevitably conflict with the stimulus of local industries in a country like India, many of whose industries are as yet only in the first stages of development. The success of the Indian Stores Department must, therefore, for many years, depend upon the knowledge, ability and scrupulous fairness of its senior officers and the skill with which they are able to balance the conflicting elements in the general interests of the country.

*Purchase of articles which are not manufactured in India.*—Hitherto, it has been the general practice for purchasing authorities in India to indent upon the Stores Department, London, for their requirements of all articles not produced in India or which could be produced more economically overseas. This procedure will still be followed, but the new Stores Rules lay down three exceptions to this rule, two of which are of the highest importance to British suppliers. The exceptions are as follows:—

(a) *When the articles are already in India at the time of order or are already on their way out, and their price and quality are not unfavourable as compared with those at which similar articles could be obtained through the Stores Department, London, and the cost of the supply does not exceed the limits prescribed in Rule 11. When the total value of the articles is trifling it is generally desirable to purchase them locally.*

For years the branches and agencies in India of British manufacturers have been discouraged from holding stocks in India owing to the fact that it has heretofore been almost impossible to secure Government orders, which—in many articles—constituted a large proportion of the demand in this country. Moreover, they were further penalised by the fact that Government stores ordered from the London Stores Department were admitted free of Customs duty, which was levied on all private imports even though these were subsequently destined for official use. These two handicaps have now been removed, firstly, by the above rule, which gives the Chief Controller of the Indian Stores Department full powers to purchase any articles he may require

from stocks either in the country or in transit thereto; and, secondly, by the Government Bill which has recently been passed by the Indian Legislature and which authorises the levy of Customs duties on all imported Government Stores. Government Stores have, in fact, been subject to duty since April 1st, 1924.

It will be realised that British manufacturers and suppliers of stores in regular demand by the Government of India should now consider carefully the holding of stocks by their local branches or agents. Otherwise they run the risk of losing a considerable volume of trade to their competitors, both British and foreign, who do maintain stocks in the country.

It is also important that the local branches and agencies of British firms who do hold stocks in India should apply to the Chief Controller of Stores, Indian Stores Department, Simla, to be noted upon his standard list of approved contractors. They should at the same time furnish him with a complete list of the articles usually stocked and the amount of stock which they normally carry. A reminder to this effect has already been addressed by this office to 120 of the leading firms stocking British goods in this country, but it is, of course, possible that some firms may have been overlooked and, in any case, principals in the United Kingdom may care to take the matter up in greater detail.

It is extremely likely that one result of this extended purchasing by Government from stocks in India will be to introduce increased foreign competition. Our foreign rivals are, in some cases, strongly entrenched in this market and several cases have come to my notice where local firms are stocking American goods, purely and solely because they are granted more liberal financial terms by American makers, who are prepared to grant two or three months or even longer credit on the stocks supplied. Of course a considerable number of the larger merchant houses in India are prepared to pay cash in London for their stocks, but it should always be remembered that some of the newer and lesser firms, who are equally energetic and reliable agents, cannot afford to lock up their capital in this way. In these instances a three to six months bill would meet the case. I take this opportunity of making a general appeal to many British makers, who expect their agents not only to purchase stocks outright by cash in London, but also to meet the heavy costs of travelling, advertising and generally pushing their goods. The number of first class agents in India with ability, energy and intimate knowledge of the requirements of Government is limited. Foreign manufacturers have realised this fact and have, in many cases, appointed them as agents. Unless many British makers are prepared to be more generous in their agency terms and to take a greater interest in the development of their sales in India, they may find that the most efficient local representatives are already fully engaged, and that they are forced to appoint second-rate firms with the result that their interests are bound to suffer.

I would emphasise the fact that it will be just as essential to obtain an active and efficient organization in India to meet the requirements of the Indian Stores Department as it has been to obtain orders from the Stores Department in London. It is to be hoped that British manufacturers will meet with an equal measure of success.

(b) " *In the case of important construction works let out on contract, articles not manufactured in India required for the construction of such works may be supplied by the contracting firm subject to the following conditions :—*

- (1) *That the firm is approved by the Chief Controller of Stores, Indian Stores Department, and is included in the list of firms so approved.*
- (2) *That the materials are subject to the current specifications and tests prescribed by the Government of India."*

This clause was included in the old Stores Rules (1913) and does not call for special comment.

(c) " *Plant and machinery and component parts thereof may be purchased from branches\* established in India of manufacturing firms borne on the list of the Chief Controller of Stores, Indian Stores Department, provided that the following conditions are observed :—*

- (1) *That the purchase is made by the Chief Controller of Stores, Indian Stores Department, or by a highly qualified engineer directly responsible to the Government of India for the order so placed.*
- (2) *That the plant and machinery are of standard patterns such as are ordinarily manufactured by the firm, and have actually been so manufactured.*
- (3) *That the branch firm entertains a staff of expert mechanics capable, when so required, of erecting and repairing the plant and machinery which it supplies.*
- (4) *That the actual price of the articles (exclusive of any expenditure representing cost of erection) is as low as that at which articles of the same make can be supplied by the Store Department, London.*
- (5) *That when test or inspection of the plant or machinery during manufacture or before shipment is necessary or desirable, arrangements are made for such test and inspection to be carried out by the India Store Department, London."*

\* " *Branches may be held to cover approved technical agents of manufacturers who do not merely act as selling agents, but are also in a position to render the same kind of technical assistance in India as actual branches of firms."*

NOTE 1.—" *It should clearly be understood by indenting officers that this rule is subject to the preference which should be given under Rules 1 and 2 to articles of Indian manufacture."*

NOTE 2.—" *Application for inclusion in the lists mentioned in this rule should be made to the Chief Controller of Stores, Indian Stores Department, direct by the firm with a full statement of the reasons which in its opinion, justify such inclusion."*

This is the most important and far-reaching of all the modifications which have been made in the new rules. Many of the leading British engineering firms have for years maintained branches in India, manned by highly-qualified engineers and



commercial men together with a trained staff of mechanics for erection purposes. They have, for long, to all intents and purposes, acted as the unpaid consulting engineers to various Government Departments in India, who have freely utilised their technical knowledge and experience of modern engineering practice in the drawing up of specifications and the designing of the lay out of a plant. It, however, has been a common experience that after spending time, trouble and expense in advising the local purchasing officer with regard to the technical details of his precise requirements, the order has ultimately been placed by the India Office with a competing firm, which may not have even been represented in India. It would appear that the Indian branches are at last coming into their own, so far as Government orders are concerned, and it is hoped that they will take the fullest advantage of the opportunity.

It will be realised that this new clause in the Stores Rules will render it absolutely necessary that British manufacturers of machinery and plant, who may desire to tender for Government of India orders, should be represented in India either by a branch or a technical agency. While it is true that a considerable number of tenders will still be called for simultaneously in London and in India, there will be a great many more which will be advertised only in India and a manufacturer who relies entirely on receiving orders from the Stores Department in London will find himself short-circuited by his competitors in India.

It will also be necessary for those firms who are already represented in India so to improve their local organisation that their representatives in the country may be in a position to supply the fullest and most detailed technical information on the spot and to draw up a complete tender. Whilst in most cases the actual tender price will have to be cabled from the works in the United Kingdom and the time allowed for the presentation of tenders will permit of this, there will, in most cases, not be time for the works to prepare the tender form and to send it out by mail. Consequently the preparation of the tender will have to be carried out in India and a higher standard of technical knowledge and a sense of greater responsibility will be demanded from the local branch managers and/or technical agents.

The usual medium in which calls for tender are advertised by the Indian Stores Department is the *Indian Trade Journal*, which also publishes tender notices issued by Railways, Port Trusts, Municipalities, etc. A note of all contracts placed with particulars of the successful tender including price is also given. The *Indian Trade Journal* is issued by the Commercial Intelligence Department, Calcutta, and can be obtained from the Government of Indian Central Book Depot, 8, Hastings Street, Calcutta, at a yearly subscription rate of Rupees 13. It can, of course, also be ordered through any bookseller in the United Kingdom. This Journal should be taken by every branch or agency in India and

British firms interested in watching these local orders would do well to subscribe to it.

Events are moving rapidly in India now that the Indian Legislature is gaining more power. Feeling among the local industrial and commercial community, both European and Indian alike, is strongly opposed to the purchase of Government Stores through the medium of the Stores Department in London, and is whole-heartedly in favour of local purchases, or what is known as "The rupee tender in India." This sentiment was voiced in no uncertain tones in the Legislative Assembly, Delhi, on February 14th, 1924, when the following resolution was carried, though it was not accepted by the Government of India :—

" This Assembly recommends to the Governor-General in Council—

" That the present system of stores purchase for Government requirements is not in the best interests of India, and should be done away with at the earliest moment.

" That in its place should be instituted a system of Rupee tender for delivery in India with publication of results in each case.

" That this new system should be administered under the supervision of the Government of India by a cadre of qualified officers and that arrangements should be made in India for the requisite test and inspection of the goods purchased.

Many competent observers are of the opinion that it is only a question of time before " the rupee tender in India " will be accepted by Government. " The writing is on the wall " and British manufacturers will do well to be prepared for all eventualities and should so expand their organisation in India that they may be in a position, when the time comes, to meet the Government of India requirements in India as completely and efficiently as they have hitherto met them in London.

## CHAPTER III.

## GROWTH OF THE DEMAND FOR A REVISION OF INDIA'S FISCAL POLICY AND THE ACCEPTANCE BY THE GOVERNMENT OF INDIA OF THE POLICY OF DISCRIMINATING PROTECTION.

For over a quarter of a century there has been an insistent demand on the part of politically-minded Indians, and the industrial communities throughout the country for a revision of tariff policy which would afford some measure of protection to those industries which found it difficult to meet foreign competition. It was not, however, until the reformed Constitution gave the Government of India and the Indian Legislature much wider control over their own destinies that a policy of protection became practicable. Before the war, the fiscal system of India was determined by the House of Commons, and it had always been considered that so long as the United Kingdom adhered to the policy of free trade, that policy should also govern the fiscal system of the great Dependency. During the war, however, the industrial backwardness of the country became more apparent, and the Indian Industrial Commission was appointed in 1917, under the chairmanship of Sir Thomas Holland, to investigate what steps might be taken to stimulate Indian industries. Even in this case the question of protection was deliberately excluded from the terms of reference as it was held that it could not be considered during the war and, apart from the determination of the fiscal relations of the Empire within itself and with the outer world, which at that time it was intended to deal with as a whole after the war.

In this, as in most other political questions in India, the introduction of the Montagu-Chelmsford Reforms Scheme marks the commencement of a new era. The distinguished authors of the Report on Indian Constitutional Reforms make the following comments on the tariff question :—

"Connected intimately with the matter of industries is the question of the Indian tariff. This subject was excluded from the deliberations of the Industrial Commission now sitting (in 1918) because it was not desirable at that juncture to raise any question of the modification of India's fiscal policy; but its exclusion was none the less the object of some legitimate criticism in India. The changes which we propose in the Government of India will still leave the settlement of India's tariff in the hands of a Government amenable to Parliament and the Secretary of State; but inasmuch as the tariff reacts on many matters which will henceforth come more and more under Indian control, we think it well that we should put forward the information of His Majesty's Government the views of educated Indians upon this subject. We have no immediate proposals to make; we are anxious merely that any decisions which may hereafter be taken should be taken with full appreciation of educated Indian opinion."

“ The theoretical free trader, we believe, hardly exists in India at present. As was shown by the debates in the Indian Legislative Council in March, 1913, educated Indian opinion ardently desires a tariff. It rightly wishes to find another substantial base than that of the land for Indian revenues, and it turns to a tariff to provide one. Desiring industries which will give him Indian-made clothes to wear and Indian-made articles to use, the educated Indian looks to the example of other countries which have relied on tariffs, and seizes on the admission of even free traders that for the nourishment of nascent industries a tariff is permissible. We do not know whether he pauses to reflect that these industries will be largely financed by foreign capital attracted by the tariff, although we have evidence that he has not learned to appreciate the advantages of foreign capital. But whatever economic fallacy underlies his reasoning, these are his firm beliefs ; and though he may be willing to concede the possibility that he is wrong, he will not readily concede that it is our business to decide the matter for him. He believes that as long as we continue to decide for him we shall decide in the interests of England and not according to his wishes ; and he points to the debate in the House of Commons on the differentiation of the cotton excise in support of his contention. So long as the people who refuse India protection are interested in manufactures with which India might compete, Indian opinion cannot bring itself to believe that the refusal is disinterested or dictated by care for the best interests of India.”

The next important pronouncement on the subject is the report of the Joint Select Committee of both Houses of Parliament on the Government of India Bill, 1919. The Joint Committee make the following important recommendation on the subject of fiscal autonomy for India :—

“ This examination of the general proposition leads inevitably to the consideration of one special case of non-intervention. Nothing is more likely to endanger the good relations between India and Great Britain than a belief that India's fiscal policy is dictated from Whitehall in the interests of the trade of Great Britain. That such a belief exists at the moment there can be no doubt. That there ought to be no room for it in the future is equally clear. India's position in the Imperial Conference opened the door to negotiation between India and the rest of the Empire, but negotiation without power to legislate is likely to remain ineffective. A satisfactory solution of the question can only be guaranteed by the grant of liberty to the Government of India to devise those tariff arrangements which seem best fitted to India's needs as an integral part of the British Empire. It cannot be guaranteed by statute without limiting the ultimate power of Parliament to control the administration of India, and without limiting the power of veto which rests in the Crown ; and neither of these limitations finds a place in any of the statutes in the British Empire. It can only therefore be assured by an acknowledgment of a convention. Whatever be the right fiscal policy for India, for the needs of her consumers as well as for her manufacturers, it is quite clear that she should have the same liberty to consider her interests as Great Britain, Australia, New Zealand, Canada and South Africa. In the opinion of the Committee, therefore, the Secretary of State should as far as possible avoid interference on this subject when the Government of India and its Legislature are in agreement, and they think that his intervention, when it does take place, should be limited to safeguarding the international obligations of the Empire or any fiscal arrangements within the Empire to which His Majesty's Government is a party.”

The Secretary of State, in a despatch to the Government of India dated June 30th, 1921, accepted on behalf of His Majesty's Government, the principle recommended by the Joint Committee.

In the meantime, the increasing demand for revenue to meet the heavy liabilities of the Government of India, both in connection with the war and with subsequent military operations in Afghanistan and Waziristan, led to a series of enhancements of the import tariff which materially affected the situation. Before the war, the import tariff was levied solely for revenue purposes and the general rates was 5 per cent. *ad valorem* with a free list or very low duties for iron and steel, machinery and railway materials and increased rates on liquors and tobacco. In 1916, owing to the financial burden imposed by the war, the general rate was raised from 5 to 7½ per cent. with a large curtailment of the free list and exemptions. In 1921 the general rate of duty, including the duty on cotton piece goods, was advanced from 7½ to 11 per cent., and a special duty of 20 per cent. was imposed on luxury articles such as silks, watches, motor cars, etc. In the following year the general rate was raised again from 11 to 15 per cent., but the duty on cotton piece goods remained at 11 per cent. The duties on iron and steel and railway materials were raised from 2½ to 10 per cent. and many other enhancements were made, notably the rate on luxury articles being raised from 20 to 30 per cent.

It will thus be seen that the import tariff, although nominally still a revenue tariff, had been raised to such a level that it is, in many cases, highly protective to certain Indian industries. Moreover, as the Commerce Member stated, it is arbitrary in its protective effects, irregular in its action and with no certainty of continuity.

The Government of India, on October 7th, 1921, published a resolution stating that, with the approval of the Secretary of State, they had decided to appoint a Fiscal Commission under the presidency of Sir Ibrahim Rahimtoola :—

“ To examine with reference to all the interests concerned the Tariff Policy of the Government of India, including the question of the desirability of adopting the principle of Imperial Preference, and to make recommendations.”

The Commission was composed of European and Indian business men and members of the Legislature together with an economist and one official. It is most unfortunate that Mr. J. M. Keynes, C.B., the well-known economist, was not able to take up his position as Vice-President. The Commission were thus deprived of his valuable experience and knowledge on this question. After making an extended tour throughout India, during which 281 written statements were received and 142 witnesses were orally examined, the Commission presented their report in July 1922. A summary follows :—

## REPORT OF THE FISCAL COMMISSION.

### Summary of Recommendations.

**PRELIMINARY CONCLUSIONS.**—That the industrial development of India has not been commensurate with the size of the country, its population, and its natural resources, and that a considerable development of Indian industries would be very much to the advantage of the country as a whole. (Chapter IV).

#### PRINCIPAL RECOMMENDATIONS.

1.—(a) That the Government of India adopt a policy of Protection to be applied with discrimination along the lines indicated in this Report. (Chapter V).

(b) That discrimination be exercised in the selection of industries for protection, and in the degree of protection afforded, so as to make the inevitable burden on the community as light as is consistent with the due development of industries. (Chapter VI).

(c) That the Tariff Board (see below) in dealing with claims for protection satisfy itself :—

(i) That the industry possesses natural advantages ;

(ii) That without the help of protection it is not likely to develop at all, or not so rapidly as is desirable ; and

(iii) That it will eventually be able to face world competition without protection. (Chapter VII).

(d) That raw materials and machinery be ordinarily admitted free of duty, and that semi-manufactured goods used in Indian industries be taxed as lightly as possible. (Chapter VII).

(e) That industries essential for purposes of National Defence, and for the development of which conditions in India are not unfavourable, be adequately protected if necessary. (Chapter VII).

(f) That no export duties be ordinarily imposed except for purely revenue purposes, and then only at very low rates (Chapter XI) ; but that when it is considered necessary to restrict the export of food grains, the restriction be effected by temporary export duties and not by prohibition. (Chapter XII).

2. That a permanent Tariff Board be created whose duties will be, *inter alia*, to investigate the claims of particular industries to protection, to watch the operation of the tariff, and generally to advise Government and the Legislature in carrying out the policy indicated above. (Chapter XVII).

3.—(a) That no general system of Imperial Preference be introduced ; but

(b) That the question of adopting a policy of preferential duties on a limited number of commodities be referred to the Indian Legislature after preliminary examination of the several cases by the Tariff Board.

(c) That, if the above policy be adopted, its application be governed by the following principles :—

(i) That no preference be granted on any article without the approval of the Legislature.

(ii) That no preference given in any way diminish the protection required by Indian industries.

(iii) That preference do not involve on balance any appreciable economic loss to India.

(d) That any preferences which it may be found possible to give to the United Kingdom be granted as a free gift.

(e) That in the case of other parts of the Empire preference be granted only by agreements mutually advantageous. (Chapter XIII).

4. That the existing Cotton Excise Duty in view of its past history and associations be unreservedly condemned, and that Government and the Legislature start again with a "clean slate," regulating their excise policy solely in the interests of India. (Chapter X).

#### SUBSIDIARY RECOMMENDATIONS.

5. That the proviso to Section 20 of the Sea Customs Act be repealed, and that customs duty be ordinarily levied on goods belonging to Government. (Paragraphs 285-288).

6. That difficulties in the shape of shipping rebates (paragraph 132), or unfair advantages like dumping (paragraphs 133-139), depreciated exchanges (paragraph 140), bounty-fed imports from abroad (paragraph 141), be investigated and, where possible, removed.

7. That industrial development be promoted by giving a more industrial bias to primary education (paragraph 122), and providing opportunities for training apprentices (paragraphs 123-124), and organisations for increasing the mobility of labour (paragraph 125).

8. That no obstacles be raised to the free inflow of foreign capital, but that Government monopolies or concessions be granted only to companies incorporated and registered in India with rupee capital, such companies to have a reasonable proportion of Indian directors, and to afford facilities for training Indian apprentices. (Chapter XV).

9. That the tariff be not ordinarily employed for retaliation, or as a means of aggression (paragraphs 280-284).

10. That the tariff be elaborated with a view to remove ambiguities, and that the system of specific duties and tariff valuations be cautiously extended (paragraphs 266-278).

In a long minute of dissent signed by five of the Indian Members, they differ from their colleagues on the questions of excise, foreign capital, Imperial Preference and the constitution of the Tariff Board and decline to subscribe to the view that Protection should be applied with discrimination "along the lines of the report." They suggest that an unqualified pronouncement should be made that the fiscal policy best suited for India is *Protection*.

**The Commission and Imperial Preference.**—It will be noted that the recommendations with regard to Imperial Preference are particularly half-hearted. The Commission deal with the question at considerable length, and point out that Indian witnesses are almost unanimous in opposing the principle of Imperial Preference mainly on the grounds that they fear it may diminish the protection to Indian industries, that it would impose a burden on the poor Indian consumer, and that if India signified her acceptance of the principle, the details would be dictated by the United Kingdom regardless of India's own interests and wishes. As the Commission state, most of these fears are based on a misunderstanding of the true position. There are, however, certain well-founded objections to the grant of Imperial Preference by India as—in view of her peculiar economic position—it is doubtful whether she has anything to gain and, on the other hand, she might stand to lose a considerable revenue which she cannot afford to dispense with. The Government of India in 1903, during

Lord Curzon's vice-royalty, examined the economic side of the question and stated their conclusions in a despatch to the Secretary of State. With certain slight modifications, their analysis of the position holds good to-day. Between 70 and 80 per cent. of the imports into India are goods wholly or mainly manufactured. On the other hand the exports of manufactures from India are only some 30 per cent. of the total exports, the remainder consisting to the extent of 40 to 50 per cent. of raw materials, and the balance of articles classified under the head of "food, drink and tobacco." Now food and raw materials are usually admitted duty free to all markets, and in the case of articles such as jute, tea, cotton, oilseeds, etc., where India is in an exceptionally strong position, there would not appear to be any need for a preference as the world's markets are normally only too ready to absorb all they can of these products. Moreover, of India's total exports, shipments to the British Empire only amount to roughly 30 per cent. so that it will be realised that India has very little to gain from the receipt of preferential rates on products shipped to portions of the Empire.

On the other hand, about two-thirds of her total imports are drawn from the British Empire, and approximately 60 per cent. from the United Kingdom, mostly consisting of manufactured goods. Any grant of preference to British manufactured goods would therefore entail a most serious diminution in the revenue from customs duties, which India in her present financial position, cannot afford to face.

While realising that from a strictly material point of view India may lose rather than gain from any system of Imperial Preference, the Commission point out the Imperial and sentimental aspects of the case and state the view that "a free gift from India, however small, would be welcomed by the United Kingdom as a gesture of friendship and as a proof that India realised her position as a member of the Empire." They finally recommend that, as a preliminary to any consideration of the desirability of India adopting the policy of Imperial Preference, an examination should be made by the Tariff Board to determine whether there are any commodities on which preference might be given in accordance with the principles laid down by the Commission, to the benefit of the Empire and without detriment to Indian interests.

The attitude of the minority of five Indian members is summarised in their conclusions:—

- "(1) We are in favour of the principle of Imperial Preference on the distinct condition that India should in this matter be put on the same footing of freedom as is enjoyed by the Self-Governing Dominions, and that the non-official members of the Legislative Assembly should be given power by legislation or other equally effective means to initiate, grant, vary and withdraw preference as may be necessary in the interest of India in all its aspects."



" (2) That the condition precedent to any agreement with a British Dominion in trade matters on the basis of reciprocity should be the recognition of the right of the Indian people to a status of complete equality and the repeal of all anti-Asiatic laws so far as they apply to the people of India."

At the Imperial Economic Conference held in London in October 1923, the Government of India delegates, after making a statement of India's exceptional position with regard to Imperial Preference, refrained from taking part in the subsequent discussion on the question.

**Reception of the Report in India.**—The report met with a very mixed reception throughout the country and severe criticisms were levelled against it. On the one hand the European commercial community, whose interests are so largely concerned with the import trade, condemned any system of protection which, they averred, would impose an intolerable burden on the vast consuming population of India. They were supported by the agricultural interests in provinces such as the Punjab and the United Provinces which have much to lose and little to gain from a protective tariff. On the other hand, advanced political opinion together with the local industrial interests condemned the report as being far too cautious and half-hearted in its reservations. As the Director of Information states in his report on India in 1922-23 :—

" Two facts, broadly speaking, emerged from the war of words. The first was that such Indian sentiment as exists in vocal shape upon the tariff question is predominantly protectionist; the second, that many Indian politicians and Indian commercial magnates cherish an almost childlike belief in the prosperity which would attend the adoption of such a policy. These facts would seem to show that while the producer-class of India has devoted considerable attention to the whole matter, the mass of the population, who so far as the foreign trade is concerned are principally consumers, take little interest in it."

**Government Attitude.**—The position of the Government of India was a somewhat difficult one. On the one hand they realised that the existing tariff was unscientific and haphazard and in fact afforded a temporary protection to certain industries, but without any scientific basis. The Legislature and the powerful Indian industrial interests in Bombay and elsewhere demanded a scientific protective tariff and brought considerable pressure to bear. On the other hand Government still retained the responsibility of protecting the interests of the vast majority of the rural population, who are largely unvocal, have most inadequate representation in the Legislature, and in any case are not sufficiently educated to grasp the issue involved, and the damages which they might suffer from a policy framed in the interests of the small but influential group of industrialists and the relatively small population in the towns.

The matter soon came to a head as, on February 16th, 1923, Mr. Jamnadas Dwarkadas, one of the Indian Members of the

Fiscal Commission, moved a resolution in the Assembly in the following terms :—

" This Assembly recommends to the Governor-General in Council that a policy of protection be adopted as the one best suited to the interests of India, its application being regulated from time to time by such discrimination as may be considered necessary by the Government of India with the consent and approval of the Indian Legislature."

### Acceptance by the Government of India of the principle of discriminating Protection for India.

Mr. C. A. (now Sir Charles) Innes, Hon'ble Member for Commerce and Industries, at once intervened in the debate and, on behalf of the Government of India, moved that the following resolution be substituted for that moved by Mr. Jammadas Dwarkadas.

" That this Assembly recommends to the Governor-General in Council :

- (a) that he accepts in principle the proposition that the fiscal policy of the Government of India may legitimately be directed towards fostering the development of Industries in India ;
- (b) that in the application of the above principle of protection regard must be had to the financial needs of the country and to the present dependence of the Government of India on import, export and excise duties for a large part of its revenue ;
- (c) that the principle should be applied with discrimination, with due regard to the well-being of the community and to the safeguards suggested in paragraph 97 of the Report of the Indian Fiscal Commission ;
- (d) that in order that effect may be given to these recommendations a Tariff Board should be constituted for a period not exceeding one year in the first instance, that such Tariff Board should be purely an investigating and advising body and should consist of not more than three members, one of whom should be a Government official, but with power, subject to the approval of the Government of India, to co-opt other members for particular inquiries."

In an eloquent speech, a copy of which is in the possession of the Department of Overseas Trade, and to which I would call the earnest attention of all readers interested in politico-economic problems in India, the Commerce Member elaborated the circumstances and arguments which had weighed with the Government of India in arriving at such a fundamental change of policy. The perplexities and forebodings of Government are clearly brought out in the following extract\* :—

" Now, Sir, let me be quite frank. Some of us, Members of Government, have not come to the conclusion embodied in this amendment without deep searchings of heart and without forebodings. However authoritative the report of the Fiscal Commission may be, that report cannot and does not relieve the Government of its responsibility in the matter, and some of us cannot help feeling that there is cause for anxiety. If the result of our policy is that development of industries which we all have so much at heart, that is all to the good. But let us look at the other side of the shield. I am not concerned at present with the more obscure dangers which seem to be inherent in a policy of protection. I refer to the danger of political corruption and the danger of the formation of trusts. Nor am I concerned with the danger that the only result of our policy may be the

\* Official Report of the Debate in the Legislative Assembly on Feb. 16, 1923, pp. 2356-2363.

fostering up in India of inefficient industries'. But what I am concerned with is this. Whatever may be the merits of a policy of protection, I do not think that there is any one in this Assembly who can stand up and say that the moment is entirely propitious for the inception of that policy. It is no use blinking facts. We have to take into account the state of affairs as it exists in the world around us and outside us. Half that world has tumbled into ruin. It no longer exists as a customer, and that means that the remaining countries, especially those countries whose prosperity is bound up with their export trade, must fight more desperately than ever for the markets which still remain open to them. Moreover, in those countries the potential productive industrial capacity has increased enormously owing to intensive reorganisation and extension during the war. Now those countries are faced with the spectre of unemployment. The manufacturers are fighting with their backs to the wall merely to keep their works open and their men employed. The workmen are accepting reductions in wages. Owners are foregoing profits. Shareholders are going without dividends, and vast reserves of inherited skill, aptitude and efficiency are being mobilised all to one end, namely, the bringing down of the cost of production. That is one side of the picture. It shows the sort of competition that India has got to meet—better directed, more intense, more efficient—economically than ever before. On the other side there is India. India has still to organise most of her industries; she is in most of her industries confronted with that most difficult and most protracted of all tasks, the training up of a force of skilled efficient operatives. While that task is in progress the cost of production must be high, and that means that however carefully we may discriminate, the measure of protection necessary to ensure the end in view cannot be small. And that again means that *pro tanto* our policy of protection must increase the level of prices for the consumer generally and particularly for the agricultural and middle classes. There is no getting away from this fact. By discrimination we may mitigate the rise. But the fact remains, and it is so certain that I do not propose to argue it, that a policy of protection must mean an increase of prices in India. Now, I am well aware that many countries, most countries in fact, have gone in boldly for a policy of protection, in spite of this disadvantage. But we are not considering the case of other countries. We are considering the case of India. We are not considering the case of countries with rich natural resources, with sparse or comparatively sparse populations and with a high standard of living like the United States of America and like Dominions such as Canada and Australia. People of countries like that can no doubt pay the inevitable price that protection demands. They can, no doubt, stand up to a high level of prices and a high level of taxation. But in India we have a country of 300 millions. Two-thirds of that population are agriculturalists. Most of them are poor and the standard of comfort is low. *One thing, I think, is certain. If the agricultural classes which form the bulk of the population in India were fully able to grasp the issues involved in this question of free trade versus protection, and if they were able fully to bring their influence to bear upon this Assembly, I doubt very much whether this Assembly to-day would accept my amendment. I doubt indeed whether I should be putting that amendment forward.* The agricultural classes in every country in the world, I think I may this with confidence, stand to gain the least and lose the most by a policy of protection. But even if we leave the agricultural classes out of consideration is there anyone in this House who can view without alarm, having regard to the conditions of India, the prospect of a substantial rise of prices following upon the development of a policy of protection. It is easy to speak of measuring prospective gain against immediate loss. It is easy to say that India must be prepared for a sacrifice. But surely the experience of the last few years has demonstrated even to the most unobservant the effect of high prices not only upon the public finances of India but also upon political, social and economic conditions throughout the country. Let this House remember that high prices have added to the wages bill for the Public Services in the last few

years 9 crores of rupees. Let this House remember that high prices created a period of industrial unrest with all the vast economic loss that a period of industrial unrest involves, from which period we are only just emerging. I am aware that Chapter V of the Fiscal Commission's Report deals with this point, but naturally it weighs with peculiar gravity upon us, who are responsible for the Government of India.

Nevertheless we are prepared to accept the considered conclusion of the Fiscal Commission that on the whole the right policy to adopt is a policy of discriminating protection. The first point I have to make is this. I do not suppose that there is any country in the world where this question of free trade or protection has been decided on purely economic grounds. Some of you may have read Mr Percy Ashley's book "Modern Tariff History." In that book he points out that even Lists' great work, in which he developed the theory of infant industries and argued the need for protection to enable a country to pass from a purely agricultural state to a mixed agricultural state, owed the widespread approval it received in Germany less to its economic argument than to the great political appeal it made to the necessity of maintaining, completing and strengthening German nationality. There is the same sentiment at work in India. On the one hand, India aspires to Dominion status, that is to say, she aspires to political independence within the Empire. On the other hand she aspires to economic independence. She hopes that within the Empire she may be economically independent. And behind this national feeling there is the pressure of a real economic grievance. Every impartial observer views with sympathy, I think, the difficulty which confronts every middle class parent in India in finding a career for his son. The Indian parent hopes that industrial development will increase the avenues of employment open to the educated Indian boy, and will open up more and more avenues which will bring that boy into contact with the hard practical realities of business life. Again the Government of India in the last few years has been doing its best to encourage industrial development, and we have long recognised that the introduction of the Reforms would mean a change in the fiscal policy of India. Lord Curzon gave public expression to this feeling in his speech in the debate in the House of Lords on the Government of India Bill, and it was with full knowledge of the trend of feeling in India that in 1921 we appointed the Indian Fiscal Commission. That Commission contained not only distinguished Indians but also distinguished Europeans. It contained three Presidents or past Presidents of important European Chambers of Commerce. It is quite true that there was a difference of opinion. There was a minority report as well as a majority report. But I am not concerned at present with the differences in the Commission. What I am concerned with is the fact that the Commission was unanimous in recommending that a policy of protection was the right policy for India. That, Sir, is a very remarkable fact, and naturally it is a fact which has weighed very greatly with the Government of India. And finally, as Mr. Jamnadas Dwarkadas has pointed out, the issue to-day is not a clear cut issue between a policy of protection and a policy of free trade. The stress of events has forced our revenue tariff to a point where it is no longer a pure revenue tariff, and the choice that lies before us to-day is the choice between a tariff with arbitrary protective effects, irregular in its action and with no certainty of continuity, and an attempt to regularise the position by remodelling that tariff, in part at any rate, on frankly protectionist lines. That is to say, the logic of events has reinforced the pressure of public opinion, and that is why we have acquiesced in the policy which this amendment seeks to get accepted to-day.

I come now to my amendment. I am free to admit that it differs little in form from Mr. Jamnadas' resolution. But I have thought it only right and only honest that I should explain clearly what is in the minds of the Government of India. Briefly our position is this. We agree in principle to protection. We make it clear that the principle

must be applied cautiously and with discrimination, and we accept the unanimous recommendation of the Commission that before the principle is applied in concrete cases there must be a previous preliminary investigation by an authoritative impartial advisory board."

The italics are my own. I desire to draw special attention to this passage, which is a most important one, showing as it does that pressure of circumstances has forced the Government of India to recede to some extent from the position which it has held in the past as the guardian of the interests of the voiceless millions of India.

The Commerce Member then proceeded to amplify each clause in detail. The first is a general one accepting the principle of protection. The second clause makes it clear that in the application of this principle of protection regard must be had to the dependence of the Government of India on import, export and excise duties for a large share of its revenue. Before the war in 1913-14 Customs revenues accounted for only 13.7 per cent. of the total receipts of the Government of India. In 1922-23 they budgeted for a net customs revenue of 45.41 crores of rupees, that is 34 per cent. of the total revenue. Mr. Innes then pointed out that the basis of taxation is very narrow and that they are perilously near the limit. He generally indicated that the financial situation might operate as a brake on the application of protection. As regards the third clause, this means that protection must be applied with discrimination or, in other words, that Government should concentrate their efforts in those directions where effort is most likely to prove fruitful of good to India.

In dealing with the proposed appointment of a Tariff Board, the Commerce Member indicated that the duties of the Board must be purely of an investigating and advisory nature. Government considered the wisest course was to create a Board for one year in the first instance on an experimental basis. At the end of that year they would then decide whether to expand or modify it or whether to abolish it altogether and try some other expedient. Briefly, they proposed to follow the Australian rather than the American precedent. He added :—

"We must be able to rely on the Board for a perfectly impartial investigation of all relevant facts before it makes its recommendations. That is the first essential. The Board must be entirely impartial. No extraneous considerations of any kind must enter into its composition; and that is why I hope the House will not think that I am casting any reflection upon the Indian Legislature if I say that the Government feel that they must retain in their own hands the duty, or rather the responsibility of appointing this Board. They cannot delegate that duty to anyone. They cannot trust to election even by the Indian Legislature."

In the debate which followed, opposition to the Resolution was voiced by the representatives of the Punjab, who pleaded the case of the poor agriculturist who had nothing to gain and much to lose by the adoption of protection in India. The views of the labouring classes were also put forward by Mr. Joshi. On the whole, however, the House was in favour of the resolution, and the motion was adopted.

**Appointment of the Tariff Board.**—The Tariff Board was appointed by a Resolution of the Government of India in the Department of Commerce dated the July 10th, 1923. After recapitulating the motion of the Legislative Assembly of February 16th, 1923, referred to above, the Resolution proceeds as follows :—

“ The Government of India have decided to appoint a Tariff Board, for a period not exceeding one year in the first instance, to carry out the investigations resulting from the acceptance of that resolution and to make recommendations thereon. The following gentlemen have agreed to serve on the Board :—

*President—*

G. RAINY, Esquire, C.S.I., C.I.E., I.C.S.

*Members—*

The Honorable Mr. V. G. KALE, Professor of Economics, Fergusson College, Poona.

P. P. GINWALA, Esquire, M.L.A., Barrister-at-Law.

Rai Bahadur S. N. BANERJI, Assistant Secretary, Commerce Department, has been appointed Secretary to the Board.

The Government of India will select the industries to be taken up for investigation and determine the order of the enquiry and it will be the duty of the Tariff Board, after such examination as it thinks necessary, to make recommendations regarding the protection (if any) to be extended to those industries and the nature and extent of the protection. Firms or persons (other than those referred to in the next paragraph) desiring that the industries in which they are interested should be investigated by the Tariff Board should apply to the Secretary to the Government of India in the Commerce Department. With their applications they should send up a full statement of the reasons why they consider that protection should be extended to the industry.

The Board will assemble immediately at Simla. As recommended by the Fiscal Commission in paragraph 107 of its Report, the Board will examine first the question of extending protection to the manufacture of steel in India. In considering this question, the Board will take into account the effect of any recommendations it may make on industries dependent on the use of steel, and in particular, it will consider how its recommendations will affect the industries (these industries are the locomotive and wagon building industries) referred to in paragraph 9 of the Report of the Railway Industries Committee, and whether those industries should be accorded protection. Firms or persons interested in the steel industry or the industries dependent on the use of steel who desire that their views should be considered by the Tariff Board, should address their representations to the Secretary to the Board.

The headquarters of the Board will be with the Government of India, but it will visit from time to time commercial and industrial centres in India for the purpose of the investigations which it may be required to undertake. While the steel industry is under examination, the office of the Board will be located temporarily at Calcutta. For the investigation of other industries, it may be necessary to transfer the office from time to time to other convenient centres.

The Government of India trust that Local Governments and Administrations will afford the Board all the assistance which it may require and will comply with any request for information which may be addressed to them by it.”

The personnel of the Board met with general approbation throughout India. The President is a senior Indian Civil Servant of great ability, who, after holding many Secretariat posts, occupied the position of Chief Secretary to the Government of Bihar and Orissa. Of the two Indian Members, Mr. Ginwala is a well-known barrister from Rangoon who had made a reputation in the last Assembly, while Mr. Kale is an economist, a member of the Servants of India Society, and also a member of the last Council of State.

Throughout the summer and winter of 1923 the Board carried out a most thorough and careful investigation into the demand of the Tata Iron & Steel Co., Ltd., for a 33½ per cent, import duty on iron and steel entering India from abroad and presented their report at the end of February, 1924. This was accepted by Government. A Bill to provide for the fostering and development of the steel industry in India was introduced at a special Session of the Legislature in May/June, 1924. The Bill, with very slight modifications, was passed by both Houses, received the assent of the Governor-General, and came into force on Friday, June 13th, 1924.

The question of the protection of iron and steel is such a vital one to British manufacturing interests that I propose to deal with the inquiry, the terms of the Bill, and its probable effect on British iron and steel exports to India at some length in the following chapter.

## CHAPTER IV.

## THE STEEL INDUSTRY (PROTECTION) ACT, 1924, AND ITS PROBABLE EFFECTS ON BRITISH STEEL EXPORTS.

The first three reports of the Indian Tariff Board and the three volumes of evidence recorded during the enquiry into the steel industry contain such a valuable mass of information relating not only to the Tata Iron and Steel Works but also to the subsidiary industries at Jamshedpur and the wagon-building and engineering industries elsewhere that I can only refer my readers to the documents themselves, which are on sale in the United Kingdom. I propose, however, to summarise those proposals of the Tariff Board, which have now been merged into the Steel Industry (Protection) Act, 1924, taking first the sections relating to rolled steel and later dealing with the wagon, tinplate and other industries. A copy of the Bill will be found in Appendix V, page 209.

**Summary of the Tariff Board's Conclusions relating to Wrought Iron and Rolled Steel.**

" (1) The steel industry satisfies the three conditions which the Fiscal Commission considered should be satisfied in ordinary cases by all industries before a claim to protection is entertained. It is also essential an industry for purposes of self-defence and of great importance on national grounds. It might therefore claim protection even if the ordinary conditions were not fully satisfied.

" (2) India possesses a great natural advantage for the manufacture of steel owing to the richness and abundance of the iron ore deposits and the comparatively short distance which separates them from the coalfields.

" (3) The quantities of coking coal available are sufficient for the requirements of the industry for a century or more unless its growth is unexpectedly rapid, and the supplies of limestone and dolomite are ample. These materials are not equal in quality to those available in some other countries, but they are good enough for their purpose and are not more expensive than elsewhere.

" (4) Most of the other raw materials required, and also the materials for refractory bricks, exist in India in sufficient quantities.

" (5) The Indian market for steel is already large and is likely to grow. In respect of labour India is at present at a disadvantage, which will be removed as the workers acquire skill and experience.

" (6) At the present level of world prices, steel manufacture in India is carried on at a loss. Unless protection is given, there is no hope that it will develop for many years to come, and there is a serious danger that it may cease altogether.

" (7) India already produces pig iron more cheaply than other countries and the possibility of producing steel of thoroughly sound quality has been proved. It has not hitherto been found possible, however, to combine a high output with satisfactory quality. As soon as this has been done the future of the Indian steel industry is assured.

" (8) It is probable that the cost of steel production in India will fall substantially in the next three or four years, and there is a reasonable assurance that at no very remote date Indian steel will be able to hold its own in competition with imported steel without protection.



" (9) The need for protection is measured by the difference between two prices :—

- (a) the price at which steel is likely to be imported into India from abroad ; and  
 (b) the price at which the Indian manufacturer can sell at a reasonable profit.

" (10) The prices at which steel is likely to enter India without duty have been found to be as follows :—

	Per ton.
	Rs.
Bars .. .. .	140
Structural shapes, <i>i.e.</i> , angles, beams, channels, etc. ..	145
Rails, 30 lbs. and over .. .. .	140
Plates, ordinary .. .. .	150
Sheets, black .. .. .	200
Sheets, galvanised .. .. .	300

" (11) The average price which gives the Indian manufacturer a fair return on his capital has been found to be Rs. 180 a ton.

" (12) Except in the case of sheets, the proposals made for the imposition of duties, or the grant of bounties, approximately bridge the difference between the two prices. If, owing to a fall in the price of imported steel, the duties no longer give adequate protection, additional or off-setting duties should be imposed, and the Government of India should take powers by legislation to impose such duties.

" (13) The operation of the proposals made is limited to a period of three years, both because of the uncertainty as to the future course of world prices, and the probability of a decided drop in the cost of production. A fresh enquiry will probably be necessary in 1926-27.

" (14) The proposals made have been so framed as to interfere as little as possible with those kinds of steel which are not produced in India at present and are not likely to be produced for some time to come.

" (15) It is proposed that the following specific duties should be imposed :—

	Per ton.
Steel—	Rs.
Structural shapes, <i>i.e.</i> , beams, angles, channels, etc.	30
Ship, tank and bridge plates .. .. .	30
Common merchant bars and rods .. .. .	40
Light rails (under 30 lbs.) .. .. .	40
Black sheets, whether plain or corrugated .. .. .	30
Galvanised sheets, whether plain or corrugated .. .. .	45
Wrought iron—	
Angles, channels .. .. .	20
Common bars .. .. .	35

" (16) The necessity for imposing tariff duties on certain kinds of wrought iron arises from the fact that the commoner qualities can be used for many purposes for which steel is used, and would displace steel if there were an appreciable difference in the prices.

" (17) Iron and steel sections of superior qualities remain subject to the present tariff and will not be affected by the new duties proposed.

" (18) It is proposed to grant bounties on the manufacture of medium and heavy rails and fishplates according to the following scale :—

	Per ton.
	Rs.
1924-25 .. .. .	32
1925-26 .. .. .	26
1926-27 .. .. .	20

The present *ad valorem* duty would be converted into a specific duty of Rs. 14 a ton.

"(19) The grant of protection to the manufacture of steel must necessarily increase the costs of many branches of the engineering industry at a time when it is holding its own with difficulty in the face of intense competition from abroad. The adoption of the proposals made will necessitate an increase in the duty of fabricated steel to at least 20 per cent., and possibly to 25 per cent. in some cases.

"(20) The sacrifice which the country is asked to make in order to preserve the steel industry is temporary and the advantages to be gained are more than commensurate. The burden on the consumer is likely to be widely diffused and is not likely to press with undue severity on any one industry, or any one section of the community."

### Analysis of the Protection granted under each head.

**Structural Shapes** (i.e., beams, angles, channels, etc., unfabricated).—A specific duty of Rs. 30 per ton, which is approximately 20 per cent. *ad valorem* on present prices, is levied under the new Tariff. This will not quite raise the selling price to Rs. 180 per ton, the average price which is estimated to give the Indian manufacturer a fair return on his capital, but the Tariff Board have deliberately pitched this rate at a lower level as they are anxious that the burden on the engineering industries and railways should be lightened as far as possible. A duty of 25 per cent. *ad valorem* will be levied on all fabricated structural shapes.

**Plates**.—A specific duty of Rs. 30 per ton will be levied on all iron or steel plates not under  $\frac{1}{8}$  inch thick including sheets  $\frac{1}{8}$  inch thick or over. This works out at approximately 20 per cent. *ad valorem* on ordinary ship, tank and bridge plates, but only 10 per cent. *ad valorem* on boiler firebox and special quality plates which are not made in India and which it is therefore not desired to protect. Fabricated plates will be taxed at 25 per cent. *ad valorem* and all qualities of plate cuttings at Rs. 25 per ton.

**Bars and Rods**.—A duty of Rs. 40 per ton is imposed upon all sizes of common merchant bars and rods and bars and rods designed for the reinforcing of concrete. The incidence is from 27 to 30 per cent. It is not expected that this degree of protection will be sufficient to enable the Indian manufacturer to sell his bars at an average price of Rs. 180 per ton in competition with continental bars in all Indian markets. The Tariff Board, however, have taken into account the fact that at the Tata Steel Works bars are manufactured to a standard with which the continental bar does not always comply, and that they tend rather to compete with bars manufactured in the United Kingdom the price of which is somewhat higher. The Board also make allowance for the fact that in some of the up-country markets the Indian manufacturer, owing to the favourable rates he can secure for complete wagon loads from the Railway Administrations, is in a stronger position to meet competition.

**Black Sheets**.—A duty of Rs. 30 per ton, is levied, which— at an average value of both corrugated and plain sheets of Rs. 200 per ton—equals 15 per cent. *ad valorem*. The duty is only raised by 5 per cent., as—in the absence of data as to the actual

cost of manufacture in India—the Board desired to limit their proposals to the lowest amount which would attain its object of protecting Indian manufacture. The Tata Iron and Steel Company propose to manufacture both black sheets and also galvanised sheets in their new mill at Jamshedpur, which will commence work in September, 1924. They anticipate an annual total production of 36,000 tons when the mill is in full production. The Company's rough estimate of the cost of production on the basis of 1921-22 coal prices is Rs. 149 per ton for black sheets and Rs. 194 per ton for galvanised sheets. This estimate is for the eventual cost when manufacture has been going on for some time. The actual cost during the first two or three years of manufacture will almost certainly be higher.

*Galvanised Sheets.*—A duty of Rs. 45 per ton is now imposed which, on a valuation of Rs. 300 a ton, is the equivalent of 15 per cent. *ad valorem*. This is a fairly light duty, but when one considers that India imported last year over 165,000 tons of galvanised sheets and 108,000 tons of plain sheets and that for years to come she does not propose to manufacture more than 36,000 tons, it would have been unwise to impose a heavier burden on the consumer.

*Steel Railway Track Material (30-lb. Rails and over and fishplates therefor).*—It has been decided to substitute a specific duty of Rs. 14 per ton for the former *ad valorem* duty of 10 per cent. and all further assistance to the Indian manufacturer takes the form of bounties. The Tariff Board point out that as the Tata Company are bound under contract to supply rails to certain railways for terms of years, at a fixed price, the imposition of a protective duty would be nugatory. They estimate that the price at which rails are likely to enter India without duty is Rs. 140 a ton which the addition of the duty would raise to Rs. 154. They therefore propose and the Government of India have agreed that :—

“ On the production by any company, firm or other person engaged in the business of manufacturing steel of a certificate granted by an Officer authorised by the Governor-General in Council by order in writing in this behalf that such company, firm or other person has on a specified date, not earlier than the first day of April, 1924, completed the manufacture of any steels rails of a weight per yard of not less than 30 pounds avoirdupois or of any fishplates suitable for use with such rails, and that the rails or fishplates have been wholly manufactured in British India from material wholly or mainly produced from India iron ore and comply with any specification for the time being prescribed or approved by the Railway Board for steel rails or fishplates, as the case may be, the Governor-General in Council shall cause to be paid to such company, firm or other person a bounty in respect of such rails or fishplates at the following rate, namely :—

- (a) Rs. 32 per ton of rails or fishplates the manufacture of which has been completed before 1st April, 1925 ;
- (b) Rs. 26 per ton of rails or fishplates the manufacture of which has been completed on or after April 1st, 1925, and before April 1st, 1926 ;
- (c) Rs. 20 per ton of rails or fishplates the manufacture of which has been completed on or after April 1st, 1926, and before April 1st, 1927.”

This is followed by a clause inserted while the Bill was before the Legislature with the object of protecting purely Indian industrial interests. It reads as follows :—

“ Notwithstanding anything contained in the above section, no bounty in respect of steel rails, fishplates or wagons shall be payable to or on behalf of any company, firm or other person not already engaged at the commencement of this Act in the business of manufacturing any one or other of such articles, unless such company, firm or person provides facilities to the satisfaction of the Governor-General in Council for the technical training of Indians in the manufacturing processes involved in the business and, in the case of a company, unless—

- (a) it has been formed and registered under the Indian Companies Act, 1913 ; and
- (b) it has a share capital the amount of which is expressed in the memorandum of association in rupees ; and
- (c) such proportion of the directors as the Governor-General in Council has by general or special order prescribed in this behalf consists of Indians.”

*Rails under 30 lbs. per yard and fishplates therefor.*—No bounties will be payable on light rails which are sold principally to private consumers, but a specific duty of Rs. 40 per ton is imposed on such rails and fishplates, which, on present valuations, works out at roughly 28 per cent. *ad valorem*. Spikes and tie bars are also to be assessed at the rate of Rs. 40 per ton. Switchings, crossings and the like material not made of alloy steel are liable to a duty of 25 per cent. *ad valorem*.

*Wrought Iron.*—Although wrought iron is not produced in India and the ordinary arguments for protection do not apply, it has been realised that the effect of an increase in the duties on steel might quite possibly be to increase the imports of wrought iron, which for many purposes would be accepted as a satisfactory substitute for steel if it were a little cheaper. The Bill, therefore, makes provision for increased duties on both bar iron and also on iron angles, channels and tees.

*Iron, Common Bar, not galvanised, tinned or lead coated.*—A specific duty of Rs. 35 per ton has been imposed on this item which works out at 25 per cent. on the present valuation. The corresponding duty on common steel bar is Rs. 40 per ton. As it is not desired to raise the cost of wrought iron bars of superior qualities, which are largely used for railway and other work for which steel is not so suitable, the duty on these items remains on a 10 per cent. basis.

*Iron, angle, channel and tee, not fabricated, kinds other than galvanised, tinned or lead-coated, or Crown or superior qualities.*—A specific duty of Rs. 20 per ton has been imposed. This, on an average valuation of Rs. 165, works out at just under 12 per cent. *ad valorem*. The assessment on Crown and superior qualities has been left at 10 per cent., but as they pay this on a present tariff valuation of Rs. 200 per ton, it means that all iron angles, channels and tees of whatever quality pay the same specific rate of Rs. 20 per ton so long as the present tariff valuation is in force.

An *ad valorem* duty of 15 per cent. is levied on all fabricated iron sections as above.

**Fabricated Steel.**—The Board's recommendations are summarised as follows :—

" (1) Twenty-five per cent. *ad valorem* duty on fabricated steel generally, but excluding :—

(a) Steamers, launches, barges, flats, boats and other vessels ;  
and

(b) all vehicles, except colliery tubs and tipping wagons.

" (2) Twenty-five per cent. *ad valorem* on switches and crossings.

" (3) A specific duty of Rs. 40 a ton on spikes and tie bars."

Twenty-five per cent. duty will, therefore, be levied on all wholly or partially fabricated steel structures if made wholly or mainly of steel bars, sections, plates or sheets, for the construction of buildings, bridges, tanks, well curbs, trestles, towers and similar structures or for parts therefor.

Similarly, 25 per cent. *ad valorem* will be levied on *iron and steel pipes* and tubes and fittings therefor, if riveted or otherwise built up of plates and sheets.

Coal tubs, tipping wagons and the like conveyances designed for use on light rail track, if adapted to be worked by manual or animal labour, and if made mainly of iron or steel, and component parts thereof made of iron or steel are assessable at 25 per cent. *ad valorem*.

**Steel Wagons.**—The Tariff Board conclude that :—

" It seems to us clear that wagon buiding cannot be effectively developed in India except at some cost to the State. We fully recognise the desirability of doing as little as possible to raise railway costs, and we do not think that the imposition of a protective duty on imported wagons would be a suitable method of developing the industry, at any rate at this stage. It is essential that the Indian manufacturer should have some assurance of continuity of orders, and, as his capacity for carrying out work will increase as time goes on, that the numbers ordered in India should gradually rise. On the other hand, it is to be expected that as experience is gained and the output goes up the cost of production will fall. We have endeavoured in our proposals to provide for both points. We recommend that bounties should be granted on the manufacture of wagons in India in accordance with the following scale :—

—	Number of wagons on which the bounty will be payable.	Amount of bounty per wagon.	Cost of the bounty.
		Rs.	Rs. (lakhs).
First Year .. ..	800	850	6·80
Second Year .. ..	1,000	700	7·00
Third Year .. ..	1,200	580	6·98
Fourth Year .. ..	1,400	500	7·00
Fifth Year .. ..	1,600	440	7·04

The Government of India have embodied these proposals in the Steel Industry (Protection) Act in clause 4 (Appendix V).

Then follows the qualifying clause already mentioned in the case of the bounties on rails and fishplates confirming the bounty to companies registered under the Indian Companies Act with rupee capital, a proportion of whose directors are Indians and who grant facilities for training Indian apprentices.

**Tinplates.**—A specific duty of Rs. 60 per ton is now levied on all tinplates and tinned sheets including tin taggers and an *ad valorem* duty of 15 per cent. on tinplate cuttings. The new duty is approximately 15 per cent. *ad valorem* as compared with a previous rate of 10 per cent., and works out at Rs. 3 as compared with Rs. 2 per standard box. The Tinplate Company of India, Ltd., the share capital of which is held as to two-thirds by the Burma Oil Co., Ltd., and as to one-third by the Tata Iron and Steel Co., Ltd., expects to attain its maximum production of 28,000 tons of tinplates by the end of this year. The works are admirably laid out and equipped, and so far the results have been most promising in spite of climatic difficulties. The Burma Oil Co., Ltd., have a contract with the Tinplate Company for 25 years by which the Oil Company is entitled to take the whole output of the Tinplate Company if of satisfactory quality. It is expected that about 21,000 tons will actually be so required and that about 7,000 tons will be available for sale to the open market. The normal annual consumption of tinplate in India is about 50,000 tons, practically the whole of which is supplied by South Wales. It can only be expected therefore that the imports will be reduced by the precise output of the Indian Company. At the same time, it should be realised that this is probably the maximum reduction which British makers will suffer, as it would not be worth while for any other tinplate manufacturing Company to start operations in India on the chance of securing the remaining quantity consumed.

**Steel Wire.**—A specific duty of Rs. 60 per ton is now imposed on iron or steel wire other than barbed wire or wire rope or stranded fencing wire or wire-netting, which articles will still be subject to 10 per cent. *ad valorem*.

The object of this special duty is to protect the Indian Steel Wire Products, Ltd., an Indian Company with works at Jamshedpur capable of an annual output of 9,000 tons of single strand plain or galvanised wire made of ordinary soft steel for telegraphs, light fences or other miscellaneous purposes. The present output does not exceed 120 tons a month of ordinary wire and wire nails, but the Company hope shortly to instal a galvanising plant and eventually have in mind the manufacture of barbed and stranded fencing wire. Considerable difficulties are being experienced at the commencement. The capital of the Company is just over Rs. 21 lakhs and it is difficult to raise additional working capital which is required. The Tariff Board estimate, on an output of 250 tons a month, that a fair selling price which would show the

Company a return on its capital would be Rs. 320 per ton. Imported wire, such as is manufactured by the Company, enters India at a price without duty of approximately Rs. 260 per ton. The present duty of Rs. 60 represents the difference between these two figures. The incidence works out at slightly less than 25 per cent. on wire such as the Company manufactures.

*Wire Nails.*—An equivalent duty of Rs. 3 per cwt. is imposed on iron or steel (wire or French) nails. The Wire Products Company have several automatic machines and can turn out a competitive product.

*Agricultural Implements.*—No change has been made in the duty on picks, kodalies, powrahs, mamooties and hoes, which are still assessed at 15 per cent. *ad valorem* in common with other kinds of hardware and tools. A clause was embodied in the Bill as presented by Government to the Indian Legislature by which an extra protective duty of 10 per cent. (25 per cent. in all) was proposed on these articles only. The Legislative Assembly, however, threw out this clause on the grounds that it would unduly penalise the poor cultivator, although—as a matter of fact—these implements are mainly used by railways, estates, etc.

The object of the original proposal was to protect the Agricultural Implements Co., Ltd., whose works are at Jamshedpur. This is a purely Indian company, the works are well laid out and are equipped with modern American machinery. The full capacity of the plant is about 4,000 tons of finished implements per annum, but the present production is slightly less than 1,000 tons a year. The Tariff Board estimate that the all-in cost per ton is Rs. 767 (excluding depreciation), whereas the wholesale selling price for goods of the kind manufactured by the Company is Rs. 710 per ton. When full production is reached, the all-in cost of production is expected to drop to Rs. 609 a ton excluding, or Rs. 666 including, depreciation. The profit remaining would be equivalent to a return of about 7 per cent. on the Company's share capital. The Board report that the Company is efficiently managed, and is likely to do well provided it can attain its full output. They therefore advocated protection, not as a permanent measure, but as temporary expedient to enable the Company to secure a foothold in the Indian market and increase its production rapidly.

**Other Features of the Steel Industry (Protection) Act, 1924.**—One of the most important features of the Bill is that in clause 2, which reads as follows:—

"If the Governor-General in Council is satisfied, after such inquiry as he thinks necessary, that articles of any class chargeable with duty under Part VII of the second schedule are being imported into British India from any place outside India at such a price as is likely to render ineffective the protection intended to be afforded by such duty to similar articles manufactured in India, he may, by notification in the Gazette of India, increase such duty to such extent as he thinks necessary either generally or in respect of such articles when imported from or manufactured in any country or countries specified in the notification."

The Tariff Board based the degree of protection required on the difference between the price at which foreign steel enters India and the price which gives the Indian manufacturer a reasonable profit, but that difference, of course, may vary either because of changes in the cost of production or, much more frequently, because of fluctuations in the import price. The Board consider the danger of foreign steel entering India at abnormally low prices to be a very real one. They point out that France may become a more formidable competitor in the world's steel markets than she has hitherto been, that the results of a possible resumption of steel production in Germany on a large scale may be serious, and that the menace of the release of the Ruhr stocks has not yet been finally dispelled. If such a fall occurs in the prices of imported steel that the present degree of protection proves to be inadequate, then an *immediate* remedy would be necessary and they consider that the executive Government should have power to apply that remedy at once. They, therefore, recommend the inclusion of the clause quoted above and add that arrangements would be necessary at the Customs Houses in the principal ports to record from the invoices the actual prices at which protected goods were being imported. It would then rest with the Government of India to decide whether a case of the exercise of their special powers had been made out. A comparatively small decline in the price, or a fall likely to be of very short duration, might not be a sufficient ground for taking action, but the power to act when necessary should be unfettered. They also suggest :—

- (1) that the actual inquiries might be made at the ports by the Collectors of Customs who would report to the Government of India through the Central Board of Revenue ;
- (2) that the power given should be capable of exercise in the case of imports from all countries, or in the case of imports from a particular country or countries.

Clause 2 (3) also shows that *the present Act is limited to a term of three years.*

Clause 6 then states that the Governor-General in Council shall, before March 31st, 1927, cause to be made by such persons as he may appoint in this behalf an inquiry as to the extent, if any, to which it is necessary to continue the protection of the steel industry and as to the duties and bounties which are necessary for the purpose of conferring such protection. In this case, also, Government have accepted the views of the Tariff Board, who made the following comments on the question :—

“ We have based our proposals on an average selling price of Rs. 180 a ton for raw steel. It is impossible, however, on that basis to make recommendations intended to remain in force over a long period, for we believe that in three or four years' time it will be possible to reduce the cost of steel production in India to a level at which the manufacturer will be able to sell steel at a price much below Rs. 180 a ton, and still make a reasonable profit. We recognise that there are grave disadvantages in a scheme of protection limited in this way. We have had it in evidence that if a new firm were to undertake the manufacture of steel, a period of five years would probably elapse before steel was actually produced. One



of the objects protection is intended to secure is to produce internal competition behind the tariff wall, and if the protective duties are subject to frequent revision, the prospect of the establishment of new steel works is diminished. In spite of this obvious objection, however, we are compelled to limit our recommendations to a period of three years. We have to deal with conditions as they are and not as we should like them to be. All our proposals imply some estimate of future world prices for steel and of future manufacturing costs. These estimates are made at a time when prices are subject to wide fluctuations under influences both political and economic, and when the cost of steel making in India will depend on the result of using a process of manufacture (the Duplex process) which has not yet been tried in the country. In these circumstances, long views are impossible, and we believe it will be necessary to hold a fresh enquiry in 1926-27, when the new plant at Jamshedpur has been working for two complete years. By that time world conditions may be more stable and the general level of prices may have settled down. It will then be possible to deal with production costs in the new plant on the basis of ascertained facts instead of the estimates and conjectures which have had to serve our purpose."

**Reception of the Steel Industry (Protection) Act in the Indian Legislature.**—The Bill was introduced in the Legislative Assembly by Sir Charles Innes on May 27th, 1924. In a long speech, a copy of which can be consulted at the Department of Overseas Trade, the Commerce Member marshalled the arguments presented by the Tariff Board in a clear and convincing manner, and, referring to the criticisms which had been levelled at him on account of his speech on February 16th, 1923 (*vide* Chapter III), stated that he remained "unrepentant and unashamed." After a general discussion, the Bill and the proposed amendments were referred to a Select Committee of the House, which made certain very slight modifications in the preamble and suggested that the proposed protection of tinplates should be omitted from the schedule on the grounds that the difficulties experienced by the Tinplate Company were due to excessive capital expenditure and were not such as to warrant assistance from the general tax-payer. The Assembly, however, reinstated the tinplate duty but deleted the proposed increased duty on agricultural implements on the grounds that this would raise the cost of his tools to the poor cultivator. After much discussion on the question whether bounties should only be payable to firms having a definite percentage of Indian capital, Government agreed to clause 5, which does little more than apply the principle, already accepted by them in regard to commercial and industrial concessions, to the granting of bounties.

The passing of the Bill through the Legislature gave rise to several interesting debates, which showed that even in such a popular national cause as the protection of the steel industry, the Legislative Assembly is by no means unanimously protectionist in sympathies. A sturdy opposition was apparent from the beginning among the representatives of the predominantly agricultural provinces such as the Punjab and also among the few representatives of Indian labour. Although the Bill was passed with few amendments, the outburst of feeling which carried

the amendment to reduce the proposed increased duty on agricultural implements was an indication of the temper of the House. The opinion was freely expressed among Members and other observers that the applications of other minor industries for protection will probably meet with much keener opposition. The application for protection recently put forward by the boot and shoe manufacturing industry has already been withdrawn.

The strength of the opposition even against the Steel Bill and the disposition of many Indian members of all parties, including the Swarajists, to voice the interests of the poor consumer in the rural areas has been a great surprise to the Bombay Industrialists, who evidently expected to have to deal with a much more docile Assembly and who have returned to Bombay in a much more chastened spirit.

**Subsidiary Industries to the Steel Industry, as to which the Tariff Board have no definite recommendations to make.** *The Locomotive Building Industry.*—The only company formed to manufacture locomotives in India is the Peninsular Locomotive Co., Ltd., which has works partially erected at Jamshedpur. The capital of the Company is Rs.60 lakhs, part of which is held by Messrs. Kerr, Stuart & Co., of Stoke-on-Trent, and part by Indian capitalists. The Chairman and Managing Director is Mr. H. Langham Reed, who is also Chairman of Messrs. Kerr, Stuart & Co., and of the board of seven directors four are Indians. Although the Company was incorporated two years ago, the works, which are to have a capacity of 200 locomotives per year, are not completed and all work on them is at a standstill. It is understood that within a few months of obtaining the necessary first order for locomotives, the Company could secure its foremen and experts from home and commence operations.

The Company was formed shortly after the publication on September 30th, 1921, of a communique by the Government of India, which reads as follows:—

“ In pursuance of their express policy of making India as far as possible independent of outside sources in the supply of materials for railways, the Government of India have had under consideration the question of the construction of locomotives in India and they are now in a position to give a general undertaking that tenders will be invited annually in India for all the railway locomotives and locomotive boilers required by Government during the twelve years commencing with 1923. It is estimated that the average annual requirements of Government will be 160 locomotive engines and 160 additional boilers during 1923 and 1924, and thereafter 400 locomotives and 400 additional boilers.”

The position since that date has changed materially. The Chief Commissioner of railways in evidence before the Board stated that the requirements of the railways during 1924-25 would be only 60 locomotives, and that it was doubtful whether the requirements in any one of the next five years would be as high as 100 locomotives. The recommendations of the Inchcape Committee had led to a review of the requirements of Indian

railways in the matter of locomotives with the result that means had been devised for utilising to better advantage the locomotives the railways already had, so that the need for new locomotives was diminished. The projected electrification of the railways in the neighbourhood of Bombay would lead to a further economy, for about 300 steam locomotives would be set free for use elsewhere.

The Peninsular Locomotive Company maintain that production costs would not be economical if the capacity of the works was much below 200 locomotives per annum. They estimate that, at the outset, the cost of a locomotive manufactured in India would exceed by about £2,000 the cost of an imported locomotive erected and ready to run. The Board consider that if the requirements during the next five years of all the railways owned by Government will not exceed 100 locomotives in any one year, it is clear that no protection, or assistance in any other form, can be recommended in respect of this industry with due regard to the immediate and ultimate good of the country from the economic point of view. They add that they consider it desirable on national grounds that the industry should be established in India, and they believe that this could eventually be done, provided that assistance were given by Government in the earlier years. But the existence of a sufficient market for locomotives in India is an indispensable preliminary condition and at present this condition is not satisfied. If protection were given now, the country would carry a heavy burden during the next five years and at the end of that period the progress made would be insufficient to justify the sacrifice.

The Board, in conclusion, state that the position in which the Peninsular Locomotive Company has been placed deserves, and will no doubt receive, the special consideration of the Government of India.

*Steel Castings.*—Apart from the manufacture of steel castings in some of the railway workshops in India, three private firms are engaged in this industry. They are:—

- (1) The Kirtyanand Iron and Steel Works, Ltd., with works on the coalfields near Rupnarainpur, E.I. Railway. This works commenced manufacture in 1922 and at the end of that year the paid-up share capital was about Rs. 7½ lakhs and debentures Rs. 4 lakhs. The total block account, less depreciation, was then a little over Rs. 10 lakhs. The full capacity of the works is about 200 tons a month.
- (2) The Hukumchand Electric Steel Company at Calcutta is a concern privately owned by Sir Sarupchand Hukumchand. It commenced manufacture in 1922 and the capital expenditure on land, buildings, machinery, etc., is reported to be about Rs. 10 lakhs. The full capacity of these works is about 250 tons a month.
- (3) Messrs. Fairbairn, Lawson, Combe and Barbour (India), Ltd., is a branch of the well-known British makers of jute manufacturing plant. The works are at Sarsatala, Jamgaon, near

Asansol, and the steel castings plant is primarily intended to produce castings required in their jute mill machinery, but also some for sale.

Applications for protection were received from the first two firms but not from the third.

Indian pig iron contains too high a percentage of phosphorus for use in the steel casting industry and the Kirtyanand Company import the pig iron used for their "converter" process. The Hukumchand Company use light steel scrap for their electric process which they are able to purchase in adequate quantities at an average price of Rs.30 per ton. The Tariff Board considered that the industry, so far as steel scrap is concerned, does possess an advantage as regards raw materials and that it is at no special disadvantage as regards labour. They found it exceedingly difficult, however, to estimate even approximately the probable annual demand for steel castings in India. Steel castings are always a part of something else, whether it be a part of a locomotive or wagon or a constituent part of a machine. They hazard a guess that apart from the steel castings produced in the Ajmere workshops of the B.B. & C.I. Rly. Company (800 tons) and in the Jamalpur workshops of the East Indian Rly. Co. (200 tons), the annual consumption of steel castings by all the railways in India (excluding those imported as parts of complete wagons and locomotives) is not less than 1,000 tons and may be more.

After reviewing all the facts of the case the Board conclude that—

" So far as we have been able to ascertain the facts at present, it is not clear that the annual demand for steel castings in the area which can be commanded from Calcutta is sufficient to keep even one of the steel foundries fully employed. The complete figures from the Railway administrations did not reach us until a late stage in our enquiry, and it was not until we reviewed all the evidence that we realised how important this factor was likely to prove. The output of steel castings must clearly be limited by the demand, and at the same time the cost of production is largely determined by the output. Unless some estimate can be formed of the probable output, it is hardly possible to determine the cost of production or to assess the amount of protection needed. For this reason we are unable to make any general recommendations at present. One class of steel castings, however, will benefit from a proposal which we have made in our second report, for colliery tub wheels will become subject to the import duty of 25 per cent. which has been proposed for the tubs."

*Enamelled Ware.*—The Tariff Board received representations from the following four firms who are interested in the manufacture of enamelled ware :—

(1) *Enamelled Ironware, Ltd.*—This is a company with a capital of Rs. 9 lakhs, in which one of the prominent British makers of enamelled ironware is financially interested. The works are at Jamshedpur and the Tata Steel works are under contract to supply sheets for five years at the mean of the English and American prices for similar materials plus ten shillings per ton. The Company have well-equipped works, but have so far only produced trial quantities of rice bowls and tumblers to test the market. There is little doubt that a satisfactory article can be produced,

but the Company require additional working capital before they can proceed. In the meantime the Tata sheet mill will not be in operation before September, 1924. The local Managing Agents are Messrs. Kilburn & Co., of Calcutta.

(2) *Bengal Enamel Works, Ltd.*—This is a small Indian concern in Calcutta. Its total capitalisation is only Rs. 2 lakhs (including working capital). They estimate that they will require 500 tons of steel sheets in the near future and 1,000 tons eventually, but this is only a rough forecast, as they have not yet had sufficient experience to gauge the amount of work they will be able to undertake.

(3) *Bengal Enamel and Stamping Works.*—This also is a small Indian firm in Calcutta. Rs. 3 lakhs has been spent on the equipment of the factory and they estimate that they will require about 240 tons of steel sheets.

(4) *Pioneer Enamel and Ironworks, Ltd.*—This firm is also Indian and operates on a very small scale in Calcutta. Rs. 60,000 has actually been raised and spent, but the authorised capital is Rs. 3 lakhs. They state that they will require 100 tons of sheets now and 1,000 tons eventually.

The Tariff Board consider that the prospects of the enamelled ware industry are not unfavourable if the initial difficulties are once overcome and that it is certainly desirable that the manufacture should be established in India. They hold the view that it affords an opening to the small capitalist and the technical processes are not of great difficulty, whereas most of the industries which use steel as their raw material involve the raising of a large amount of capital and the employment of highly trained experts. They think that some assistance from Government is necessary, but the precise measures to be taken require consideration.

The Board reject the idea of imposing a higher duty on imported enamelled ironware as they fear that if the already small market were further restricted, the prospects of the industry would be prejudiced and not improved. Nor do they support the proposal that the firms should be allowed to import the steel sheets they require free of duty. Apart from administrative difficulties, such a course would be inconsistent with the protection which they give to the steel industry. The Board consider that material help might be afforded to the industry by the removal of the import duty on enamelling materials which must be imported, but they defer making definite recommendations, though they express the definite view that the claims of the industry to assistance are strong.

**Estimated effect of the Steel Industry (Protection) Bill on British Steel Exports to India.**—It is most difficult at this early stage to make any accurate forecast of the effects of the protective duties on British steel exports as differentiated from those of other overseas suppliers such as Belgium, Luxemburg and Germany. The Tariff Board, however, in an examination of the burden on the consumer and the probable effect on the Customs Revenue, estimate the probable course of imports during the next three years.

In Appendix VI, page 214, will be found a most interesting table, compiled by the Board, which gives the estimated Indian consumption during the next three years of the various kinds of steel and wrought iron on which higher duties have been levied. Heavy rails are not included in the statement. This statement also shows the probable extent to which this future consumption will be met (a) by India production and (b) by imports, and should be studied in conjunction with the table on page 213 which shows the estimated production of the Tata Iron and Steel Company for the next three years.

The *present* Indian consumption of the types of iron and steel affected by the protective duties is estimated at 627,000 tons, of which 581,000 tons are imported and 46,000 tons are produced in India.

In 1924-25, it is estimated that the total consumption will have fallen to 559,000 tons, of which 404,000 tons will be imported and 155,000 tons produced in India.

In 1925-26, the total consumption is expected to increase to 583,000 tons, of which 366,000 tons will be imported and 227,000 tons produced in the country.

In 1926-7, the total consumption will, according to the estimate, be back to the present figure of 627,000 tons, but only 363,000 tons will be imported and 264,000 tons will be produced in India.

By the end of the third year, therefore, it is anticipated that Indian steel will have displaced imported steel to the extent of 218,000 tons. The reductions in imports are estimated to be as follows :—

Imports of—	Reduced by tons.
Fabricated steel .. .. .	39,000
Structural steel (unfabricated) .. .. .	38,000
Plates .. .. .	45,000
Black sheets .. .. .	17,000
Galvanised sheets .. .. .	18,000
Steel bars .. .. .	25,000
Wrought iron bars .. .. .	Nil
Light rails .. .. .	2,000
Tinplate .. .. .	28,000
Wire .. .. .	3,000
Wire nails .. .. .	3,000
	218,000

The loss on black and galvanised sheets and tinplates will be almost entirely borne by British makers, who enjoy a virtual monopoly of the last two types. The reduction in India's takings of fabricated steel will also bear very heavily on British suppliers of such items as beams, girders and bridgework. The loss in structural steel (unfabricated) will probably be divided between the United Kingdom and Belgium with lesser reductions in the

case of Germany and Luxemburg. So far as plates are concerned it is expected that by 1926-27 the Tata plate mill will supply India's entire requirements and imports from the United Kingdom and Belgium will have been reduced to zero. The losses on steel bars, light rails, wire and wire nails will probably be mainly suffered by Continental suppliers.

It should be borne in mind, however, that the losses may be much more heavy in the case of British steel than might be anticipated judging by the provenance of supplies in the past. The advantage which certain Continental suppliers enjoy by reason of depreciated exchanges, and their lower cost of production in some instances, may enable them to reduce their prices by the amount of the extra duties and still maintain their position in the import trade at the expense of the British steelmaster, who has none of these fortuitous advantages. The Tariff Board evidently realise this as they state that "the danger of foreign steel entering India at abnormally low prices is, we believe, a real one. Since 1921 the cheapest imported steel has come from Belgium, though, in 1922 at any rate, part of it may have originated in Germany. During the last few months there has been a rapid increase in the French production, and it is quite possible that France may become a more formidable competitor in the world's steel markets than she has hitherto been. The results of the the resumption of steel production in Germany on a large scale, if and when a settlement of the reparations problem is attained, might of course be serious, and the menace of the release of the Ruhr stocks has not yet been finally dispelled. Under these conditions wide and sudden fluctuations in the price of steel are not improbable."

## 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 YEARS APRIL 1ST TO MARCH 31ST, 1922-3 AND 1923-4.\*

## MANUFACTURED AND MAINLY MANUFACTURED GOODS.

**Cotton Textiles. Yarns.**—The main feature of the past year has been a very material falling-off in the imports of grey yarns, principally in counts of 11's to 20's, 21's to 30's and 31's to 40's. The decrease in 31's to 40's (this heading mainly consists of 40's) was no less than 8,000,000 lbs. Bleached, coloured and mercerised yarns, on the other hand, show a satisfactory increase. The following table shows the imports of grey yarns arranged according to counts :—

Counts.	1922-23. lbs.	1923-24. lbs.
Nos. 1's to 10's .. ..	89,003	106,974
Nos. 11's to 20's .. ..	12,688,168	6,479,303
Nos. 21's to 30's .. ..	5,099,180	1,123,898
Nos. 31's to 40's .. ..	21,061,132	12,943,318
Above 40's .. ..	5,983,130	7,167,800
Twofolds .. ..	4,062,809	3,434,453
<b>Total Imports .. ..</b>	<b>48,983,422</b>	<b>31,255,746</b>

The subjoined table gives similar details of the imports of bleached, coloured and mercerised yarns :—

Description.	1922-23. lbs.	1923-24. lbs.
Bleached yarns .. ..	1,894,401	2,650,084
Coloured—		
1's to 20's .. ..	292,130	270,857
21's to 30's .. ..	409,716	342,397
30's to 40's .. ..	5,596,038	6,863,551
Above 40's .. ..	239,169	570,930
Two-folds .. ..	490,324	603,203
Mercerised yarns .. ..	1,320,141	2,019,203
Unspecified descriptions .. ..	48,888	4,244
<b>Grand Total of all kinds of twist and yarn .. ..</b>	<b>59,274,229</b>	<b>44,580,215</b>

\* Unless otherwise stated, the statistics in this section are drawn from the publications of the Department of Statistics, Government of India, and relate to private account only. Since all Indian statistics are now given in rupees and not in sterling, and in view of the immense labour which would be involved in converting into sterling, the lakh of rupees (Rs.100,000 or approximately £6,000) has been taken as the usual unit. It is fully realised that this is not so convenient a unit as the £ sterling.



Of a total reduction of nearly 15 million lbs. the falling-away in supplies from the United Kingdom accounts for 10 million lbs. and from Japan for 6 million lbs. On the other hand, imports from Switzerland increased by over 223,000 lbs., those from China by 63,000 lbs. and the advance under other countries was 1,064,000 lbs. The United Kingdom supplied 48 per cent., Japan 45 per cent., Switzerland 2 per cent. and other countries about 5 per cent. of the quantities imported.

The following table gives the details :—

Country of origin.	1922-3.		1923-4.	
	lbs.	Rs. (lakhs).	lbs.	Rs. (lakhs).
United Kingdom .. .. .	31,018,372	5,70	21,089,923	4,61
Switzerland .. .. .	724,190	17	947,784	20
China (including Hongkong)	144,430	2	207,610	4
Japan .. .. .	26,546,905	3,20	20,430,025	2,85
Other countries .. .. .	840,332	17	1,904,873	24
Total Imports .. .. .	59,274,229	9,26	44,580,215	7,94

The production of the Indian mills as compared with the imports is clearly shown in the following statement :—

Years.	Imports in lbs. (1,000).	Indian Mills Production in lbs. (1,000).
Annual average for the five years 1909-10 to 1913-14	41,794	646,757
1922-23 .. .. .	59,274	705,894
1923-24 .. .. .	44,580	608,628

There has been a sharp decline in the Indian mill production last year due to generally depressed trade conditions. An interesting feature is that the Indian mill spinnings last year were considerably less in weight than they were in the five years preceding the war. This is partly due, of course, to the fact that finer counts are being spun. In Appendix VII, page 217, will be found a table showing the total weight of each count of yarn spun in India during the past three years, which shows that last year the greatest weight was spun in the following counts in order of importance—20's, 24's, 21's, 22's, 11's, 12's and 30's. While there has been a considerable falling off in the groups 1's to 10's, 11's to 20's and 21's to 30's, the finer numbers 31's to 40's increased by nearly 4 million lbs. and 40's advanced from 3.3 million lbs. to 6.2 million lbs. In counts above 40's there was also an advance of over a million pounds weight.

This tendency towards finer spinning is also shown in Appendix VIII, page 219, where I have included a table, compiled by the Bombay Millowners' Association, giving the number of mills, spindles, looms, operatives, and cwts. of raw cotton consumed in all-India

for certain years. A reference to this table will show that 6,596,862 spindles in 1914 consumed nearly as much cotton as 7,927,938 spindles in 1923, which is fairly conclusive proof of finer spinning. The tendency is also clearly brought out in the same Appendix, where will be found another of the Bombay Millowners' Association comparative statements of cotton consumption, yarn and cloth production for certain years between 1901 and 1923.

It is to be noted that although the total weight of yarn produced increased from 6,096,222 cwt. in 1914 to 6,302,216 cwt. in 1923, the weight per spindle fell from 116.74 lbs. to 104.20 lbs.

The following table compares by counts the quantities of imported cotton twist and yarn with the quantities produced in Indian mills.

(3) TABLE SHOWING BY COUNTS THE QUANTITIES OF IMPORTED COTTON TWIST AND YARN WITH THE QUANTITIES PRODUCED IN THE INDIAN MILLS.

	1913-14. (PRE-WAR YEAR).		1920-21.		1922-23.		1923-24.	
	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).
Cotton twist and yarn—								
Nos. 1 to 20 .. ..	1,254	492,693	7,591	443,471	13,070	478,595	6,857	403,440
" 21 to 25 .. ..	896	123,995	432	148,473	801	155,086	473	124,398
" 26 to 30 .. ..	3,686	42,999	3,757	50,613	4,708	53,873	993	57,349
" 31 to 40 .. ..	23,657	19,712	22,842	15,024	26,657	15,931	19,807	19,666
Above No. 40.. ..	7,859	2,699	5,020	2,067	6,222	2,195	7,739	3,261
Grey and coloured two folds (doubles) .. ..	—	—	4,244	—	4,553	—	4,038	—
Unspecified descriptions and waste .. ..	6,819	679	3,447	355	3,263	214	4,673	514
TOTAL .. ..	44,171	682,777	47,333	660,003	59,274	705,894	44,580	608,628

In counts below 30's it will be observed that the Indian mills control the market. It is only in 40's and finer spinnings that there is real competition.

In their annual report on the year 1923, the Committee of the Bombay Millowners' Association state that in the yarn trade as in the cloth trade the year 1923 was for the greater part disappointing. Ordinary 10's were quoted round 11 annas in the beginning of the year, but the sharp rise in cotton in the early part of the year had very little effect on yarn prices as the demand kept very poor and stocks accumulated. About the middle of September the shortage created by the disaster in Japan began to make itself felt and there was brisker enquiry and some rise in prices. Later on, as cotton advanced by leaps and bounds, up-country dealers began to have increasing confidence and commenced buying on a large scale. This practically cleared the market of all accumulated stocks by the middle of September. Prices at the close of the year were 14½ annas to 15 annas for ordinary 10's and about ¾ anna higher for 12's with moderate business and a good undertone.

*Piece Goods.*—The following table shows the quantitative imports of the three main classes of piece goods for the last pre-war year and during the past four years :—

Year.	Grey (unbleached).	White (bleached).	Coloured, printed or dyed.
	Million yards.	Million yards.	Million yards.
1913-14 .. ..	1,534.2	793.3	831.8
1920-21 .. ..	580.2	421.8	489.3
1921-22 .. ..	635.6	306.2	138.3
1922-23 .. ..	931.0	402.5	243.8
1923-24 .. ..	703.9	415.3	347.5

This depressing table should be studied in conjunction with the following statement showing the *value* of the three main classes in the last pre-war year and during the past four years :—

Year.	Grey (unbleached).	White (bleached).	Coloured, printed or dyed.
	£	£	£
*1913-14 .. ..	16,966,515	9,523,204	11,907,683
†1920-21 .. ..	26,452,009	21,895,015	34,568,395
*1921-22 .. ..	15,100,782	8,445,515	5,062,592
*1922-23 .. ..	20,296,350	10,007,776	8,400,221
*1923-24 .. ..	15,376,473	10,296,306	11,789,829

\* Converted at exchange of 1s. 4d. per rupee.

† " " " " 2s. 0d. " "

The total values last year were less than £1 million sterling below those of 1913-14 and yet the quantities were no less than 693 million yards short of the last pre-war year. The clue to this is given in the next statement showing the declared value per yard over the same series of years :—

Cotton Piece-goods.	1913-14.	1920-21.	1921-22.	1922-23.	1923-24.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Grey (unbleached)	0 2 8	0 7 4	0 5 8	0 5 3	0 5 3
White (bleached)	0 2 11	0 8 4	0 6 7	0 6 0	0 6 0
Coloured, printed or dyed.	0 3 5	0 11 4	0 8 9	0 8 3	0 8 2

With prices averaging roughly 150 per cent. above pre-war rates, it is little wonder, in a poor country like India, that the quantities should be reduced to 68 per cent. of pre-war figures. It would appear that the falling-off in the imports of cotton piece goods are in inverse ratio to the increase in price. In the spring of 1923, at the request of the Manchester Chamber of Commerce, I made a very careful investigation into the economic conditions and spending power of the rural population of India. The following are the conclusions which were arrived at a year ago, and, in the main, they still hold good to-day :—

(1) After a series of eleven relatively poor harvests, India has enjoyed in 1921-22, 1922-23 and 1923-24 favourable crop conditions which have brought considerable prosperity to the countryside.

(2) The most competent authority estimates that among the rural population the balance of income for expenditure on household necessities such as kerosene, cloth, etc., was 50 per cent. more in 1923 than in the year preceding the outbreak of war.

(3) Although there are no details of the rise in the cost of living in country districts, the weighted index numbers for the cities of Bombay and Calcutta show an increase of 60 and 44 per cent. respectively in November, 1922, as compared with July, 1914.

(4) The present prices of imported cotton piece goods landed in India are known to be approximately 150 per cent. above pre-war rates.

(5) It is extremely unlikely that the Indian rayat can afford to purchase at the most more than two-thirds of his pre-war consumption of cotton piece goods if rates continue at these high figures—but

(6) He is hoarding large amounts of treasure and jewellery which tends to show that a reserve of purchasing power is being accumulated which would be translated into purchases of cloth if prices fell and there was confidence in them.

(7) The import statistics clearly show, and Mr. A. C. Coubrough has also emphasised the fact in his recent able "Notes on the Indian Piece Goods Trade," that importing merchants in India are able to dispose of imported piece goods to an annual value of approximately 45 crores of rupees (£30,000,000 at exchange of 1/4), but when the price of these goods rises, the consumption falls off practically in proportion to the rise in price.

Almost all authorities are agreed that while the recent splendid harvests with the resulting prosperity and subsidence of political

agitation are bound before long to stimulate the demand for Lancashire goods, it will be practically impossible for India to purchase the yardage imported in pre-war times until prices are materially reduced. One reliable authority holds that the restriction in expenditure on clothing is partly the result of enforced economy during the war which has become a habit and partly the result of the "Swadeshi" movement in favour of Khaddar cloth. It is likely that the former habit will quickly be broken down after a few prosperous years and the political bias against imported goods has already largely disappeared. Price remains the dominating factor in the situation, and although it would appear that we shall see considerably increased purchase of piece goods this year and it is possible that during the next twelve months shipments will approach much more closely to the normal, we cannot hope to recover the whole of the pre-war yardage, or still less to make any expansion until finishing, packing and handling charges are reduced and—far more important still—until there is a very considerable reduction in the price of the raw material.

The present investigation has been directed towards the economic position of the rural population of India. It should be borne in mind, however, that the largest consumers of British textiles are the upper and shopkeeping classes of the towns and villages. Although rural Bengal consumes enormous quantities of dhoties and the commoner classes of white and black ground prints are to be found among the country people in most provinces, the Indian rayat is—in the main—clothed in the products of the Indian hand loom industry, and, to a lesser extent, in the cloths woven in the Bombay mills. Our textile industry must look for its expansion principally to an increased standard of living among the urban population which will largely hinge upon an expansion of Indian industries and commerce.

*Varieties of Piece Goods imported.*—The three tables which follow give *in millions of yards* the quantities of the principal types of cloths imported both before the war and during the past two years :—

Grey (unbleached).	1913-14 (pre-war year).	1922-23.	1923-24.
Dhutis, saris and scarves .. ..	806.1	506.7	432.6
Jaconets, madapollams, mulls, etc. ..	150.4	83.6	73.0
Longcloth and shirtings .. ..	545.4	280.1	119.0
Sheetings .. ..	.2	44.5	60.7
Drills and jeans .. ..	21.3	14.3	16.8
Other Sorts .. ..	10.8	1.8	1.9
<b>Total .. ..</b>	<b>1,534.2</b>	<b>931.0</b>	<b>704.0</b>

White (bleached).	1913-14 (pre-war year).	1922-23.	1923-24.
Dhutis, saris and scarves .. ..	104·3	45·0	45·7
Jaconets, madapollams, mulls, etc. ..	307·9	166·2	172·9
Longcloth and shirtings .. ..	115·3	69·4	67·2
Nainsooks .. ..	204·7	90·8	88·4
Drills and jeans .. ..	5·7	3·1	3·4
Checks, spots and stripes .. ..	16·1	5·8	8·5
Twills .. ..	8·3	6·4	7·3
Other Sorts .. ..	31·0	15·8	21·9
<b>Total .. ..</b>	<b>793·3</b>	<b>402·5</b>	<b>415·3</b>

Coloured, printed or dyed.	1913-14 (pre-war year).	1922-23.	1923-24.
Dhutis, saris and scarves .. ..	115·2	24·8	32·9
Cambrics, etc. .. ..	113·6	36·2	44·1
Shirtings .. ..	152·6	38·2	51·6
Prints and chintz .. ..	209·7	44·7	61·5
Drills and jeans .. ..	30·0	16·0	17·2
Checks, spots and stripes .. ..	19·7	6·5	8·5
Twills .. ..	31·4	9·3	16·8
Other Sorts .. ..	159·6	68·1	114·9
<b>Total .. ..</b>	<b>831·8</b>	<b>243·8</b>	<b>347·5</b>

The most striking points are the material decline in the imports of grey goods and the satisfactory advance in coloured, printed and dyed fabrics—a welcome feature after the stagnation of the past two years. The reduction in grey goods is due, not to any lack of demand, but to the fact that the high price of raw cotton placed Lancashire grey shirtings beyond the reach of Indian dealers who were forced to substitute the coarser productions of the Indian mills, and who reduced their takings of imported shirtings by approximately 150 million yards. So far as the Calcutta market is concerned I would refer my readers to the admirable comparative statement of the imports of piece goods into Calcutta from 1919 to 1923, which is published by Messrs. H. Cowasjee and Co., 77, Wellesley Street, Calcutta.

Bleached goods have been well-maintained. Imports into Calcutta were in excess of those during the previous year. The white shirting trade in Karachi showed most promising expansion. Lighter fabrics such as fine jaconets, mulls, etc., improved by nearly seven million yards.

It is in coloured goods, however, that the most satisfactory expansion is to be recorded and notable increases were made under every heading. Bombay has once more taken her place as the largest market in the world for printed goods, the number of packages imported being more than double those of the previous year. The past year is the first since the depression when dealers have really been in the market for fancy goods and it has been most interesting to note the efforts made to overcome the difficulties due to high prices. Some cloths have been reduced in texture, but there has been a distinct tendency towards entirely new styles and the lower qualities of dyed and printed voiles have had a considerable vogue. For the first time since the war, the market has had to accommodate itself to the new level of prices. Consequently, the observant and resourceful Manchester representative on the spot has gained invaluable experience as to the qualities, finishes and styles which are likely to find favour under present conditions.

*Sources of Imports.*

(1). *Grey Goods.*—

Origin.	1922-3.		1923-4.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ..	833,320,603	26.61	599,800,957	19.15
Japan .. ..	90,036,967	3.52	96,172,300	3.61
China (including Hong-Kong) ..	2,775,909	10	6,994,596	25
United States ..	4,447,425	19	525,020	3
<b>Total Imports (all sources) ..</b>	<b>931,024,984</b>	<b>30.44</b>	<b>703,956,012</b>	<b>23.06</b>

The reduction of 227 million yards was almost entirely at the expense of Lancashire and at least half of this is due to reduced shipments of grey shirtings to the Calcutta market. In the previous year Calcutta had bought considerable quantities of the lighter weights of grey shirtings, but the high and fluctuating rates of American cotton in 1923 raised the prices of these cloths far beyond dealers' limits. The entry of the products of the Chinese mills into the market is noteworthy. These mills, which mostly centre round Shanghai, are modern, well-managed and many of them belong to Japanese companies. It is likely that we shall hear more of them in future years. The decline in American shipments was only to be expected. The heavy, unsized sheetings, drills, jeans, etc., for which the mills in the southern States are noted, had a vogue in India when the demand for cloth of the "Khaddar" type was at its height in 1921, but the United States is not likely to be a serious competitor in normal times. Japan maintained her position in an extraordinary manner during a very difficult year.



(2) *Bleached Goods.*—

Origin.	1922-3.		1923-24.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs.)
United Kingdom ..	395,412,351	14,60	402,862,428	14,62
Netherlands ..	3,216,132	18	4,226,440	22
Switzerland ..	991,492	9	4,726,651	43
Japan ..	2,375,105	10	2,307,209	9
<b>Total Imports (all sources)</b> ..	<b>402,491,795</b>	<b>15,01</b>	<b>415,356,711</b>	<b>15,44</b>

Increased competition from Holland and Switzerland is noticeable. Many of these cloths are probably woven in Lancashire and sent over to the Continent to be bleached.

(3) *Coloured, printed and dyed goods.*—The total imports under the various classifications were as follows :—

Description.	1922-3.	1923-24.
	Yards.	Yards.
Printed goods .. ..	128,548,178	182,469,338
Dyed goods .. ..	77,590,263	110,072,990
Woven coloured goods ..	37,651,072	54,951,017

The following table shows the provenance of the imports :—

Origin.	1922-23.		1923-24.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ..	211,936,345	10,66	303,696,463	15,12
Netherlands ..	9,895,351	67	6,421,906	44
Switzerland ..	1,570,003	18	2,644,935	28
Italy ..	1,891,191	16	5,567,288	45
Straits Settlements ..	1,874,968	21	2,591,448	21
Japan ..	15,366,024	60	23,422,240	89
<b>Total Imports (all sources)</b> ..	<b>243,789,513</b>	<b>12,60</b>	<b>347,493,345</b>	<b>17,68</b>

Imports from "other countries," which largely comprise shipments from Germany, advanced from 9 to 19 lakhs of rupees. Japanese imports of the lower grades of coloured woven goods, flannelettes, etc., have increased considerably but the most striking feature of the year has been the increase of Italian and Swiss competition in dyed and printed goods and embroidered fabrics.

*Italian Competition in Coloured Goods.*—The increased imports last year of 3½ million yards valued at Rs. 29 lakhs does not represent the full measure of Italian competition. Large forward indents were placed towards the end of the year and early in 1924 and these shipments will only be recorded in next year's returns.

The bulk of the competition is in dyed and fancy woven coloured goods. A fairly complete range of samples was forwarded to the Department of Overseas Trade in April, 1924, and these samples, which can be inspected by *bona fide* British firms, will give a good general idea of the variety of cloths produced.

Even before the war, Italian coatings, trouserings and other coloured woven goods found their way into the Bombay market and the Northern marts such as Delhi and Amritsar, but it is only during the past three years that the Italian manufacturers have extended their Indian trade until it covers to-day a very wide range of dyed cotton fabrics of all kinds and also woollen goods. The business is being secured at the present time on the score of price. In many cases the prices of Italian cloths are 25 to 50 per cent. below those at which similar British fabrics can be sold. While there may sometimes be a slight inferiority in quality or finish, the need for economy is so pressing among Indian buyers at the present time of high prices that these differences are overlooked. In many of the qualities of dyed goods I have seen, both the dye and the finish were equal to the best Bradford productions and I know that the British dyers take a serious view of this competition. Many reasons are assigned for the lower Italian prices. In the first place, Italian makers probably obtain a considerable advantage from the depreciated exchange value of the lira, although they will suffer a corresponding disadvantage on their imports of raw cotton. Secondly, the wages paid in Italian mills are known to be lower than those in Lancashire. Comparative statistics of output per operative would, however, be required before this advantage could be gauged with any degree of accuracy.

It is not known to what extent the Italian manufacturers utilise Indian cotton in these cloths. Italy is a considerable importer of Indian cotton, her takings in 1922-23 being over 43,000 tons valued at nearly 5 crores of rupees. It is possible that she is enabled to reduce her prices by a careful mixing of Indian with American and Egyptian varieties, but specific information on this point could be more readily obtained in Italy.

During the first year or so of the War, Italy had a free hand to supply both the Allies and the Central Powers and, even after she entered the War, she continued to manufacture on a large scale. The profits were considerable and the Milanese and other Italian makers were able to devote a considerable portion of these profits to extensions and additions to their plant. After the armistice, they were in an admirable position to compete in the world's markets.

*Shares of Principal Competitors.*—The percentage shares of the five principal competitors in the total quantities of piece goods imported were as follows :—

	1913-14.	1921-22.	1922-23.	1923-24.
United Kingdom .. ..	97.1	87.7	91.2	89.0
Japan .. ..	.3	8.3	6.8	8.3
Holland .. ..	.8	1.1	.8	.7
Italy .. ..	—	.2	.1	.4
Switzerland .. ..	—	—	.2	.5
Other Countries .. ..	1.8	2.7	.9	1.1
Total .. ..	100.0	100.0	100.0	100.0

It should be noted that while a percentage of yardage is the fairest indication of the position in the case of the United Kingdom and Japan it tends to minimise the competition from the Continent which is mostly in better grade fancy goods of relatively high value. The 8 per cent. reduction in the British share since pre-war times, is exactly met by a corresponding increase in the share of Japan.

*Indian Mill Competition.*—The past year has been a difficult one for the Indian mills. Although their position and dividends may raise the envy of many British spinners and manufacturers, the fact remains that, relatively speaking, the Indian mill industry is not in as prosperous a state as it has been of late years and as the Chairman of the Bombay Millowners' Association recently stated "we are now drawing very close to the pre-war level of profits."

The following detailed statement gives the quantity (in pounds and their equivalent in yards) and a description of the woven goods produced in Indian mills during the past two years:—

Description.	Twelve months, April to March.		
	1922-23.	1923-24.	
Grey and bleached piece-goods—			
Chadars .. .. .	lbs.	20,670,655	20,236,823
	yards	63,201,941	58,002,928
Dhutis .. .. .	lbs.	91,908,343	85,656,005
	yards	431,145,066	399,201,099
Drills and jeans .. .. .	lbs.	14,448,441	13,931,210
	yards	56,306,342	54,973,378
Cambrics and lawns .. .. .	lbs.	897,056	776,541
	yards	5,553,948	3,648,582
Printers .. .. .	lbs.	9,078,063	7,854,527
	yards	39,073,014	34,830,964
Shirtings and longcloths .. .. .	lbs.	105,606,729	103,255,227
	yards	470,549,111	443,513,589
T-cloth, domestics and sheetings	lbs.	17,853,498	15,607,641
	yards	81,001,523	68,073,517
Tent cloth .. .. .	lbs.	2,866,753	2,794,585
	yards	6,588,145	6,573,269
Other Sorts .. .. .	lbs.	37,036,002	39,762,392
	yards	118,370,604	127,937,568
Total .. .. .	lbs.	300,365,540	289,874,951
	yards	1,271,789,694	1,196,754,894
Coloured piece-goods .. .. .			
Grey and coloured goods, other than piece-goods	lbs.	98,634,845	108,281,950
	yards	453,494,493	503,642,799
Hosiery .. .. .	dozens	3,422,967	2,575,352
	dozens	1,212,640	514,307
Miscellaneous .. .. .	lbs.	464,371	544,122
	dozens	205,767	243,531
Cotton goods mixed with silk or wool.	lbs.	2,201,290	2,237,111
	lbs.	164,726	207,229
GRAND TOTAL .. .. .	lbs.	405,253,739	*404,433,829
	yards	1,725,284,187	1,700,397,693
	dozens	1,418,407	757,838

It will be remarked that the total falling-off in production has been slight in spite of a very serious strike in Bombay during February and March. There have been sharp reductions in the production of grey dhoties, shirtings and domestics but the output of coloured goods increased by more than 10 per cent. The deputy-Chairman, presiding at the Annual Meeting of the Bombay Millowners' Association, on February 26th, 1924, reviewed the trade during the year in the following terms:—

"Already last year my predecessor from this place had announced that the position for the year 1923 was 'one of some considerable concern.' Unfortunately for our industry this has proved true. The year commenced with heavy stocks and a diminishing margin of profits. The depression in the cloth market continued and grew serious by the end of March, and your Committee resolved to obtain monthly figures of stocks from all members with a view to find out to what extent the stocks of cloth and yarn were mounting up. The situation grew from bad to worse during the following three months and proposals to go on short time were received

\* Includes 713,114 lbs. for which details by classes are not available.

from some members. However, in the hope of improvement in the trade, consideration of organised short time was postponed. The stocks began to grow and had it not been for the fact that most mills had accumulated fairly large reserves in the past, it would have been financially impossible to have carried on our business at all. It was apparent that as far as the spinning mills were concerned they could only be worked at a loss whilst weaving concerns were just able to make both ends meet, and it was only those few fortunately placed mills that held large stocks of cheap cotton from the previous year that could hope to make some profit. However, in the beginning of September hopes were revived of a better business on cloth, although it was only at the end of October that there were definite signs of a demand from the consuming centres. This demand, although it did not last more than a month, came as a welcome relief and considerably eased the financial side of the situation. With this spurt in the market, after a continued stagnation of nine months, prices also improved. The industry, however, could not reap the full benefit from the rise in prices of cloth as, simultaneously owing to the reports of the smallness of the American crop, cotton prices began to soar up, and, as mentioned in the Report, by the beginning of December there was a jump of 15 cents over July prices with a sympathetic rise in our own cotton. Indeed, had it not been for the continued rise in the price of cotton there would have been no chance of higher prices for our goods. Such a state of affairs naturally induced some members of your Association to put forward proposals for a cut in wages, as relief in any other direction was hardly to be expected. Fortunately for labour the improvement in the trade, even at the end of the year, enabled your Committee to advise members not to make any reduction in wages. This decision, unfortunately, in one or two instances, forced some of our members to completely close their mills for a short period. It was still felt that any reduction in wages should be brought about only as a last resort. It is not the intention of this Committee to reduce wages to any extent so long as the industry can afford to pay at present rates. The year that has just passed has clearly indicated to us that we are now drawing very close to the pre-war level of profits, and perhaps before normality has established itself our industry may pass through a still more critical time during the current year. Indeed, gentlemen, we are now feeling the effects of the aftermath of war. India can scarcely hope to escape the gloom which seems to have enveloped countries with far greater staying power than India. But the main reasons for this continued depression are, in my opinion, the stringency and uncertainty prevailing in the money market and an inclination on the part of buyers to wait with a view to be able to make better bargains in the future."

*Present Position and Prospects of the Indian Piece Goods Market.*

—The market is in a healthier condition than it has been for years. The old stocks have now all been cleared and supplies throughout the country are distinctly on the light side. Dealers have made profits on recent arrivals and there would be quite a large forward business if only Home prices could be relied on. The prospects for this year's south-west monsoon are favourable and this will make the fourth good monsoon in succession. Political and racial feeling, which was such a marked feature of this market during the crisis of 1920-21, has almost entirely subsided and the relations between European importers and representatives and their Indian clients are once more perfectly cordial. The political horizon is clearer than it has been for some time and there would appear to be little risk of the trade improvement being delayed on this account. In markets like Bombay, Delhi

and Amritsar, Indian importers and dealers have sustained such heavy losses of recent years that, in most cases, their present capital resources are limited. It is most satisfactory to note that they show little inclination to speculate beyond the limits which they can reasonably carry. In this they are being encouraged by the cautious attitude of the Exchange banks. I think, therefore, that we shall see a period of steady recovery in this market and the cautious attitude of all parties is contributing to this end. There is no doubt whatever that India is in a position to purchase on a much freer scale if only Home prices come down to a safer level. It would appear that the only hope for this lies in a large American crop. Meanwhile, the restriction of credit will prevent any possible overtrading and will ensure that the improvement in trade, although it will possibly be slower, will nevertheless be on a safer and more satisfactory basis.

**Raw Cotton. *The Indian Cotton Crop.***—The following statement (taken from the Indian Trade Journal) compares the figures for the last two years (figures are in thousands of bales of 400 lbs. each) :—

APPROXIMATE CROP.

	Year ending August 31st.	
	1923.	1924.
Exports to—		
United Kingdom .. .. .	223	67
Continent .. .. .	501	325
Far East .. .. .	2,135	2,197
Other Countries .. .. .	614	581
<b>Total .. .. .</b>	<b>3,473</b>	<b>3,170</b>
Home Consumption—		
Mills .. .. .	2,109	2,159
Extra Factory or Local .. .. .	750	750
<b>Total .. .. .</b>	<b>2,859</b>	<b>2,909</b>
<b>GRAND TOTAL .. .. .</b>	<b>6,332</b>	<b>6,079</b>
Less Imports .. .. .	62	107
Approximate Crop .. .. .	6,270	5,972
Estimated in forecast .. .. .	5,075	4,485
Excess (+) or deficit (—) (Neglecting "carry over") .. .. .	+ 1,195 or 23·5 per cent.	+ 1,487 or 33·2 per cent.

The amount of money required in order to move the crop this year has been so great owing to the high prices and there was such delay before the money came back into circulation that very severe financial stringency prevailed during the early months of 1924 and the Imperial Bank rate stood at 9 per cent. for some months. It has now (July, 1924) receded to 5 per cent.

*Imports of Raw Cotton into India.*—The following are the figures :—

Country of Consignment.	1922-23.		1923-24.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom ..	2,823	45	48	1
Persia .. ..	997	9	1,839	18
Egypt .. ..	274	4	743	20
Kenya Colony ..	5,420	96	9,634	2,07
<b>Total Imports ..</b>	<b>10,708</b>	<b>1,73</b>	<b>12,718</b>	<b>2,51</b>

Most of the imports from Kenya Colony represent cottons of Egyptian type grown in Uganda, and are re-exported to Europe. Imports from the United Kingdom represent American cotton shipped from Liverpool. Imports from Egypt are retained for use in the Indian mills.

**Cotton Sewing Thread.**—The trade was well-maintained. The total weight imported increased by over 300,000 lbs. but the value by only a lakh of rupees, due to increased takings of the cheaper Continental and Japanese sewing cottons. The figures were :—

Origin.	1922-23,		1923-24,	
	lbs.	Rs. (lakhs).	lbs.	Rs. (lakhs).
United Kingdom ..	1,106,050	66	1,228,966	66
Japan .. ..	15,675	—	52,921	1
Other Countries ..	108,620	4	252,547	5
<b>Total Imports ..</b>	<b>1,230,345</b>	<b>70</b>	<b>1,534,434</b>	<b>72</b>

Details are not available with regard to the imports from other countries last year, but in 1922-23 they consisted of imports from Austria, Belgium, Holland and Germany. It is believed that the German share increased considerably during the past year.

**Flax Manufactures.**—The main types imported were as follows :—

Description.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).
Twist and yarn .. ..	—	—
Canvas .. ..	17	11
Piece goods .. ..	3	4
Sewing thread .. ..	2	2
Other sorts, including bags and sacks .. ..	10	11
<b>Total .. ..</b>	<b>32</b>	<b>28</b>

Details with regard to countries of origin are not available for 1923-24. In the previous year, the United Kingdom supplied 98 per cent. of the whole trade.

**Jute Manufactures.**—In spite of the enormous production of the jute mills on the Hooghly, which are weaving finer fabrics each year, there is still a certain import of the finer varieties of jute canvas, twine, etc. The figures are as follows :—

Origin.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
United Kingdom .. .. .	4	6
Ceylon .. .. .	11	12
Other Countries .. .. .	2	3
<b>Total .. .. .</b>	<b>17</b>	<b>21</b>

The imports from Ceylon consist entirely of gunny bags—probably used bags re-exported from Australia and transhipped at Colombo.

**Silk Manufactures.**—This is a most valuable trade which is worth well over £2 million sterling, but it is not one which concerns the British manufacturer to any extent, as the demand is mainly for Chinese and Japanese pongees, etc. The imports of the various types were as follows :—

Description.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
Silk yarns, noils and warps ..	62	71
Goods of silk mixed with other materials .. .. .	21	33
Silk piece-goods .. .. .	2,27	2,30
Sewing thread .. .. .	1	1
Other kinds .. .. .	5	6
<b>Total Imports .. .. .</b>	<b>3,16</b>	<b>3,41</b>

Of the yarns, noils, warps, etc., Italy contributed 45 per cent. and the balance was supplied by Japan and China. France shipped 40 per cent of the silk mixtures, smaller quantities being obtained from Italy, Germany and the United Kingdom. Silk piece goods were fairly evenly divided between China and Japan, the shipments from the United Kingdom only amounting in value to a trivial 3½ lakhs—say, £20,000. The United Kingdom supplies 50 per cent. of the sewing silks, but there is keen competition from Italy and Japan. The silk import trade is concentrated in Bombay, Rangoon being the only other market of any moment.



**Woollen Manufactures.**—The various types imported were as follows :—

Description.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
Yarns and knitting wool ..	25	25
Blankets .. .. .	2	5
Braids .. .. .	3	6
Carpets and rugs .. .. .	9	11
Hosiery .. .. .	9	11
Piece-goods .. .. .	99	1,78
Shawls .. .. .	4	11
Other sorts .. .. .	3	4
<b>Total Imports .. .. .</b>	<b>1,51.3</b>	<b>2,45.6</b>

Nearly 50 per cent. of the imports of woollens enter Bombay for distribution throughout the Punjab, United Provinces and Upper India. Karachi is also an important centre for goods destined for the Punjab, Afghanistan, Baluchistan and the North-West Frontier Province, Rangoon is the entrepot for Yunnan and the Shan States.

*Woollen Piece Goods.*—This is the most important item and the imports show most promising expansion, which is particularly satisfactory as it is so largely a Bradford trade. The figures are as follows :—

Principal countries of Consignment.	1922-23.		1923-24.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ..	1,781,183	67	3,948,482	1,09
Germany .. .. .	362,666	8	827,678	20
Netherlands .. .. .	39,770	2	106,469	4
France .. .. .	243,372	7	744,942	15
Japan .. .. .	517,922	7	532,292	7
Other Countries ..	419,060	8	1,393,642	22
<b>Total Imports .. .. .</b>	<b>3,363,973</b>	<b>99</b>	<b>7,553,505</b>	<b>1,77</b>

Although the trade more than doubled in yardage, the increase in values was not quite commensurate, being only 80 per cent. This is due to increased importations of German, French and Italian cloths at very low prices. The total quantities imported are still far below the pre-war average, which was 22,420,000 yards valued at 207 lakhs of rupees. The fact that while quantities are reduced to one-third, values are only diminished by 14 per cent., clearly shows the extent to which woollen cloth prices have risen.

The returns show that although the United Kingdom still holds 61 per cent. of the trade, competition from Germany and France is becoming very keen. The large heading of "other

countries" includes Belgium and Italy. Much of the import from Belgium represents French and German consignments shipped via Antwerp. Italy is shipping considerably increased quantities of woollens at very low prices.

*Woollen Shawls.*—The trade in imported Cashmere and other shawls has always been a German preserve although Austria-Hungary contributed fair numbers before the War. The following figures show that the trade has reverted to its old suppliers:—

Origin.	1922-23.		1923-24.	
	Number.	Rs. (lakhs).	Number.	Rs. (lakhs).
United Kingdom .. ..	12,784	1	49,632	2
Other Countries .. ..	97,798	3	162,133	9
<b>Total .. ..</b>	<b>110,582</b>	<b>4</b>	<b>211,765</b>	<b>11</b>

Other countries in 1922-23 consisted almost entirely of Germany with small quantities from Switzerland and Czecho-Slovakia. Some idea of the character of the trade can be obtained from the average value per shawl, which last year was Rs. 5/7 (say 7s. 3d.)

*Carpets and Rugs.*—This trade is still less than half the volume of pre-war times.

Principal Countries of Consignment.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom .. ..	4	6
France .. ..	.5	—
Mesopotamia .. ..	1	.3
Persia .. ..	3	1
Other Countries .. ..	1	3
<b>Total Imports .. ..</b>	<b>9.5</b>	<b>10.8</b>

Other countries in 1922-23 consisted of Italy, Belgium and Germany, and the advance under this general heading last year was probably due to increased imports of cheap Continental printed tapestry carpets for the bazaar trade. As I stated in my last report, British manufacturers continue to hold the market in the good quality carpets for the European and the best Indian demand and in sealskin rugs. The trade, however, is not capable of great expansion as the European population of the country is not likely to increase very much and the Indian factories at Agra, Mirzapur, Amritsar and in Kashmir are improving their productions and methods of distribution. Moreover, the climate in the plains is such that the usual requirements of a bungalow are met by the use of Indian-made cotton dhurries.

**Machinery and Millwork.**—The outstanding feature of the past two years has been the material reduction in the imports of machinery from the record figures of 1921-22. The industrial boom of 1919 and 1920, which had the effect of swelling the imports for 1921-22, soon spent itself. It has been followed by a period of great depression, during which most of the new engineering works have been liquidated and considerable quantities of second hand machinery and plant have been available. Moreover, the rehabilitation of the plant of the cotton and jute industries after the war was practically completed by 1922 and the depression in these industries has prevented the placement of extensions to any extent. Notwithstanding this, the imports of machinery rank second only to cotton textiles in order of importance. The following table shows the origin of the imports during the past two years :—

Countries of Consignment.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom .. .. .	19,88	16,24
Germany .. .. .	79	44
Switzerland .. .. .	12	1
Japan .. .. .	2	4
United States .. .. .	2,24	1,96
Other Countries .. .. .	41	44
<b>Total .. .. .</b>	<b>23,46</b>	<b>19,13</b>

The following table shows the relative importance of the three principal suppliers both before the war and during the past two years :—

Country.	1913-14.	1922-23.	1923-24.
	Per cent.	Per cent.	Per cent.
United Kingdom .. .. .	90.0	84.7	84.8
United States .. .. .	3.0	9.5	10.0
Germany .. .. .	5.5	3.0	2.0
Other Countries .. .. .	1.5	2.8	3.2
	100.0	100.0	100.0

It is satisfactory to note that the United Kingdom is within five per cent. of her pre-war share of the trade. The share of the United States of America in the Indian machinery market reached its apogee at 13 per cent. in 1921-22 and although American shipments, in common with those from other countries, have steadily declined, their proportionate share increased by half per cent. last year. American competition is most keen in electrical plant, mining machinery, agricultural machinery and machine tools, while the United States virtually monopolises the market in typewriters. German competition has considerably lessened during the past year and the proportion fell from 3 to 2 per cent.

The following brief analysis of the principal types of machinery imported will be of interest :—

*Textile Machinery.*—

	1921-22.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Cotton spinning machinery ..	4,58	6,51	3,97
.. weaving ..	2,26	1,40	1,11
.. bleaching and dyeing machinery ..	18	14	8
.. printing machinery ..	—	—	—
.. other sorts ..	62	44	44
<b>Total ..</b>	<b>7,64</b>	<b>8,49</b>	<b>5,60</b>

The United Kingdom practically controls this trade and foreign competition is negligible. No attempt has so far been made to manufacture cotton machinery in India, nor is such a development at all likely.

*Woollen Manufacturing Machinery.*—In 1922-23 the total imports amounted to 28 lakhs of rupees, and these were reduced last year to 11 lakhs of rupees. Here again the United Kingdom has a virtual monopoly of the trade.

*Jute Manufacturing Machinery.*—The imports of the past three years have shown a steady decline, in sympathy with the depression in the jute industry. Most of the Indian mills have only worked four days per week during the period. The total imports were :—

	1921-22.	1922-23.	1923-24.
Rs. (lakhs) ..	432	179	137

This is almost wholly a British trade except for one or two American specialities of little importance. Two of the most prominent British jute machinery makers have opened works in India, but have so far made practically no headway.

*Electrical Machinery.*—The total imports were as follows :—

Countries of Consignment.	1921-22.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom .. ..	2,96	1,99	1,64
Germany .. ..	2	6	4
United States .. ..	82	34	41
Other Countries .. ..	10	16	13
<b>Total .. ..</b>	<b>3,90</b>	<b>2,55</b>	<b>2,22</b>

Although American competition is not so intense as it was immediately after the war, it is still fairly keen in turbo-generating sets, motors, transformers and miscellaneous types. In the early years of hydro-electric work in India, American generators and extra high-tension switchgear were almost generally installed. British makers, however, are now supplying all types of hydro-electric plant, and in view of the recent loan by His Majesty's Treasury of £1,000,000 to the Tata Power Company, Limited, under the terms of the Trade Facilities Act, the whole of the plant for the third Bombay hydro-electric scheme will be purchased in the United Kingdom.

*Boilers.*—This is a most valuable trade, both in water-tube boilers and also in the usual Lancashire and Cornish types. The imports were :—

Country of Consignment.	1921-22.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom .. ..	2,43	1,18	94
United States .. ..	10	—	1
Other Countries .. ..	2	6	3
Total .. ..	2,55	1,24	98

The total trade has fallen off owing to the slump in industry, but it is satisfactory to note that the United Kingdom is maintaining its position. The imports from other countries are mainly from Germany and Belgium.

*Prime Movers (other than Electrical).*—The total imports were classified as follows :—

	1921-22.	1922-23.	1923-24.
<i>Locomotives.</i>	Rupees.	Rupees.	Rupees.
Oil engines .. ..	2,83,285	1,96,818	1,79,150
Oil engines (parts of) ..	not recorded	not recorded	30,679
Steam engines .. ..	36,95,856	21,91,149	13,09,741
Steam engines (parts of)	not recorded	not recorded	3,79,186
Others .. ..	2,13,759	57,303	1,63,494
<i>Other than Locomotives.</i>			
Gas engines .. ..	not recorded	not recorded	9,39,267
Gas engines (parts of) ..	not recorded	not recorded	1,77,625
Oil engines .. ..	88,62,257	64,53,525	86,26,641
Oil engines (parts of) ..	not recorded	not recorded	10,57,429
Steam engines .. ..	1,45,22,844	96,34,388	42,75,878
Steam engines (parts of)	not recorded	not recorded	27,21,496
Others .. ..	14,83,198	4,58,055	3,09,447
Total .. ..	2,90,61,199	1,89,91,238	2,01,70,033

As might be expected during a period of relative inactivity in the engineering trades, the imports of prime movers have materially declined. This falling-off in the trade has been most noticeable in steam engines of all kinds and has been least marked in the case of oil engines, which would appear to be gaining in popularity at the expense of steam. More than 90 per cent. of the total imports are of British origin, and the leading British makers of all types of prime movers are strongly represented in the country, usually by branches with an efficient staff of trained engineers and mechanics. The principal competitors are Germany, Belgium and Switzerland, and the competition is mainly in oil engines.

*Agricultural Machinery.*—The total trade is still disappointingly small when one considers the immense scope of an agricultural country such as India.

	1921-22.	1922-23.	1923-24.
	Rupees.	Rupees.	Rupees.
Agricultural tractors and parts . . . . .	not recorded	3,32,793	2,90,933
Ploughs and parts . . . . .	not recorded	not recorded	1,34,339
Other kinds . . . . .	10,58,032	1,90,696	1,42,663
<b>Total</b> . . . . .	<b>10,58,032</b>	<b>5,23,489</b>	<b>5,67,935</b>

The principal imports are of tractors, and of this trade the United States of America supply roughly two-thirds. Most of the ploughs come from the United Kingdom. Notwithstanding the efforts made for many years, both by British and American agricultural machinery makers, to stimulate the Indian demand, it is most discouraging that the total imports into a country, 70 per cent. of whose population are agriculturists, do not exceed £38,000. The principal reasons for this state of affairs are the small holdings prevalent throughout India and the lack of capital and enterprise on the part of the cultivator. The only future would seem to lie with the Zemindars, who frequently cultivate large estates, the canal colonies of land reclaimed by irrigation, which are sometimes leased by Government in larger plots, and the European planters.

*Mining Machinery.*—

Countries of Consignment.	1921-22.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).	(Rs. (lakhs).
United Kingdom . . . . .	26	20	70
United States . . . . .	46	20	37
Other Countries . . . . .	1	—	1
<b>Total</b> . . . . .	<b>73</b>	<b>40</b>	<b>1,08</b>

The imports of coalmining machinery are of recent growth. It is only of late years, since the cost of labour increased on the coalfields, that mineowners have realised that the inefficiency and comparatively high cost of Indian labour can only be countered by the greater use of machinery and labour-saving devices. At first American coal-cutters practically controlled the market, but during the past two years one or two prominent British makes have obtained a firm footing, and are now the favourite machine in the Bengal coalfield. Other types of mining machinery are principally for use in the gold, petroleum, tin and wolfram workings, and, as might be expected, Burma, with its oilfields, tin and wolfram deposits, is the principal market. The United States has a very considerable share of the drilling tackle and supplies required for the oil wells, but even in this trade the United Kingdom has made notable advances during the past few years, and there is little doubt that British makers can supply the plant if only American drillers can be induced to use it. Supplies for the goldfields at Kolar are almost entirely British.

*Metal-Working Machinery (including Machine Tools).*—The imports under this heading were as follows :—

	1921-22.	1922-23.	1923-24.
Rupees .. ..	1,24,48,623	58,08,174	51,94,292

More than two-thirds of the imports consist of machine tools of all kinds. The United Kingdom supplies approximately 60 per cent., the United States 30 per cent. and the Continent (mainly Germany) a further 10 per cent.

*Oil Crushing and Refining Machinery.*—Statistics relating to sources of origin are not yet available for 1923-24, but the figures of the total imports were as follows :—

	1921-22.	1922-23.	1923-24.
Rupees .. ..	44,26,970	10,85,539	38,43,351

The United Kingdom supplies roughly 60 per cent. of this trade, the balance being divided between the United States and Germany. Bengal is the principal market.

*Paper-Mill Machinery.*—There has been a heavy decline in this trade owing to the acute depression in the Indian paper-making industry. The total imports were :—

	1921-22.	1922-23.	1923-24.
Rupees .. ..	33,87,683	13,99,613	6,16,253

The details with regard to countries of origin are not available for 1923-24, but in the previous year the United Kingdom supplied 44 per cent., Germany 47 per cent., and the United States 8 per cent.

*Refrigerating Machinery.*—Under this heading also, detailed statistics for the past year are not yet available. The total trade amounted to:—

	1921-22.	1922-23.	1923-24.
Rupees .. ..	15,59,526	8,15,699	9,02,388

In 1922-23 the trade was equally divided between the United Kingdom and the United States. With the exception of a relatively small cold-storage depôt in Bombay and a certain amount of cold-storage space in the refrigerating works at Calcutta, there is no commercial cold-storage undertaking in India. More than one scheme has been mooted, but the recent slump in trade and the difficulty in raising the large amounts of capital involved have delayed these projects. In the interests of all concerned, it is to be hoped that India will before long have several cold-storage depôts both at the ports and in the mofussil, with some system of refrigerated cars on the railways. This development is long overdue.

*Rice and Flour Mill Machinery.*—The decline in this item has been most marked.

Countries of Consignment.	1921-22.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom .. ..	46	23	9
Germany .. ..	8	16	6
United States .. ..	5	3	5
Other Countries .. ..	5	1	1
<b>Total .. ..</b>	<b>64</b>	<b>43</b>	<b>21</b>

The principal item in this trade is the import of rice-mill machinery into Burma. This has hitherto been an almost exclusively Scottish trade, but even before the war the Germans were beginning to compete with one or two patents. Since the war they have re-entered the market and have met with some success. The past two years have not been such prosperous ones for the flour-milling industry as the previous ones, and, so far as I am aware, no large new flour mills have been erected.

*Saw Mill and Woodworking Machinery.*—

Origin.	1921-22.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom .. ..	26	7	8
Other Countries .. ..	3	3	2
<b>Total .. ..</b>	<b>29</b>	<b>10</b>	<b>10</b>



There is a large and steady trade in this type of plant for Government and privately owned sawmills, railway carriage and wagon shops. Such competition as there is emanates from the United States. In 1921 the representative of one large American firm was very active in India and secured Government orders for one or two new sawmills, notably a large bandsaw for the Andamans. Since then, however, British makers have been much more active, and the two principal firms maintain experts in the country in addition to their mercantile agents.

*Sewing and Knitting Machines.*—This is a very valuable trade, which tends to expand steadily in spite of the depression. The total imports were:—

	1921-22.	1922-23.	1923-24.
Rupees .. .. .	28,71,329	51,45,533	54,10,978

This business is largely controlled by the Singer Sewing Machine Company, who operate a most extensive system of agencies not only in the towns but even in all the large villages of India. Schools for the purpose of teaching the use of their machines are to be found in most large towns and a successful hire-purchase system is carried out. Practically the whole of the requirements of India are supplied by the Company's factory at Kilbowie, Clydebank, and the United States of America merely supply occasional specialities. The only foreign competition is from Germany, whose machines, such as the "Pfaff" and the "Phoenix," are cheap and well known in the bazaars. In 1921-22 German imports amounted to Rs.4,60,889 and in 1922-23 to Rs.3,68,248. The most important market is the Punjab.

*Sugar Machinery.*—

Countries of Consignment.	1921-22.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom .. .. .	85	10	12
Belgium .. .. .	3	5	—
Other Countries .. .. .	—	1	—
Total .. .. .	88	16	12

The Glasgow makers of sugar plant have a firm hold on this trade and are well represented in the country. Belgian competition is merely spasmodic and is not serious. A certain amount of simple sugar plant is being made locally at Cawnpore, but most Indian requirements are imported. The development of sugar-refining in India has not been so rapid as might have been expected, and the limiting factor is understood to be the difficulty of securing steady supplies of the cane.

**Tea Machinery.**—The distinct improvement in the tea trade during the past two years is reflected in increased importations of machinery and plant. The figures were :—

	1921-22.	1922-23.	1923-24.
Rupees .. ..	26,86,001	25,79,218	39,14,645

This is a trade in which there is no foreign competition. It is almost entirely in the hands of two prominent British makers, who manufacture certain well-established patents. One of them during the Indian industrial boom of 1919 floated a local company for the manufacture of tea machinery near Calcutta, but there have been delays in erecting the works, and they are not yet working at anything like their full capacity.

**Typewriters.**—This trade is almost an American monopoly. The total imports were :—

Year.	Number of Machines.	Value, Rupees.
1921-22 .. ..	7,364	15,51,755
1922-23 .. ..	5,103	9,91,929
1923-24 .. ..	7,930	14,95,599

The Remington Company hold a very large share of the trade, thanks to their widespread organisation and service system. The imports of typewriters from the United Kingdom were as follows :—

Year.	Number of Machines.	Value, Rupees.
1920-21 .. ..	2,410	2,16,770
1921-22 .. ..	678	1,39,274
1922-23 .. ..	296	74,110

Figures for the year 1923-24 are not yet available.

**Other Sorts of Machinery.**—Under this comprehensive heading are grouped all kinds of industrial plant other than those specified above. The total value under this classification is enormous.

	1921-22.	1922-23.	1923-24.
Rupees .. ..	6,40,31,853	4,07,47,487	2,92,73,934

Fifty per cent. of the imports from the United States of America are to be found under this heading, the only other competitor being Germany, which in 1922-23 supplied 17 lakhs worth, representing 4 per cent. of the total.

**Iron and Steel.**—The imports of iron and steel into India were well maintained during the period under review, and the most noteworthy features were considerably intensified competition from the Continent and a material reduction in imports from America due to the high level of prices ruling in that country. During 1922 world prices were at a very low level, but there was a sharp rally during the spring of 1923 after the occupation of the Ruhr, followed by a gradual decline, though not quite to low-

water mark. Towards the end of 1923 British quotations rallied, due to increased orders from railways and other sources in the United Kingdom, but Belgian and Luxemburg prices remained very low, and these two countries made a dead set at the Indian trade with—it must be admitted—a considerable degree of success, until their works were unable to give anything but extended delivery.

The accumulated stocks of steel sections which had depressed the Indian market during 1921, and the early part of 1922, have been exhausted during the past two years, and trading has resumed a more or less normal course.

The important question of the new Indian tariff on steel and its probable effects on British industry is dealt with very fully in Chapter 2. I propose here to confine my remarks to the statistical position of the trade during the past two years.

The following table shows the chief sources of supply of iron and steel with the percentage share of each principal country in the import trade:—

	From the United Kingdom.		From Germany.		From Belgium		From the United States.		From other Countries.		Total.
	Tons. (thousand).	Share. per cent.	Tons. (thousand).	Share. per cent.	Tons. (thousand).	Share. per cent.	Tons. (thousand).	Share. per cent.	Tons. (thousand).	Share. per cent.	
1913-14 ..	609	59.8	200	19.6	173	17.0	22	2.2	14	1.4	1,018
1921-22 ..	280	45.7	60	9.8	160	26.1	84	13.7	29	4.7	613
1922-23 ..	359	48.1	90	12.1	229	30.7	38	5.1	30	4.0	746
1923-24 ..	429	56.7	61	8.0	217	28.7	18	2.4	31	4.2	756

It will now be convenient to show the principal headings under which this competition was encountered during last year—1923-24.

Description.	From the U.K.	From U.S.A.	From Belgium.	From Germany	Total Imports (all sources).
	Tons.	Tons.	Tons.	Tons.	Tons.
Iron bars and channels ..	2,530	*	8,351	134	12,129
Iron or steel beams, pillars, girders and bridgework .. ..	35,374	433	38,336	1,520	77,548
Bolts and nuts .. ..	3,087	342	*	301	6,283
Hoops and strips .. ..	24,022	2,224	3,806	384	30,864
Nails, rivets and washers (other than wire nails)	5,697	33	1,402	812	12,245
Cast pipes and fittings ..	13,891	84	*	*	15,419
Galvanised sheets and plates .. ..	159,134	4,922	*	*	165,038
Tinned plates .. ..	37,496	6,587	*	*	44,090
Plates, not galvanised or tinned .. ..	67,835	266	22,964	15,706	108,142
Wrought tubes, pipes and fittings .. ..	13,275	2,002	1,141	2,058	19,931
Wire nails .. ..	219	32	4,710	4,575	10,971
Wire rope .. ..	3,144	64	*	*	3,242
Steel bars and channels ..	18,815	8	110,604	27,355	170,337

\* Not separately distinguished.

The subjoined table gives the Imports and declared value of Iron and Steel for the years mentioned :—

IMPORTS AND DECLARED VALUE OF IRON AND STEEL.

Quantity in thousands of tons (000's omitted).

ARTICLES.	1913-14 (PRE-WAR YEAR)			1920-21.			1922-23.			1923-24.		
	Quantity.	Value.	Value per ton.	Quantity.	Value.	Value per ton.	Quantity.	Value.	Value per ton.	Quantity.	Value.	Value per ton.
		Rs. (lakhs).	Rs.		Rs. (lakhs).	Rs.		Rs. (lakhs).	Rs.		Rs. (lakhs).	Rs.
Sheets and Plates—												
Galvanised .. .. .	277,6	5,38	194	66,6	3,04	456	122,5	3,66	299	165,0	5,17	313
Tinned .. .. .	52,8	1,25	237	49,9	3,42	685	43,6	1,69	388	44,1	1,79	407
Not galvanised or tinned	100,6	1,23	123	98,8	3,83	388	96,6	1,87	194	108,1	1,81	168
Bars and Channels—												
Iron .. .. .	26,7	35	130	19,5	69	355	22,0	45	204	12,1	23	108
Steel .. .. .	204,6	2,07	101	148,0	4,72	319	192,0	2,95	153	170,3	2,46	145
Beams, pillars, girders, and bridgework .. .. .	89,6	1,16	129	78,4	2,86	366	66,2	1,26	190	77,5	1,30	168
Cast pipes and fittings .. .. .	56,2	91	161	25,1	1,05	418	26,9	70	259	15,4	34	220
Steel angle and spring .. .. .	44,2	47	106	30,2	99	326	26,1	45	174	29,9	45	152
Wrought tubes, pipes and fittings .. .. .	18,4	46	253	42,2	3,06	725	30,6	1,44	471	19,9	85	425
Hoops and strips .. .. .	30,8	43	140	23,2	1,00	429	25,1	59	236	30,9	70	227
Nails, rivets and washers .. .. .	25,1	50	200	13,1	89	674	11,3	56	499	12,2	52	423

IMPORTS AND DECLARED VALUE OF IRON AND STEEL—*continued.*

Quantity in thousands of tons (000's omitted)—*continued.*

ARTICLES.	1913-14 (PRE-WAR YEAR).			1920-21.			1922-23.			1923-24.		
	Quantity.	Value.	Value per ton.	Quantity.	Value.	Value per ton.	Quantity.	Value.	Value per ton.	Quantity.	Value.	Value per ton.
		Rs. (lakhs).	Rs.		Rs. (lakhs).	Rs.		Rs. (lakhs).	Rs.		Rs. (lakhs).	Rs.
Rails, chairs and fishplates (excluding those for rail- ways) .. .. .	17,8	19	112	18,9	65	343	15,6	24	154	10,0	16	161
Wire .. .. .	9,8	24	245	5,5	35	640	3,8	14	356	5,6	19	338
Wire nails .. .. .	—	—	—	9,4	55	585	12,8	37	293	11,0	31	284
Wire rope .. .. .	—	—	—	3,0	35	1,194	3,0	26	866	3,2	29	909
Bolts and nuts .. .. .	7,4	23	308	8,3	69	826	6,5	34	520	6,3	27	432
Other sorts .. .. .	56,6	1,14	201	71,8	3,15	438	41,9	1,40	334	34,8	1,10	316
TOTAL .. .. .	1,018,2	16,01	157	711,9	31,29	439	746,5	18,37	246	756,3	17,94	237

The following brief comments under each heading analyse the position in 1923-24 as compared with the trade during the previous year :—

*Iron Bars and Channels.*—The total trade fell from 45 to 23 lakhs. The British share was reduced from 15 to 7 lakhs, the Belgian from 24 to 13 lakhs, and the German from 2½ lakhs to a negligible quantity.

*Iron or Steel Beams, Pillars, Girders and Bridge Work.*—A slight increase is to be noted in the total trade, from 126 to 130 lakhs. Imports from the United Kingdom remained steady at 74 lakhs. Imports from Belgium rose from 42 to 49 lakhs, while those from Germany fell from 5 to 2 lakhs.

*Bolts and Nuts.*—The total trade diminished from 34 to 27 lakhs, the British share, falling from 17½ to 15 lakhs. American shipments were reduced from 5 to 2½ lakhs, and German from 3 to 1½ lakhs. The trade with other countries remained constant at 8 lakhs.

*Hoops and Strips.*—The total imports rose from 59 to 70 lakhs. The British share advanced from 41 to 56 lakhs, while the Belgian declined from 9 to 7 lakhs.

*Nails, Rivets and Washers (other than Wire Nails).*—The total trade diminished from 56 to 52 lakhs. Imports from U.K. remained steady at 21 lakhs. Sweden declined from 11 to 7½ lakhs. Other principal suppliers were Norway 11, Germany 3, Belgium 5½ lakhs.

*Cast Pipes and Fittings.*—The total imports during the period fell from 70 to 34 lakhs, those from the United Kingdom from 51½ to 30½, and those from other countries from 3 to 1½ lakhs.

*Galvanised Sheets and Plates.*—The past two years have witnessed a most satisfactory and steady increase in the imports of galvanised sheets. During the period under review the total imports rose from 122,473 tons valued at 366 lakhs to 165,038 tons valued at 517 lakhs. It is most encouraging to observe that the United Kingdom has regained her exclusive position in this trade, and during last year she supplied 159,134 tons valued at 499 lakhs. The only slight competitor is the United States, which supplied 15 lakhs.

*Tinned Plates.*—The trade rose slightly from 43,621 tons valued at 169 lakhs to 44,090 tons valued at 179 lakhs. The United Kingdom maintained its position fairly well, and although British quantities were reduced from 38,739 tons to 37,496 tons, the values increased from 149½ to 152 lakhs. The American share increased by 2,581 tons and Rs. 11 lakhs.

*Sheets and Plates (not Galvanised or Tinned).*—Although the quantitative imports rose from 96,622 tons to 108,142 tons, the value of the total imports fell from 187 to 181 lakhs. The United Kingdom improved its position from 83 to 112 lakhs, whereas the Belgian share fell from 55 to 39 lakhs, and the German fell from 41 to 26 lakhs.

*Wrought Tubes, Pipes and Fittings.*—Here there has been a considerable contraction in the total trade from 144 to 85 lakhs. Imports from the United Kingdom shrank from 69 to 59 lakhs, those from the United States of America from 52 to 10 lakhs, and those from Germany from 17 to 6 lakhs. The United Kingdom has improved her relative position in the trade.

*Wire Nails.*—The total trade fell from 37½ to 31 lakhs. Imports from Germany diminished from 20 to 13 lakhs, but those from Belgium increased from 12 to 13½ lakhs. Unfortunately, the United Kingdom only figures with an import of Rs. 68,000.

*Wire Rope.*—The total trade expanded from 26 to 29 lakhs and the share of the United Kingdom increased from 22 to 28 lakhs. It is satisfactory to note that during the year there was virtually no competition whatever, and the United States only supplied a negligible Rs. 60,000.

**Steel Bars and Channels.**—This valuable trade shows a slight reduction from 295 to 246 lakhs. The Belgian share fell from 167 to 156 lakhs, the British portion from 41 to 32 lakhs, and the German from 58 to 37 lakhs. Luxemburg and France sent most of the remainder.

**Aluminium.**—The trade remained fairly stationary. The imports were:—

	1922-23.		1923-24.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
<i>Unwrought</i> (Ingots, blocks, bars) ..	9,206	6	7,425	6
<i>Wrought</i> —				
Circles .. ..	57,336	68	65,788	67
Sheets .. ..	2,937	4	3,902	4
Other manufactures	7,404	8	7,038	9
<b>Total Imports</b> ..	<b>76,883</b>	<b>86</b>	<b>84,153</b>	<b>86</b>

Details with regards to last year are not available. In 1922-23 33 per cent. of the unwrought aluminium came from Switzerland, 27 per cent. from the United Kingdom, and lesser values from Italy, France and Germany. Circles were imported from Germany (45 per cent.), Switzerland (23 per cent.), the United Kingdom (14 per cent.), and lesser values from Italy, the Netherlands and Belgium. Sheets were supplied by Switzerland (34 per cent.), the United Kingdom (32 per cent.), Germany (24 per cent.). Miscellaneous manufactures of aluminium were drawn from the United Kingdom (21 per cent.), Germany (34 per cent.), Japan (13 per cent.), and lesser values from Italy, Switzerland and Sweden.

**Brass, Bronze and Similar Alloys.**—The most important item under this heading is mixed or yellow metal for sheathing. This valuable trade shows expansion, although it is still behind the pre-war average. The latest figures are:—

Countries of Consignment.	1922-23.		1923-24.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
United Kingdom ..	186,648	1,16	221,339	1,30
Germany .. ..	89,421	54	108,357	61
Italy .. ..	9,516	6	2,306	2
Japan .. ..	1,714	1	160	—
Other Countries ..	3,136	2	1,338	1
<b>Total Imports</b> ..	<b>290,435</b>	<b>1,79</b>	<b>333,500</b>	<b>1,94</b>



The increased competition from Germany is somewhat disturbing. Bombay was the principal port of entry, followed by Calcutta and Madras. These yellow metal sheets are used throughout the bazaars of India for the manufacture of native cooking pots and vessels of all kinds, such as lotahs, etc. The trade has been affected to some extent by the increased use of aluminium, but there is great scope for even further expansion.

**Copper. Unwrought.**—These imports are mainly in the form of tiles, ingots, cakes, bricks and slabs.

Origin.	1922-23.		1923-24.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
United Kingdom ..	49,882	29	34,986	19
Japan ..	391	—	—	—
Other Countries ..	5,293	4	16,165	11
<b>Total ..</b>	<b>55,566</b>	<b>33</b>	<b>51,151</b>	<b>30</b>

Other countries include the Australian Commonwealth and the United States, Spain and Belgium. Calcutta is the principal market.

**Wrought.**—The latest figures do not differentiate between braziers and sheets, wire and other manufactures, but group them in one classification.

Origin.	1922-23.		1923-24.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
United Kingdom ..	125,423	91	85,655	59
United States ..	64,082	43	26,744	16
Other Countries ..	32,687	25	83,338	54
<b>Total Imports ..</b>	<b>222,192</b>	<b>1,59</b>	<b>195,737</b>	<b>1,29</b>

The bulk imports are of braziers and sheets. In 1922-23 the United Kingdom supplied 53 per cent., the United States 34 per cent., and Germany 11 per cent. During the past year, however, Germany has increased her share at the expense of all other suppliers. As regards copper wire, in 1922-23 the United Kingdom shipped 55 per cent., Germany 30 per cent., and lesser values were obtained from Belgium and the United States. Miscellaneous manufactures of copper were drawn from the United Kingdom (71 per cent.), Germany (18 per cent.), and small shipments from the United States and Belgium.

**German Silver (including Nickel Silver).—**The total imports were :—

	1921-22.	1922-23.	1923-24.
Rupees .. .. .	10,66,383	13,30,642	12,47,987

In 1922-23 Germany supplied 46 per cent., the United Kingdom 37 per cent., Austria 9 per cent., and Italy 6 per cent. Bombay is the principal market in India.

**Railway Plant and Rolling Stock.—**The imports were as follows :—

	1922-23.			1923-24.		
	Private.	Government.	Total.	Private.	Government.	Total.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Carriages and wagons and parts thereof ..	5,14	1,31	6,45	6,09	1,23	7,32
Locomotive engines and tenders ..	2,15	1,08	3,23	2,76	85	3,61
Bridge work ..	33	(a)	33	50	(a)	50
Rails, chairs and fishplates of steel or iron ..	1,22	23	1,45	1,05	5	1,10
Sleepers and keys of steel or iron ..	1,53	2	1,55	46	4	50
Sleepers of wood ..	25	(a)	25	38	(a)	38
Other kinds ..	44	6	50	48	11	59
<b>Total Imports ..</b>	<b>11,06</b>	<b>2,70</b>	<b>13,76</b>	<b>11,72</b>	<b>2,28</b>	<b>14,00</b>

(a) Not separately distinguished : if any, included with " other kinds."

Details are not available with regard to the origin of railway material imported on Government account, but it is safe to assume that over 90 per cent. was obtained from the United Kingdom. The subjoined table shows the source of the imports on private account :—

Country of Consignment.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
United Kingdom .. .. .	10,40	11,03
Belgium .. .. .	21	21
Canada .. .. .	6	4
United States .. .. .	13	18
Australia and New Zealand ..	8	18
Other Countries .. .. .	18	8
<b>Total Imports .. .. .</b>	<b>11,06</b>	<b>11,72</b>

While the fact that the United Kingdom supplied 94 per cent. of the requirements of the company-worked railways in India is satisfactory, it must be recognised that there are very many weakening factors which are likely to undermine our predominant position, unless British suppliers take prompt action in order to counter them. These are set forth in Chapter II, where the present tendency towards the transfer of the purchase of Government requirements from London to India is treated in detail. I would recommend all British suppliers of railway plant to make a close study of that chapter, as it explains the new position, which is not generally appreciated in the United Kingdom.

The subjoined table gives, in thousands of rupees, details of the sources of the imports of railway plant and rolling-stock\* extending over a period of years :—

	Pre-war average.	War average.	1921-22.	1922-23.
<b>Private—</b>				
United Kingdom ..	5,54,48	3,28,08	18,39,78	10,40,32
Australia .. ..	36,74	3,18	20,55	8,45
Germany .. ..	12,19	5,22	3,99	9,47
United States ..	54	7,59	12,80	12,99
Other Countries..	7,26	4,14	13,94	34,58
<b>Total .. ..</b>	<b>6,11,21</b>	<b>3,48,21</b>	<b>18,91,06</b>	<b>11,05,81</b>
<b>Government—</b>				
United Kingdom ..	2,68,70	1,20,36	2,81,26	2,43,74
United States ..	1,74	2,46	8	3,07
Australia .. ..	7,78	1,50	3,79	—
Other Countries..	1,37	66	9,94	23,42
<b>Total .. ..</b>	<b>2,79,59</b>	<b>1,24,98</b>	<b>2,95,07</b>	<b>2,70,23</b>
<b>GRAND TOTAL ..</b>	<b>8,90,80</b>	<b>4,73,19</b>	<b>21,86,13</b>	<b>13,76,04</b>

**Motor Vehicles. Motor Cars.**—The total number of cars imported was as follows :—

Year.	From U.K.	From U.S.A.	From Canada.	From France.	From Italy.	Total.
1913-14 (pre-war)	1,669	868	—	111	7	2,880
1921-22..	790	802	576	158	222	2,895
1922-23..	449	1,386	1,846	61	131	4,323
1923-24..	1,005	2,865	3,290	153	370	7,984

\* Railway plant and rolling-stock includes carriages and wagons, locomotive engines and tenders, and materials for construction, viz., bridgework, rails, chairs, fishplates and sleepers, and keys of steel or iron and sleepers of wood, etc.

It will be remarked that there has been a gradual recovery during the past two years from the low-water mark of 1921-22. The reduction in that year was the direct result of the excessive importations of 1920-21. These heavy stocks depressed the Indian market for nearly three years, and it was not until the end of 1923 that they were practically all cleared. A further handicap under which the trade still suffers is the high rate of import duty—30 per cent.—which was imposed from March 1922. While this has been largely neutralised by reductions in prices, there seems little doubt that a lowering of the duty would give a useful stimulus to the extension of motor transport in the country.

There has been some improvement in the British share of the trade during the last year, largely due to the heavy price reductions in most makes and to specialisation on the lighter and cheaper types of car. Several British types of cars bear comparison both in first cost and also in running expenses with their American and Canadian competitors, and there is no reason why they should not hold their own, particularly in the ports and other towns where the roads are good. The construction of most American and Canadian cars renders them peculiarly suitable for up-country work where roads are bad and the cars are subjected to very rough treatment. This is probably due to the fact that up-country conditions in Canada and the United States approximate more closely to Indian conditions than do conditions in the United Kingdom, where the roads are generally good. The British car is also largely designed for the comfort of the owner-driver who is prepared, within reasonable limits, to pay a higher price for good finish and workmanship. It must always be remembered that in India cars are usually left to the care of relatively inexperienced and careless Indian drivers, who are notoriously rough on mechanism of any kind. Above all, low initial cost is the first consideration in this country, and usually quite secondary consideration is giving to running expenses.

The following statement shows the number of different kinds of motor vehicles registered in the various provinces of British India up to March 31st, 1924 :—

*Number of Motor Vehicles registered in British India up to March 31st, 1924.*

	Motor cars, including taxi-cabs.	Motor cycles, including scooters, auto- wheels.	Heavy motor vehicles, lorries, 'buses, etc.	Total.
	No.	No.	No.	No.
Bengal .. .. .	12,800	2,728	997	16,525
Bombay Presidency (excluding Sind) .. .	10,467	2,476	918	13,861
Madras City .. .	5,494	1,852	212	7,558
Madras Presidency (excluding Madras City) .. .	2,263	1,226	743	4,232
United Provinces* .. .	—	—	—	—
Punjab .. .	4,683	2,280	*	*
Burma .. .	5,490	2,009	425	7,924
Bihar and Orissa* .. .	—	—	—	—
Central Provinces .. .	1,460	625	110	2,195
Karachi (Sind) .. .	1,181	638	138	1,957
Delhi .. .	221	73	33	327
N.W.F. Province .. .	1,050	800	174	2,024
Ajmere-Merwara .. .	85	45	13	143
Assam† .. .	564	163	53	780

*Motor Cycles.*—When we turn to motor cycles we find a much more satisfactory position from the British point of view. The total imports were :—

Countries of Origin.	1922-23.		1923-24.	
	Number.	Rupees.	Number.	Rupees.
United Kingdom .. .	500	5,12,724	831	5,98,864
United States .. .	261	2,49,768	228	2,68,683
Other Countries .. .	105	1,02,620	123	57,580
Total .. .	866	8,65,112	1,182	9,25,127

*Motor Omnibuses, Vans and Lorries.*—The total imports were as follows :—

	1921-22	1922-23	1923-24
Rupees .. .. .	29,48,559	21,76,574	25,01,411

\* Not yet available.

† Figures relate up to the period ending December 31st, 1923.

Details relating to countries of origin are not available for the past year, but the following table gives the position in the two previous years :—

Country of Origin.	1921-22.		1922-23.	
	Number	Rupees.	Number	Rupees.
United Kingdom ..	135	14,63,898	92	10,36,767
Canada ..	275	6,03,083	210	3,55,941
United States ..	106	6,11,117	133	5,66,938
Total Imports ..	580	29,48,559	480	21,76,574

The market for motor lorries, etc., has not improved to the same extent as the market for cars. In the first place old stocks have been cleared very slowly and, secondly, the industrial depression has curtailed the demand. It will be noted that the average value of the British lorry is six times as much as that of the American lorry.

**Provisions.**—The following table shows the value in lakhs of rupees of the imports of provisions into India during each of the past two years :—

Countries of Consignment.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
United Kingdom ..	1,34	1,30
Netherlands ..	16	27
Straits Settlements ..	42	41
United States ..	28	24
Australia and New Zealand ..	18	14
Imports from all sources	2,77	2,81

It will be noted that the United Kingdom is maintaining its position with about 46 per cent. of the total trade. Dutch imports, which usually consist primarily of cheese and condensed milk, showed a sharp advance of no less than 11 lakhs. The most important articles imported were the following :—

Principal articles.	Average of 5 years 1909-10 to 1913-14.	1922-23.	1923-24.
	Cwts.	Cwts.	Cwts.
Farinaceous and patent foods ..	255,900	277,489	293,619
Canned and bottled provisions	86,100	100,437	107,496
Biscuits and cakes ..	72,900	21,901	22,937
Milk (condensed and preserved)	103,300	61,054	70,853
Jams and jellies ..	17,400	10,749	14,275
Bacon and hams ..	14,500	11,846	12,859
Cocoa and chocolate ..	4,600	4,869	3,260
Cheese ..	11,700	8,407	9,022

Over 84 per cent. of the imports of farinaceous foods, which consist mostly of sago and sago flour, came from the Straits Settlements, but in 1923-24 17,913 cwt. of milk foods for infants and invalids were imported. Canned and bottled provisions are mainly drawn from the United Kingdom, the United States of America and Portugal. The United Kingdom supplies the bulk of the biscuits and cakes imported. The large trade in condensed milk is shared between the United Kingdom, Australia and Holland. Jams and jellies are almost entirely drawn from the United Kingdom and Australia. Bacon and hams is also a predominantly British trade. Cocoa and chocolate is supplied by the United Kingdom, Holland and Switzerland. Cheese is mainly imported from Holland, with the United Kingdom taking second place.

**Liquors.** *Ale, Beer and Porter.*—The following table gives the imports, both quantities and values, during the past two years :—

Countries of Consignment.	1922-23.		1923-24.	
	Gallons.	Rs. (lakhs).	Gallons.	Rs. (lakhs).
United Kingdom ..	1,841,796	57	1,762,980	51
Germany .. ..	664,640	20	888,656	23
Netherlands ..	84,502	3	83,367	2
Japan .. .. .	104,756	3	89,817	2
Other Countries ..	16,775	1	11,973	—
<b>Total .. .. .</b>	<b>2,712,469</b>	<b>84</b>	<b>2,836,793</b>	<b>78</b>

In 1922-23 the imports of beer in bulk amounted to 1,117,000 gallons, of which 1,112,000 gallons, or 99 per cent., came from the United Kingdom. This is mainly consumed by British troops in India. On the other hand, so far as bottled beer is concerned, the United Kingdom only supplied 41 per cent., Germany 45 per cent., Japan 7 per cent., and Holland 6 per cent. The German light lager beers were always in greatest demand before the war, and although they were displaced to some extent by Japanese and Indian hill brewed beers, they are now rapidly regaining their place in this market.

**Spirits.**—The following table shows the quantity and value of the total imports of spirits during the past two years :—

Countries of Consignment.	1922-23.		1923-24.	
	Gallons.	Rs. (lakhs).	Gallons.	Rs. (lakhs).
United Kingdom .. ..	734,634	1,57	675,383	1,37
Germany .. ..	69,182	8	92,456	8
Netherlands .. ..	11,431	1	12,807	1
France .. ..	212,427	37	285,290	39
Java .. ..	535,528	8	487,943	7
United States .. ..	31,679	9	36,340	10
Other Countries .. ..	57,610	4	64,129	4
<b>Total .. ..</b>	<b>1,652,491</b>	<b>2,24</b>	<b>1,654,348</b>	<b>2,06</b>

In 1922-23 whisky accounted for 595,000 gallons, of which the United Kingdom supplied 579,000 gallons or 97 per cent. The bulk of the brandy is imported from France, and in 1922-23 she supplied 207,000 gallons, or 75 per cent. Gin is mainly drawn from the United Kingdom, which supplied 69,000 gallons in 1922-23. Practically the whole of the methylated spirit, amounting to 396,000 gallons, was imported from Java, and consisted mainly of rectified spirit denatured on arrival in India. The imports of cheap German spirits of all descriptions in 1922-23 were almost 70,000 gallons, valued at 8 lakhs.

*Wines.*—The total imports of wines increased from 216,837 gallons in 1922-23 to 225,336 gallons last year. The values, on the other hand, largely due to the fall in value of the franc, declined from Rs.30 lakhs to Rs.26 lakhs. While 50 per cent. of the imports are shown as being shipped by the United Kingdom, these represent British re-exports, and France and Portugal are the principal suppliers.

**Paper and Pasteboard.**—This is a very valuable trade worth nearly £2 millions per annum. The following table shows the percentage shares of the principal countries in the total imports :—

	1913-14. (pre-war).	1920-21.	1921-22.	1922-23.
	Per cent.	Per cent.	Per cent.	Per cent.
United Kingdom .. ..	56.2	42.8	47.7	48.0
Norway .. ..	5.1	17.2	9.6	15.1
United States .. ..	.8	12.0	5.8	4.0
Sweden .. ..	3.2	9.4	8.6	6.9
Japan .. ..	1.0	5.7	3.7	.9
Germany .. ..	17.3	2.6	7.9	11.0
Austria .. ..	} 8.3	.1	{ .3	1.1
Hungary .. ..				—
Other Countries .. ..	8.1	10.2	16.4	13.0
<b>Total .. ..</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>



*Packing Paper.*—There has been a considerable reduction in imports during the past year. Germany supplies roughly 33½ per cent. of India's requirements, the United Kingdom and Sweden 20 per cent. each, and Norway 7 per cent. The figures were as follows :—

Countries of Consignment.	1922-23.		1923-24.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
United Kingdom ..	58,927	8	15,637	4
Sweden .. ..	16,596	4	20,196	4
Norway .. ..	11,994	3	7,433	1
Germany .. ..	26,826	6	35,228	7
United States ..	23,203	2	152	—
Other Countries ..	18,454	4	19,952	4
<b>Total .. ..</b>	<b>156,000</b>	<b>27</b>	<b>98,598</b>	<b>20</b>

*Printing Paper.*—This is a most important item. Although quantitative imports increased, values declined considerably owing to a fall in prices.

Countries of Consignment.	1922-23.		1923-24.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
United Kingdom ..	114,412	35	99,017	28
Sweden .. ..	40,328	8	22,735	4
Norway .. ..	138,539	31	106,243	20
Germany .. ..	44,764	10	110,639	23
Netherlands .. ..	13,283	3	18,188	4
<b>Total Imports (all sources) ..</b>	<b>386,804</b>	<b>96</b>	<b>398,265</b>	<b>86</b>

*Writing Paper and Envelopes.*—Here again, owing to reduced prices, values declined, while the quantities imported increased.

Countries of Consignment.	1922-23.		1923-24.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
United Kingdom ..	101,498	43	89,520	35
Sweden .. ..	5,089	2	1,867	1
Norway .. ..	14,622	4	8,511	3
Germany .. ..	14,218	5	34,032	8
United States ..	2,889	2	3,492	2
<b>Total Imports (all sources) ..</b>	<b>156,449</b>	<b>62</b>	<b>164,969</b>	<b>56</b>

*Miscellaneous.*—

	1921-22.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Old newspapers in bales and bags .. ..	Not recorded.	Not recorded.	33
Other kinds of paper ..	42	62	26
Paper manufactures ..	22	16	19

Competition from Indian paper mills is likely to increase. In 1922 there were 8 paper mills in India, and their production amounted to 23,900 tons. Although the Indian paper industry is at present most depressed, there is no reason why it should not eventually become firmly established.

**Chemicals and Chemical Preparations.**—The imports of chemicals and chemical preparations during the past three years have been as follows:—

1921-22.	1922-23.	1923-24.
Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
191	201	205

The following table shows the percentage share of the principal countries of consignment over a lengthy period of years:—

	1913-14 (pre-war).	1920-21.	1922-23.	1923-24.
	Per cent.	Per cent.	Per cent.	Per cent.
United Kingdom .. ..	74.7	75.6	68.6	65.8
Germany .. ..	12.4	2.8	14.7	17.1
United States .. ..	.3	8.2	3.8	2.9
Italy .. ..	5.2	3.8	3.8	5.8
Kenya Colony .. ..	—	.7	2.4	1.5
Norway .. ..	.5	1.0	2.0	1.5
Japan .. ..	1.5	5.1	1.0	1.0
Other Countries .. ..	5.4	2.8	3.7	4.4
<b>Total</b> .. ..	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Detailed statistics for 1923-24 are not yet available, but the following table gives the position of the principal suppliers during the two previous years:—

Principal Countries of Consignment.	1921-22.	1922-23.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom .. ..	136	138
Norway .. ..	2	4
Germany .. ..	23	30
Italy .. ..	4	8
Japan .. ..	8	2
United States .. ..	11	8
<b>Total Imports (all sources)</b>	<b>191</b>	<b>201</b>

The principal ports of entry, in order of importance, were Calcutta, Bombay, Karachi, Madras and Rangoon.

**Dyeing and Tanning Substances.** *Dyes obtained from Coal Tar.*—The total imports were as follows:—

Description.	1921-22.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Alizarine dyes .. ..	75	43	48
Aniline dyes .. ..	217	202	202
Others .. ..	—	1	1
<b>Total .. ..</b>	<b>2,92</b>	<b>2,46</b>	<b>2,51</b>

The following table shows the source of the imports:—

Origin.	1921-22.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom .. ..	78	20	27
Germany .. ..	1,38	1,84	1,81
Netherlands .. ..	11	14	18
Belgium .. ..	7	15	5
Switzerland .. ..	22	1	7
U.S.A. .. ..	27	10	11
Other Countries .. ..	9	2	2
<b>Total Imports .. ..</b>	<b>2,92</b>	<b>2,46</b>	<b>2,51</b>

Most of the imports from Holland and Belgium should be added to the German total, as they are almost certainly of German origin. The position of British dyes in India during the past three years has been a serious one. After perfecting their sales organisation throughout the country, British manufacturers found it difficult to compete with the enormous shipments of German dyes, which were sold at very low prices owing to the

depreciated mark. This state of affairs applies both to alizarines and anilines, as the following tables show :—

#### IMPORTS OF ALIZARINE DYES.

Origin.	1920-21.	1921-22.	1922-23.
	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).
United Kingdom .. .. .	826	1,863	878
Germany .. .. .	2,062	2,861	3,127
Holland .. .. .	573	428	680
Total Imports (all sources) ..	3,883	5,723	5,286

#### IMPORTS OF ANILINE DYES.

Origin.	1920-21.	1921-22.	1922-23.
	lbs. (1,000).	lbs. (1,000).	lbs. (1,000).
United Kingdom .. .. .	2,633	1,094	443
United States .. .. .	1,958	723	692
Germany .. .. .	1,591	2,989	6,726
Belgium .. .. .	130	120	533
Holland .. .. .	43	86	244
Switzerland .. .. .	297	639	53
Total Imports (all sources) ..	6,738	5,870	8,742

Soap.—The various types imported were as follows :—

Description.	1922-23.		1923-24.	
	Cwt.	Rs. (lakhs.)	Cwt.	Rs. (lakhs.)
Household and laundry soap ..	238,977	75	284,370	82
Toilet soap .. .. .	25,323	35	25,226	33
Other sorts .. .. .	7,516	4	8,539	4
Total imports .. .. .	271,816	1,14	318,135	1,19

The next table gives the source of the imports :—

Origin.	1922-23.		1923-24.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
United Kingdom ..	262,661	1,07	308,124	1,11
Other Countries ..	9,155	7	10,011	8
Total ..	271,816	1,14	318,135	1,19

So far as household and laundry soaps are concerned, British makers supply practically the whole of the imported requirements of the country. In toilet soaps, the British share in 1922-23 was 84 per cent. The United States ships a certain quantity of the high-grade toilet and shaving soaps for the European demand, the American share in 1922-23 being over 8 per cent. Very small quantities were supplied by Austria and Japan. The large British share of the soap trade is a striking example of the value of an active and widespread sales organisation in a market such as India.

**Paints and Painters' Materials. *Paints and Colours.***—  
This trade has remained fairly constant during the past three years at a little over a crore of rupees.

The position is as follows :—

Principal Countries of Consignment.	1922-23.		1923-24.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
United Kingdom ..	228,874	85	257,934	85
Germany ..	26,418	9	23,761	7
Japan ..	13,537	4	9,897	3
U.S.A. ..	4,487	3	3,906	2
Other Countries ..	23,391	9	19,751	7
Total ..	296,707	1,10	315,249	1,04

Imports of paints in 1920-21 reached the abnormal figure of 152 lakhs of rupees, but these heavy stocks are now cleared, and it would appear that the trade is once again at its normal level.

**Painters' Materials.**—These comprise:—

Description.	1922-23.		1923-24.	
	Cwt.	Rs. (lakhs).	Cwt.	Rs. (lakhs).
Genuine turpentine ..	3,440	3	3,648	2
Turpentine substitute	3,479	1	1,661	1
Varnish .. ..	20,705	19	24,147	19
Other kinds .. ..	Not recorded	4	Not recorded	4
Total .. ..	—	27	—	26

In 1922-23 the United Kingdom supplied 90 per cent. of the genuine turpentine, 72 per cent. of the turpentine substitute, and 89 per cent. of the varnish imported. There is slight competition from the United States in varnish.

**Drugs and Medicines (excluding Chemicals and Narcotics).**—This valuable trade has steadily increased during the past two years.

Description.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
Camphor .. ..	18	34
Cassia lignea .. ..	17	11
Proprietary and patent medicines .. ..	23	22
Quinine salts .. ..	25	26
Other sorts .. ..	83	88
Total imports ..	1,66	1,81

Practically the whole of the imported camphor is drawn from Japan and China. Cassia lignea is also almost entirely obtained from China. The United Kingdom supplies 55 per cent. of the patent medicines, the United States 21 per cent., and Germany over 10 per cent. Seventy-five per cent. of the quinine salts are obtained from the United Kingdom. Competition from Java has decreased of late years, and in 1922-23 her share was only 15 per cent.

**Apparel (excluding Hosiery, Boots and Shoes).**—The following table shows the total imports during the past two years and the articles of which they were made up:—

Articles.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
Apparel (including drapery, uniforms, accoutrements)	54	62
Gold and silver thread ..	24	28
Hats, caps, bonnets and hatters' ware .. ..	14	22
Lametta .. ..	7	13
Second-hand clothing ..	7	14
Waterproofed clothing ..	2	2

Apparel is mostly obtained from the United Kingdom, Germany and Japan. Gold and silver thread, used in Benares and other centres for embroidery, is almost exclusively a French trade. About 55 per cent. of hats and hatters' ware came from the United Kingdom, the bulk of the remainder being supplied by Japan and Italy. The imports of lametta (fancy braids) are drawn from France and Germany. Second-hand clothing comes mostly from the United Kingdom, but imports from the United States are growing. The imports of waterproofed clothing are almost entirely British.

The provenance of the imports was as follows :—

Countries of Consignment.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom .. ..	50	61
France .. ..	15	17
Italy .. ..	3	8
Japan .. ..	12	8
U.S.A. .. ..	3	6
Other Countries .. ..	26	41
<b>Total .. ..</b>	<b>1,09</b>	<b>1,41</b>

The increase in the imports from "other countries" is to be accounted for by German shipments.

**Hosiery. Cotton Hosiery.**—There is a very valuable trade in India in low-grade cotton hosiery of the following types :—

Article.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).
Stockings and socks ..	Not recorded.	17
Underwear .. ..	57	71
Other sorts .. ..	23	6

The following table gives the source of the imports :—

Countries of Consignment.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom .. ..	3	4
Japan .. ..	64	75
United States .. ..	2	3
Other Countries .. ..	11	12
<b>Total .. ..</b>	<b>80</b>	<b>94</b>

British cotton hosiery manufacturers have never been able to compete with the Japanese in the cheap singlets, socks, etc., required for the bazaar trade. Germany is the principal supplier under the head of "other countries."

**Woollen Hosiery.**—The total imports have increased during the past three years as follows :—

	1921-22.	1922-23.	1923-24.
Rupees ..	5,48,300	8,67,784.	10,81,260

Woollen hosiery is largely a British trade. In 1922-23 the United Kingdom supplied 94 per cent., Germany and the United States sent trifling quantities.

**Haberdashery and Millinery.**—The principal headings are :—

Article.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).
Lace and embroidery ..	27	33
Towels not in the piece ...	3	3
Other sorts .. .. .	64	62

and the imports were as follows :—

Principal Countries of Consignment.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom .. .. .	35	33
Germany .. .. .	19	27
France .. .. .	3	2
Switzerland .. .. .	16	16
Italy .. .. .	3	4
Japan .. .. .	12	11
Other Countries .. .. .	5	6
<b>Total .. .. .</b>	<b>93</b>	<b>99</b>

This trade is still below the average of the last five pre-war years, which was 136 lakhs. Germany is making great strides, and supplies the 101 articles comprised in "other sorts" where cheapness is the great desideratum.

**Boots and Shoes.**—Although the import trade in boots and shoes has shown a steady increase during the past three years, it does not amount to one-third of its volume in pre-war times, as the following figures show :—

	Pre-war average.	War average.	1920-21.	1921-22.	1922-23.	1923-24.
Pairs (in 1,000)	2,323	1,170	1,071	172	385	723
Rupees (in 1,000)	56.73	41.31	1,05.83	15.41	18.01	25.44

The reasons for this falling-off are, firstly, increased manufacture of boots and shoes in India, which is slowly replacing the cheaper varieties of imported goods, and, secondly, the high level of prices which place the average imported shoe beyond the means



of the Indian clerk. The provenance of the imports was as follows :—

Countries of Consignment.	1922-23:		1923-24.	
	Pairs.	Rs. (lakhs).	Pairs.	Rs. (lakhs).
United Kingdom . . . . .	254,379	14	343,030	17
United States . . . . .	24,725	1	40,508	2
Other Countries . . . . .	106,215	3	339,568	6
<b>Total . . . . .</b>	<b>385,319</b>	<b>18</b>	<b>723,106</b>	<b>25</b>

The imports from other countries are principally from France, Switzerland and Japan.

**Leather.**—The imports of unmanufactured leather were as follows :—

Description.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).
Hides, tanned or dressed . . . . .	3	4
Skins, tanned or dressed . . . . .	3	3
Unwrought . . . . .	3	3
Leather cloth . . . . .	5	3
Artificial leather . . . . .	1	1
<b>Total . . . . .</b>	<b>15</b>	<b>14</b>

The principal business, however, is in manufactured leather goods.

Description.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).
Bags and trunks . . . . .	1	1
Pickers . . . . .	6	8
Picking bands and straps . . . . .	6	8
Roller skins . . . . .	10	12
Saddlery and harness . . . . .	2	1
Other sorts . . . . .	12	8

The trade in industrial leathers is fairly stationary, but there has been a further decline in those items which depend upon the public demand.

The following table shows the countries of consignment of the total imports of leather and leather goods :—

Principal Countries of Consignment.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom .. ..	44	43
Ceylon .. ..	1	1
Japan .. ..	1	1
United States .. ..	2	4
Australia and New Zealand	—	—
Other Countries .. ..	4	3
<b>Total .. ..</b>	<b>52</b>	<b>52</b>

British makers have a firm hold on the trade for the cotton and jute mills in roller skins, pickers and picking bands. The competition of America and Germany is mainly in fancy leathers.

**Belting for Machinery.**—The total imports were as follows:—

	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).
Cotton belting .. ..	14	15
Leather belting .. ..	41	44
Belting of other materials ..	28	29
<b>Total .. ..</b>	<b>83</b>	<b>88</b>

The detailed figures for 1923-24 are not yet available, but in 1922-23 the United Kingdom supplied 72 lakhs worth of a total import of 83 lakhs, or 87 per cent. The United States supplied 8 lakhs worth, mainly leather belting, while Germany shipped over 2 lakhs principally consisting of belting (other than leather or cotton).

**Bobbins.**—This is a considerable trade in which there was keen Japanese competition during the war, but this has gradually dwindled until the United Kingdom has now regained her normal share of the trade. The shipments from other countries are specialities from Germany and a few cheap bobbins from Japan. The statistics are as follows:—

Principal Countries of Consignment.	1921-22. Rs. (lakhs).	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
United Kingdom .. ..	100	49	45
Other Countries .. ..	20	8	5
<b>Total imports .. ..</b>	<b>120</b>	<b>57</b>	<b>50</b>

**Books and Printed Matter.**—The total imports are :—

	1921-22.	1922-23.	1923-24.
Rupees .. .. .	54,47,735	50,97,931	51,42,370

This has always been a distinctively British trade, as English is the *lingua franca* of India. The United States supplied over 4 lakhs worth in 1922-23.

**Stationery (excluding Paper).**—There has been a slight decline in this trade during the last three years. The imports were :—

Countries of Consignment.	1921-22.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom .. .. .	66	56	53
Germany .. .. .	9	22	22
Japan .. .. .	5	5	4
United States .. .. .	7	5	6
Other Countries .. .. .	4	3	4
<b>Total</b> .. .. .	<b>91</b>	<b>91</b>	<b>89</b>

There are two distinct types of trade. Firstly, the trade in good quality stationery for private and business use, which is mainly met by the United Kingdom with slight competition from the United States. Although most firms still buy large quantities of stationery through their London offices, local purchases are growing. One or two British firms who specialise in office stationery and requisites are already established in India. Secondly, there is the large bazaar demand for low-grade and the cheapest kind of stationery, and it is this trade which is catered for by Germany and Japan.

Bombay is the principal port of entry, followed, in order of importance, by Calcutta, Madras, Rangoon and Karachi.

**Tobacco.**—There has been a phenomenal increase in the imports of unmanufactured tobacco during the past year, due to the effect of the high duty on all manufactured varieties. This stimulates the manufacture of cigarettes in the country from blends of indigenous and imported leaf. The statistics are as follows :—

Description.	1922-23.	1923-24.
	lbs.	lbs.
Unmanufactured tobacco .. .. .	1,228,364	4,557,007
Cigars .. .. .	24,673	27,208
Cigarettes .. .. .	4,087,286	3,453,118
Manufactured tobacco for pipes and cigarettes .. .. .	309,791	279,244
Other sorts .. .. .	32,227	38,056
<b>Total imports</b> .. .. .	<b>5,682,341</b>	<b>8,354,631</b>

It will be seen that cigarettes account for the greater portion of the imports, and the following table shows their provenance :—

Principal Countries of Consignment.	1922-23.		1923-24.	
	lbs.	Rs. (lakhs).	lbs.	Rs. (lakhs).
United Kingdom ..	3,855,112	1,78	3,342,238	1,53
Aden & Dependencies ..	13,020	1	13,288	1
Egypt ..	18,724	2	10,996	1
U.S.A. ..	187,102	4	76,989	1
Other Countries ..	13,328	—	9,607	—
<b>Total ..</b>	<b>4,087,286</b>	<b>1,85</b>	<b>3,453,118</b>	<b>1,56</b>

The United Kingdom is more than holding its own in a considerably reduced trade.

**Rubber Manufactures.**—The main items imported are as follows :—

Articles.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).
Tyres for motor vehicles ..	1,07	1,00
Tubes for motor tyres ..	16	16
Tyres and tubes for cycles ..	Not recorded	21
Other manufactures (except apparel and boots and shoes) ..	57	31
<b>Total imports ..</b>	<b>1,80</b>	<b>1,68</b>

The statistics relating to rubber tyres for motor vehicles are as follows :—

Principal Countries of Consignment.	1922-23.		1923-24.	
	Number.	Rs. (lakhs).	Number.	Rs. (lakhs).
United Kingdom ..	43,675	28	60,191	35
Germany ..	9,139	7	16,712	11
France ..	47,520	34	54,589	31
Italy ..	10,351	7	2,319	1
Straits Settlements ..	6,540	4	4,130	2
Canada ..	13,169	8	8,577	5
United States ..	23,780	16	25,798	13
<b>Total imports ..</b>	<b>157,807</b>	<b>1,07</b>	<b>174,770</b>	<b>100</b>

In spite of the fact that nearly 17,000 additional tyres were imported, the value fell by 7 lakhs. This is accounted for by reduced prices, particularly of French tyres, which have profited by the depreciation of the franc. The British share of the trade increased satisfactorily, but is still 15 per cent. below what it was before the war:—

**Instruments, Apparatus, Appliances, etc.**—This is a most comprehensive heading, the total imports under which are valued at over £2 million sterling. The main items are as follows :

Description.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).
Electrical instruments, etc. ..	2,16	2,26
Musical .. .. .	17	17
Optical .. .. .	4	5
Photographic—		
Cinematograph films .. ..	13	14
Photographic, other than cinematograph films .. ..	18	17
Scientific and philosophical ..	25	26
Surgical .. .. .	15	15
Other kinds .. .. .	7	5
<b>Total imports .. .. .</b>	<b>3,15</b>	<b>3,25</b>

Cinematograph films were separately classified for the first time in 1922-23, and of the 13 lakhs worth imported that year, 2½ lakhs were drawn from the United Kingdom, 5½ lakhs from the United States of America, and 2½ lakhs from Germany.

*Electrical Apparatus* accounts for the greater portion of the imports under the main heading, and the following statement gives the value of the different classes of electrical apparatus imported during the last three years :—

Imports of Electrical Apparatus.	1921-22.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Electric fans and parts thereof ..	55	31	29
Electric wires and cables .. ..	1,09	77	70
Telegraph and telephone instru- ments .. .. .	5	5	32
Electric lamps and parts thereof ..	28	23	21
Batteries .. .. .	2	2	6
Carbons, electric .. .. .	1	1	1
Accumulators .. .. .	8	4	3
Electric-lighting accessories and fittings, including switches .. ..	30	11	9
Meters .. .. .	8	6	5
Electro-medical apparatus, includ- ing X-ray apparatus .. .. .	1	—	1
Switchboards (other than tele- graph and telephone) .. .. .	13	7	7
Unenumerated .. .. .	1,46	49	42
<b>Total .. .. .</b>	<b>4,06</b>	<b>2,16</b>	<b>2,26</b>

The sources of the imports were as follows :—

Countries of Consignment.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
United Kingdom .. ..	1,52	1,72
Germany .. .. .	21	16
Netherlands .. .. .	6	7
Italy ... .. .	11	6
Japan .. .. .	3	2
U.S.A. .. .. .	19	18
Other Countries .. ..	4	5
<b>Total imports .. ..</b>	<b>2,16</b>	<b>2,26</b>

Taking the various types item by item, we find that of a total import of 29 lakhs worth of electric fans, the United Kingdom supplied 17 lakhs, Italy 5 lakhs, and the U.S.A. 3½ lakhs. The United Kingdom has been steadily improving her position in this trade during the past three years, and should be able to retain her present share.

Electric wires and cables account for no less than 70 lakhs, of which the United Kingdom supplied 62 lakhs or 88 per cent. The United States sent 3 lakhs worth, mainly under the heading "insulations other than rubber." There has been a sharp rise in the imports of telegraph and telephone instruments from 5 to 32 lakhs. This is largely due to large extensions in Calcutta, Bombay and elsewhere to the telephone service. Practically the entire import came from the United Kingdom.

There has been a falling-off in the imports of electric glow lamps from 18 to 15 lakhs, and shipments from all suppliers, with the exception of Holland, were adversely affected. Imports of Dutch lamps rose from 4½ to 5¾ lakhs.

The trade in batteries is divided between the United Kingdom and the U.S.A., and the United Kingdom supplies 80 per cent. of the accumulators imported. Electric lighting accessories and fittings were drawn as to 77 per cent. from the United Kingdom and 15 per cent. from Germany. Great Britain supplied 3¾ lakhs worth of meters of a total import of 5½ lakhs, the only competitors being Germany and Switzerland.

Of a total import of switchboards amounting to 7 lakhs, the United Kingdom sent 5 lakhs, and the United States of America 2 lakhs.

Unenumerated electrical instruments and appliances amounted to the large total of 40 lakhs, of which 29 lakhs or 72½ per cent. came from the United Kingdom, 5 lakhs or 12½ per cent. from Germany, and 4 lakhs or 10 per cent. from the United States of America. It is noteworthy that Germany is ousting the United States from the electrical instrument and appliance trade in India. British makers have grounds for satisfaction in being able to meet foreign competition in the way they are doing. This result is largely due to an excellent organisation on the spot.

**Earthenware and Porcelain.**—The imports were as follows ;

Article.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
<i>Earthenware</i> —		
Pipes of earthenware ..	3	3
Sanitary ware .. ..	61	5
Other kinds .. ..		
<i>Porcelain</i> —		
Electrical .. ..	2	1
Other kinds .. ..	14	20
<b>Total imports ..</b>	<b>80</b>	<b>71</b>

Detailed figures are not available for 1923-24, but the subjoined table shows the provenance of the imports during the years 1921-22 and 1922-23.

Countries of Consignment.	1921-22. Rs. (lakhs).	1922-23. Rs. (lakhs).
United Kingdom .. ..	44	38
Germany .. ..	2	4
Netherlands .. ..	3	1
Belgium .. ..	1	1
Japan .. ..	21	25
<b>Total imports (all sources) ..</b>	<b>77</b>	<b>79</b>

Sanitary ware was only separately classified in 1923-24, so that the 1922-23 figures show all types of earthenware grouped together. The United Kingdom supplied 60 per cent., Germany 5 per cent., and Japan 20 per cent. Out of a total import of two lakhs worth of electrical porcelain, the United Kingdom sent 63 per cent., Japan and the U.S.A. each supplying 14 per cent. Japan virtually controls the market in other kinds of porcelain, the imports principally consisting of cheap, meretricious tea sets, etc., for bazaar use.

**Glass and Glassware.**—The following table shows the types of glass and glassware imported :—

Description.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
Bangles .. ..	80	86
Beads and false pearls ..	48	39
Bottles and phials .. ..	36	35
Funnels, globes and glass parts of lamps .. ..	22	17
Scientific glassware .. ..	2	2
Sheet and plate glass .. ..	37	33
Tableware .. ..	10	10
Other glassware .. ..	24	23
<b>Total imports ..</b>	<b>2,59</b>	<b>2,45</b>

The following table gives the provenance of the imports :—

Principal Countries of Consignment.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
United Kingdom .. .. .	37	31
Germany .. .. .	44	43
Belgium .. .. .	25	24
Austria .. .. .	10	7
Czecho-Slovakia .. .. .	40	42
Italy .. .. .	10	7
Japan .. .. .	80	81
Other Countries .. .. .	13	10
<b>Total .. .. .</b>	<b>2,59</b>	<b>2,45</b>

Much of the glassware is entirely non-competitive so far as the United Kingdom is concerned. For instance, glass bangles are drawn almost exclusively from Japan and Czecho-Slovakia, while beads and false pearls are supplied by Japan, Germany, Czecho-Slovakia, and Italy. Imports of both these articles from the United Kingdom were negligible.

The United Kingdom furnishes 71 per cent. of the soda-water bottles, but only 20 per cent. of the other kinds of bottles and phials. The principal competitor in the latter trade is Japan with 50 per cent. and Germany 25 per cent.

As regards funnels, globes and glass parts of lamps, Germany supplies over 50 per cent., Japan 17 per cent., and the United States 8 per cent. The United Kingdom only sent 4 per cent. In scientific glassware the trade is more evenly distributed between the United Kingdom with 38 per cent., Japan 26 per cent., Germany 21 per cent., and the U.S.A. 5 per cent.

Sheet and plate glass is a British trade so far as the better qualities are concerned, and a Belgian trade in cheap window glass; of which no less than 23 lakhs were imported in 1922-23. The United Kingdom sent 10 per cent. of the table glassware, which was mainly imported from Japan (63 per cent.). Un-classified glassware is divided between the United Kingdom, Germany, and Japan.

**Cycles (other than Motor Cycles and parts thereof) and Accessories.**—This trade has shown a satisfactory expansion during the last three years.

Description.	1921-22.	1922-23.	1923-24.
	Number.	Number.	Number.
Cycles imported entire or in sections .. .. .	6,315	22,940	44,884
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Value .. .. .	7	20	33
Parts of cycles and accessories, excluding rubber tyres (value) .. .. .	10	20	27
<b>Total imports (value) ..</b>	<b>17</b>	<b>40</b>	<b>60</b>



Details of the origin of the cycles imported during 1923-24 are not yet available, but the following table gives the provenance of the total imports\* during the two preceding years :—

Countries of Consignment.	1921-22.	1922-23.
	Rs. (lakhs).	Rs. (lakhs).
United Kingdom .. .. .	13	29
Germany .. .. .	2	7
Netherlands .. .. .	—	2
Japan .. .. .	1	1
<b>Total imports (all sources)</b> .. .. .	<b>17</b>	<b>40</b>

Competition from Japan was introduced during the war, but this has not stood the test of normal times. Germany is now the only real competitor in the low-grade machines. British makers are holding their own in a most satisfactory manner, but are still behind their pre-war position, when they held 98 per cent. of the trade. The principal markets, in order of importance, are Bengal, Bombay, Madras, Karachi and Rangoon.

**Building and Engineering Materials other than Iron, Steel or Wood.**—There has been a considerable reduction in this trade during recent years owing to the reduced imports of Portland cement resulting from the development of cement manufacture in India. The following are the principal articles under this heading :—

Description.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).
Asphalt .. .. .	10	11
Bricks (other than firebricks)	1	—
Firebricks .. .. .	7	5
<b>Cement—</b>		
Portland .. .. .	1,04	73
Boiler covering .. .. .	—	—
Other kinds .. .. .	2	2
Tiles .. .. .	27	21
Other kinds .. .. .	11	12
<b>Total imports</b> .. .. .	<b>1,62</b>	<b>1,24</b>

Asphalt was obtained in approximately equal proportions from the United Kingdom, Trinidad and the United States. Firebricks are almost entirely drawn from the United Kingdom. The considerable trade in tiles is practically divided between the United Kingdom and Italy with smaller quantities from France and Belgium.

\* Including parts and accessories.

*Cement* is the most important item in the group, and fortunately recent figures of provenance are available.

Countries of Consignment.	1922-23.		1923-24.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom ..	96,985	78	95,739	64
Germany .. ..	13,244	10	7,781	5
Belgium .. ..	4,776	3	1,977	1
China .. ..	2,931	2	668	—
Japan .. ..	4,238	3	87	—
Other Countries ..	11,941	9	6,885	4
<b>Total imports ..</b>	<b>134,115</b>	<b>1,05</b>	<b>113,137</b>	<b>74</b>

British makers have no grounds for apprehension as regards foreign competition, but they must face a steadily declining trade now that local cement works are springing up all over India, which produce cement equal to the British Standard Specification. The leading combine in the trade has recognised the position and has erected a very fine works on the Sone river in Bihar.

**Hardware (excluding cutlery and electro-plated ware).—** The hardware trade, judged by the statistics of the past three years, shows few signs of recovery, and the value of the total imports last year was almost a crore of rupees below that of the preceding year.

The principal items were as follows :—

Articles.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
Agricultural implements ..	23	21
Buckets of tinned or gal- vanised iron .. ..	1	1
Builders' hardware .. ..	35	24
Domestic hardware, other than enamelled ironware..	9	9
Enamelled ironware .. ..	24	31
Gas mantles .. ..	5	5
Implements and tools, other than agricultural imple- ments and machine tools..	79	67
Lamps—		
Metal .. ..	57	60
Glass .. ..	—	—
Parts of lamps, other than glass .. ..	12	9
Safes and strong boxes of metal .. ..	3	4
Stoves .. ..	6	7
Other sorts .. ..	2,60	2,04
<b>Total imports ..</b>	<b>5,14</b>	<b>4,42</b>

The following table gives the sources of the imports :—

Principal Countries of Consignment.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
United Kingdom .. ..	2,55	2,08
Germany .. ..	1,12	93
Belgium .. ..	4	3
Austria .. ..	3	8
Japan .. ..	33	26
United States .. ..	77	72
Other Countries .. ..	30	32
<b>Total imports .. ..</b>	<b>5,14</b>	<b>4,42</b>

The relative position of the various suppliers is perhaps shown more clearly in the following table of percentages :—

	1913-14 (pre-war year).	1919-20.	1922-23.	1923-24.
	Per cent.	Per cent.	Per cent.	Per cent.
United Kingdom .. ..	57	47	50	47
Germany .. ..	18	—	22	21
United States .. ..	10	30	15	16
Japan .. ..	1	17	6	6
Other Countries .. ..	14	6	7	10
<b>Total .. ..</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

The competition experienced by British manufacturers in the hardware trade is probably the keenest encountered in the whole import trade of India. Not only has Germany improved her position even as compared with pre-war days, but both the United States and Japan are competing closely in certain articles, with the result that the British share last year was 10 per cent. below the pre-war figure. We will now give brief consideration to each section of the trade in turn :—

*Agricultural Implements.*—The United Kingdom in 1922-23. supplied 88 per cent. of this trade, and the only foreign competition encountered is that from the United States (5 per cent.). During the last year, however, German shipments of hoes have increased very largely and, in view of their low price, they are capturing the bazaar trade in several markets, notably Rangoon. More severe competition may be expected in future from the Agricultural Implements Co., Ltd., of Jamshedpur. The works were visited recently by the Indian Tariff Board, who summarise their position in their report as follows :—

“ This firm obtains from the Tata Iron and Steel Company the steel which it requires at favourable rates. The principal articles manufactured at present are picks, powrahs or kodalis, and hoes. The works are well

aid out and equipped with modern and up-to-date machinery. The full capacity of the plant is about 4,000 tons of finished goods per annum, but the present production is only about 80 tons per month or less than a thousand tons a year. At this rate of output the incidence of the overhead charges is very high and the all-in cost per ton is Rs. 767 (excluding depreciation), whereas the wholesale selling price for goods of the kind manufactured by the Company is Rs. 710 per ton. When full production is reached, the all-in cost of production is expected to drop to Rs. 609 a ton excluding, or Rs. 666 including, depreciation. The profit remaining would be equivalent to a return of about 7 per cent. on the Company's share capital."

*Galvanised Iron or Tinned Buckets.*—This trade has now fallen to about £6,000 per annum, owing to the increasing manufacture in India of buckets from galvanised iron or tinned sheets. The United Kingdom supplies the bulk of the imports.

*Builders' Hardware, such as locks, hinges, door bolts, etc.*—This valuable trade is divided as to 24 per cent. from the United Kingdom, 38 per cent. from Germany, 22 per cent. from Sweden, and 11 per cent. from U.S.A., with lesser quantities from Belgium and Japan. Before the war Germany supplied no less than 43 per cent., and she is rapidly regaining that position and has again captured the bazaar trade for cheap articles.

*Domestic Hardware (other than enamelled ironware).*—Germany is rapidly regaining her position in this trade. In 1922-23 of a total import of 9 lakhs worth, she supplied 4 lakhs, the United Kingdom 3 lakhs, and lesser quantities were drawn from Japan and the U.S.A.

*Enamelled Ironware.*—There has been a steady advance in the imports of enamelled ironware during the last three years, and the total trade is now valued at 31 lakhs of rupees. The principal suppliers in 1922-23 were Japan with 58 per cent., Germany with 25 per cent., and the United Kingdom with 9 per cent. A small amount was obtained from Czecho-Slovakia.

There are four firms manufacturing enamelled ironware in India. Three of them are operating on a small scale near Calcutta, while the fourth—Enamelled Ironware, Ltd.—is located at Jamshedpur. This last is a Company, registered in India, in which one of the leading British makers is interested. The works are erected, the machinery installed, and a trial production of rice bowls and tumblers has been made, which apparently met with quite a favourable reception in the market. The works, however, have never produced on a commercial scale, and are at present standing idle owing to lack of working capital.

*Implements and Tools (other than agricultural implements and machine tools).*—This trade, amounting to over 67 lakhs, was divided in 1922-3 between the United Kingdom (66 per cent.), the United States (21 per cent.), and Germany (10 per cent.). In high-grade precision tools the United Kingdom maintains its position, but even here there is increasing competition from America, while Germany is increasing her hold on the lower qualities.

*Gas Mantles.*—This is only a small item of 5 lakhs. In 1922-23 Germany sent 43 per cent., the United Kingdom 30 per cent., and the United States 22 per cent.

*Metal Lamps.*—The imports in 1923-24 amounted to no fewer than 3,361,141 lamps valued at 66 lakhs. Detailed figures for this year are not available, but in 1922-23 the trade was divided between the United States with 50 per cent., and Germany 42 per cent. The United Kingdom only sent 5 per cent. of the total. American makes of hurricane lamps, such as the Dietz and others, control the market, while the Germans specialise more in stand lamps. The United Kingdom does not seem to be able to compete in price in this trade, which is mainly in cheap goods.

*Safes and Strong Boxes.*—This is likely to be a declining trade except for the highest-grade safes and strong rooms. Indian makers in Bombay now produce a good quality safe, and metal cash boxes of all types and sizes are manufactured at Multan and elsewhere. In 1922-23 of a total import of only 3 lakhs, the United Kingdom sent 47 per cent. and Germany 33 per cent.

*Stoves.*—As might be imagined in a country with a hot climate, the import of stoves only amounts to 7 lakhs, and is largely confined to Bombay and Karachi, the ports of entry for the Punjab and North-West Frontier Provinces, which have a rigorous winter. In 1922-23 Sweden supplied 40 per cent., the United Kingdom 27 per cent., and Germany 24 per cent.

*Cutlery.*—The total imports were as follows :—

Countries of Consignment.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
United Kingdom .. ..	8	8
Germany .. .. .	12	12
Japan .. .. .	2	1
United States .. ..	—	1
Other Countries .. ..	1	1
<b>Total imports .. ..</b>	<b>23</b>	<b>23</b>

Competition from America and Japan, which was a feature of the war period, has now declined to small proportions, and Germany has resumed her place as the leading supplier. In pruning knives (amounting to nearly 2 lakhs) the United Kingdom has a virtual monopoly, and Sheffield supplies the bulk of the better quality cutlery for European and Indian use. The bazaar trade, however, has completely reverted to the cheap Solingen products, with which it was difficult to compete even before the war, but which, with the depreciated mark in their favour, are unassailable.

**Polishes.**—There has been a steady advance in this trade from the low water-mark of 1921-22. The total imports are as follows :—

Article.	1921-22.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Leather polish .. .. .	5	9	13
Metal polish .. .. .	9	9	9
Wood polish .. .. .	1	1	1
<b>Total imports .. .. .</b>	<b>15</b>	<b>19</b>	<b>23</b>

The pre-war average import was just over 10 lakhs per annum, so that the above figures may be considered satisfactory. So far as leather polishes are concerned, the United Kingdom supplies 89 per cent. of the whole, the only competition being from the United States and a negligible quantity from Germany. The situation is practically the same as regards metal polishes. The United Kingdom supplies 86 per cent. and the U.S.A. 11 per cent. ; 88 per cent. of the wood polish is drawn from the United Kingdom, 8 per cent. from America, and 3 per cent. from Germany.

**Arms, Ammunition and Military Stores.**—This is a very wide classification, and it will be well to analyse it item by item. The total imports were :—

Description.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
Cartridge cases .. .. .	13	14
Explosives .. .. .	19	21
Firearms and parts thereof..	22	23
Gunpowder .. .. .	2	2
Other sorts .. .. .	7	5
<b>Total imports .. .. .</b>	<b>63</b>	<b>65</b>

The United Kingdom supplied 87 per cent. and the U.S.A. 9 per cent. of the cartridge cases imported. The heading of explosives comprises mainly blasting gelatine, gelatine dynamite, blasting fuse, dynamite and detonators. The principal ports of entry are Madras (for use on the Kolar Goldfields) and Bengal (for use in the colliery districts). The United Kingdom in 1922-23 supplied 95 per cent. and Germany 3 per cent.

Firearms are mainly imported from the United Kingdom (73 per cent.), the United States (12 per cent.), Belgium (8 per cent.), and Germany) 4 per cent.). The old British makers of high-grade hand-made sporting guns have been adversely affected of late years owing to the fact that the rise in prices has placed these weapons beyond the purchasing power of the British sportsman in India, who—in a great many cases—is worse off financially

than he was before the war. There is a steadily increasing market for the cheap rifle and shot-gun used by the domiciled community and by Indians.

**Brushes and Brooms.**—These comprise :—

Description.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
Paint and varnish brushes ..	4	4
Toilet brushes .. ..	1	3
Other brushes .. ..	5	4
Brooms .. ..	4	4
<b>Total imports ..</b>	<b>10·4</b>	<b>11·4</b>

In paint and varnish brushes British makers have 82 per cent. of the trade, Germany 13 per cent., and the United States 4 per cent. In toilet brushes, however, American imports predominate with 43 per cent., the United Kingdom sent 28 per cent., Hong-kong 18 per cent., and Germany 7 per cent. Other brushes for industrial and general use are mainly drawn from the United Kingdom (75 per cent.) and Germany (20 per cent.). The trifling import of brooms is obtained from the Straits Settlements and the United Kingdom. (The above percentages relate to 1922 and 1923.)

**Toys and Requisites for Games and Sports.**—This is a very considerable trade, amounting in value to :—

Rupees .. ..	1921-22.	1922-23.	1923-24.
	34,25,635	53,36,183	62,87,644

Two-thirds of the total imports consist of toys, which has never been a British trade. In 1922-23 Germany sent 52 per cent., Japan 26 per cent., and the United Kingdom 14 per cent. It is interesting to note that Germany is gradually ousting Japan from this trade.

Playing cards, which was formerly largely an American trade, are now drawn from the U.S.A., Belgium, and Germany. The imports from Belgium are probably German cards shipped via Antwerp. The imports of requisites for games and sports amounted in value in 1922-23 to nearly 9 lakhs of rupees. The United Kingdom sent 75 per cent., Norway 12 per cent., and the balance was mainly derived from the United States and Japan.

Although the present generation of Indians are taking more generally to games and sports such as football, cricket, tennis, etc., the increased trade which might be expected on this account is likely to be offset by increased local manufacture. The sports goods manufacturers of Sialkot and other places are increasing in number and importance, and turn out quite a fair article for ordinary use. The European demand, however, is likely to insist on British makes, which are well known and can be entirely relied upon.

**Tea Chests (entire or in sections).—**The total imports show a small but steady advance.

Countries of Consignment.	1921-22.	1922-23.	1923-24.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
United Kingdom .. .. .	53	59	50
Russia .. .. .	4	1	4
Japan .. .. .	1	—	—
Other Countries .. .. .	—	2	11
<b>Total imports .. .. .</b>	<b>58</b>	<b>62</b>	<b>65</b>

Russian imports are mainly from Baltic ports. The most noteworthy feature is the great increase in other countries, which in 1922-23 consisted mainly of Germany and Esthonia.

**Umbrellas and Umbrella Fittings.—**The imports of complete umbrellas, including parasols and sunshades, were as follows :—

Countries of Consignment.	Number.		Value Rs. (lakhs).	
	1922-23.	1923-24.	1922-23.	1923-24.
United Kingdom .. .. .	252,012	238,284	9	8
Japan .. .. .	42,085	7,407	1	—
Other Countries .. .. .	181,013	74,068	1	1
<b>Total imports .. .. .</b>	<b>475,110</b>	<b>319,759</b>	<b>11</b>	<b>9</b>

The position is satisfactory and the United Kingdom is maintaining her position in the market. The imports from other countries consist mainly of oiled paper and other oriental umbrellas from Japan and China.

As regards umbrella fittings, however, the British share is not so satisfactory. The total imports were :—

	1922-23.	1923-24.
Rupees .. .. .	32,23,012	46,31,244

Detailed figures for 1923-24 are not available, but in the previous year the United Kingdom sent 29 per cent., Japan 41 per cent., and Germany 26 per cent.



**Jewellery and Plate of Gold and Silver (excluding Imitation Jewellery, Precious Stones and Pearls, unset).—**  
The import figures were :—

Article.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
Jewellery .. .. .	10	10
Plate of gold and silver ..	8	6
<b>Total imports ..</b>	<b>18</b>	<b>16</b>

Seventy-four per cent. of the imports of jewellery were drawn from the United Kingdom in 1922-23, the balance being obtained from Germany, Italy, and the United States of America ; 78 per cent. of the imports of gold and silver plate were British, the remainder being shipped mainly by China and the United States.

*Electro-plated ware.*—There has been a gradual falling-off in this trade since the year 1920-21. The figures are :—

	1921-22.	1922-23.	1923-24.
Rupees .. .. .	11,67,636	6,39,848	6,32,351

Practically the whole of the imports were drawn from the United Kingdom.

**Carriages and Carts (excluding Railway Carriages) and parts thereof.**—This trade has also steadily declined since the boom year of 1920-21. The total imports were :—

	1921-22.	1922-23.	1923-24.
Rupees .. .. .	63,33,941	30,18,827	21,67,879

The bulk of the imports of complete carriages and carts are drawn from Belgium, Germany, and Japan. The British share is only 23 per cent. So far as parts of carriages and carts are concerned, the British share in 1922-23 was 60 per cent., the American 17 per cent., and the Japanese 9 per cent. The United Kingdom supplied practically the whole of the perambulators imported.

**Oil Cloth and Floor Cloth.**—This trade has been considerably reduced during recent years owing to heavy stocks imported in 1920-21. The total imports were :—

	1921-22.	1922-23.	1923-24.
Rupees .. .. .	6,29,675	9,46,083	8,57,470

Sixty per cent. of the imports were drawn from the United Kingdom and the remainder from the United States, in 1922-3.

#### **Furniture and Cabinetware.**

	1921-22.	1922-23.	1923-24.
Rupees .. .. .	25,53,901	16,54,950	18,61,116

The United Kingdom supplied 50 per cent., Germany 18 per cent. (principally mouldings), and the United States 8 per cent., in 1922-3.

**Matches.**—Although the United Kingdom does not export matches to India on any commercial scale, the total trade is so large, amounting to over £1 million sterling, that a brief analysis may be of interest.

The imports are as follows :—

Principal Countries of Consignment.	1922-23.		1923-24.	
	Gross boxes.	Value. Rs. (lakhs).	Gross boxes.	Value. Rs. (lakhs).
Sweden .. ..	2,656,466	42	5,169,743	69
Norway .. ..	102,641	2	108,950	2
Czecho-Slovakia .. ..	86,300	1	118,400	1
Japan .. ..	8,320,273	1,15	5,555,382	70
Other Countries .. ..	120,060	1	291,270	4
Total imports .. ..	11,285,740	1,61	11,243,745	1,46

The most noteworthy feature is the rapid increase in imports from Sweden, which country now divides with Japan the imported match trade of India. A large issue of capital was recently made by the Swedish Match Combine in the London market for the purpose of erecting match factories in India.

**Packing (Engine and Boiler of all kinds, including Asbestos).**—Imports have dwindled during the last three years owing to the trade depression.

	1921-22.	1922-23.	1923-24.
Rupees .. ..	4,02,094	3,21,013	2,46,749

This is almost exclusively a British trade, but very small quantities of American and German packing are now being shipped to India.

**Toilet Requisites.**—This large heading includes all toilet requisites not specified elsewhere.

	1921-22.	1922-23.	1923-24.
Rupees .. ..	24,38,751	41,70,202	48,94,289

In 1922-23 the United Kingdom supplied 41 per cent., the United States 25 per cent., Japan 13 per cent., Germany 7 per cent., and lesser amounts from Italy and France.

**Articles Imported by Post.**—The imports by parcel post into India show a considerable reduction in value.

	1921-22.	1922-23.	1923-24.
Rupees .. ..	4,09,80,473	3,47,22,450	3,44,19,298

As might be anticipated, 93 per cent. of the imports are from the British Empire and 80 per cent. from the United Kingdom. Italy, Germany, Japan, and the United States sent very small quantities.

### RAW AND SEMI-MANUFACTURED ARTICLES.

We will now consider those raw and semi-manufactured products in which the United Kingdom conducts an important export trade with India, or is interested by virtue of their scale, as in the case of sugar, or the employment of British capital, as in the case of mineral oils.

**Coal, Coke and Patent Fuel.**—There has been a material reduction in the total imports of coal since the year 1921-22. The figures for the past two years are as follows :—

Principal Countries of Consignment.	1922-23.		1923-24.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom ..	496,518	1,89	79,056	28
Japan .. .. .	38,161	14	705	—
Union of South Africa	253,729	75	273,658	70
Portuguese East Africa .. .. .	34,397	12	169,272	44
Australia and New Zealand .. .. .	23,857	10	61,074	22
Other Countries ..	35,148	9	8,203	2
<b>Total imports ..</b>	<b>881,810</b>	<b>3,09</b>	<b>591,968</b>	<b>1,66</b>

The imports of patent fuel are negligible, but 22,332 tons of special coke were imported in 1923-24. The shipments of coal, coke, and patent fuel were distributed among the principal provinces as follows :—Bombay 376,057 tons, Sind 89,560 tons, Burma 76,448 tons, Madras 69,177 tons, and Bengal 3,066 tons.

A strenuous effort is being made by the Bengal colliery owners to regain the Bombay market. In order to meet the criticisms with regard to the poor quality and low calorific value, specially selected shipments are being made. During the year there has been considerable political feeling against South Africa in connection with the status of Indians in that Dominion, and this may to some extent affect imports of Natal coal. At the present time, however, both Bombay and Karachi depend mainly upon imported coal for their requirements.

**Mineral Oils.**—The following are the latest figures of this valuable trade :—

#### *Kerosene Oil.*

Principal Countries of Consignment.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
Straits Settlements .. .. .	4	11
Sumatra .. .. .	2	9
Borneo .. .. .	39	54
United States .. .. .	2,78	3,18
Other countries .. .. .	15	50
<b>Total imports ..</b>	<b>3,38</b>	<b>4,42</b>

*Fuel Oils.*

The imports were :—

Principal Countries of Consignment.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
Persia .. .. .	1,04	1,15
Straits Settlements .. .. .	21	11
Borneo .. .. .	16	49
Other countries .. .. .	4	—
<b>Total imports .. .. .</b>	<b>1,45</b>	<b>1,75</b>

*Lubricating Oils.*

The total figures were :—

Description.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
Batching oils .. .. .	48	40
Other lubricating oils .. .. .	1,32	1,34
<b>Total imports .. .. .</b>	<b>1,80</b>	<b>1,74</b>

Batching oils for use in the jute mills of Bengal were obtained in 1922-23 as follows :—United States 67 per cent., Borneo 30 per cent. The United Kingdom has little interest in this trade.

Other lubricating oils, valued at well over £1 million sterling, were drawn from the United Kingdom, 24 per cent., the United States of America, 72 per cent., and a very small amount from Germany. American competition from firms such as the Vacuum and Valvoline Oil Companies is very keen, but British firms are slightly improving their position.

**Salt.**—In spite of the large production of salt in India, the imports are appreciable. The latest statistics are as follows :—

Principal Countries of Consignment.	1922-23.		1923-24.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom .. .. .	86,589	30	93,523	24
Germany .. .. .	56,272	17	24,930	7
Spain .. .. .	65,291	20	14,015	3
Aden and Depend- encies .. .. .	172,684	52	187,690	40
Egypt .. .. .	98,257	30	78,038	18
Italian East Africa .. .. .	63,017	19	76,488	18
Other countries .. .. .	23	—	12	—
<b>Total imports .. .. .</b>	<b>542,133</b>	<b>1,68</b>	<b>474,696</b>	<b>1,10</b>

Bengal and Burma take practically the whole of the imported salt. The production of Indian salt in 1922 amounted to 1,450,000 tons. The following table shows the prices at certain dates per 100 maunds at Calcutta of Liverpool, Spanish, and Indian salt :—

	Imported:		Indian.
	Liverpool (ex-duty).	Spanish (ex-duty).	Deshi, Bombay Kurkutch (ex-duty).
	Rs.	Rs.	Rs.
April, 1922 .. ..	112	107	85
July, 1922 .. ..	135	128	95
October, 1922 .. ..	120	110	110
January, 1923 .. ..	115	110	108
March, 1923 .. ..	120	115	114

**Sugar.**—The imports of sugar ranked fourth in the total import trade of India in 1923-24, being exceeded only by cotton manufactures, machinery, and iron and steel. The subjoined table gives the imports of 16 Dutch Standard and above (excluding beet).

Principal Countries of Consignment.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
Belgium .. ..	12	6
France .. ..	6	2
Ceylon .. ..	3	2
Straits Settlements (including Labuan) .. ..	10	12
Java .. ..	12,21	13,06
China (including Hong-Kong)	18	23
Egypt .. ..	5	3
Mauritius .. ..	1,01	6
U.S.A. .. ..	40	—
<b>Total imports .. ..</b>	<b>14,16</b>	<b>13,63</b>

A marked feature of the past three years has been the growth of the trade with the Continent in beet sugar. The figures were :—

Principal Countries of Consignment.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
United Kingdom .. ..	9	—
Germany .. ..	36	19
Netherlands .. ..	13	1
Belgium .. ..	8	3
Other Countries .. ..	2	90
<b>Total imports .. ..</b>	<b>68</b>	<b>1,13</b>

The following table gives the other types of sugar imported:—

Description.	1922-23. Rs. (lakhs).	1923-24. Rs. (lakhs).
Sugar, 15 Dutch Standard and below .. .. .	—	1
Molasses .. .. .	43	45
Confectionery .. .. .	18	21
Saccharine .. .. .	4	1

**Parts of Ships (including Launches and Boats).—**The trade was well maintained during the year.

	1921-22.	1922-23.	1923-24.
Rupees .. .. .	89,63,358	57,23,815	71,53,543

This is a purely British trade.

## SUPPLEMENT.

## THE INDIAN IMPORT TRADE DURING THE FIRST QUARTER OF THE STATISTICAL YEAR—APRIL 1ST, 1924, TO JUNE 30TH, 1924.

During the three months ended June, 1924, as compared with the corresponding period of 1923, the value of the imports into India increased by Rs. 1,40 lakhs or 2 per cent. to nearly Rs. 60 crores, while the total exports, including re-exports, decreased by Rs. 1 crore or 1 per cent. to Rs. 89 crores. The grand total of imports, exports, and re-exports amounted to Rs. 149 crores, being the same as in the corresponding three months of 1923.

The visible balance of trade during the three months, April to June, 1922, 1923 and 1924 is shown in the following table. The figures are arrived at by combining the balances of transactions in (a) private merchandise; (b) treasure (private account); and (c) remittances of funds. In these balances *plus* (+) signifies net export and *minus* (–) net import.

	Three Months, April to June.		
	1922.	1923.	1924.
	Rs. (lakhs).	Rs. (lakhs).	Rs. (lakhs).
Exports of Indian merchandise (private) .. .. .	+ 67,45	+ 86,61	+ 85,53
Re-exports of foreign merchandise (private) .. .. .	+ 3,05	+ 4,05	+ 3,82
Imports of foreign merchandise (private) .. .. .	– 50,08 (a)	– 54,91 (a)	– 58,29 (a)
Balance of trade in merchandise (private) .. .. .	+ 20,42	+ 35,75	+ 31,06
Gold (private)* .. .. .	– 9,03	– 12,04	– 8,76
Silver (private)* .. .. .	– 3,57	– 4,16	– 6,07
Currency notes (private) .. .. .	– 29	– 12	– 3
Balance of transactions in treasure (private)* .. .. .	– 12,89	– 16,32	– 14,86
Council Bills, purchases of sterling and other Government remittances to the United Kingdom (b) .. .. .	– 31	– 3,30	– 11,53
Sterling transfers on London sold in India .. .. .	–	–	–
Transfers of Government securities .. .. .	+ 2,13	– 5	– 20
Interest drafts of India in respect of Government of India securities .. .. .	– 9	– 15	– 15
Balances of remittances of funds	– 1,73	– 3,50	– 11,88
Total visible balance of trade ..	+ 5,80	+ 15,93	+ 4,32

(a) Exclusive of the value of railway materials imported direct by State Railways working under company management, which was not paid for in the ordinary way, and not therefore taken into account in arriving at the balance of trade.

(b) This head now includes, in addition to Council Bills, (1) Sterling purchases in India and (2) payments in India to Local Bodies, etc., against proceeds of sterling loans floated by them in London and taken over by the Secretary of State.

\* These exclude transactions which do not enter into the balance of trade.

It will be noted that the favourable balance of trade in merchandise of 31 crores has been liquidated to the extent of 14·8 crores in net imports of treasure and 11·8 crores in Government remittances to the United Kingdom, leaving a net visible balance of trade in favour of India of Rs. 4,32 lakhs, as compared with Rs. 15,93 lakhs in the corresponding period of 1923 and Rs. 5,80 lakhs in 1922.

The total imports from the United Kingdom declined from Rs. 36,50 lakhs to Rs. 34,96 lakhs, and the British share of the total trade was reduced from 62·6 per cent. to 58·6 per cent. On the other hand, Germany increased her share from 5·18 per cent. to 5·98 per cent., due to a steady increase distributed over all the articles which she normally supplies to India. The Belgian share rose from 2·14 to 2·81 per cent., mainly on account of shipments of iron and steel being expedited in order to arrive before the new steel tariff came into force. The Italian share rose from ·9 per cent. to 1·34 per cent., the increase being largely in coloured piece-goods. The share of the United States also advanced from 5·92 to 7·27 per cent., due to increased shipments of mineral oils, tin plates and hardware. The share of Japan fell from 6·15 per cent. to 5·54 per cent. on account of reduced shipments of unbleached piece-goods and matches.

The quarter is not noteworthy on account of any marked trade movement. The slow but steady improvement in the import trade continues, and considerable purchases of piece-goods for forward delivery have been placed, a steadily rising exchange giving importers more confidence in the future. The new protective steel tariff came into force on June 13th. A considerable increase in the imports of the types of iron and steel affected by the tariff resulted from Continental efforts to anticipate the new duties.

### Textiles.

*Cotton Yarns.*—The total imports rose from 223 lakhs to 250 lakhs. The British share advanced from 150 lakhs to 151 lakhs in value, but the weight was reduced from 7 million lbs. to 6·6 million lbs. Japanese shipments rose from 65 to 82 lakhs and Swiss imports from 6 to 7 lakhs.

*Piece-goods (unbleached).*—The total yardage imported fell from 208 to 201 million yards, but the total value rose from 632 to 684 lakhs. Imports from Lancashire increased from 526 to 602 lakhs, but, on the other hand, there was noticeable reduction in the imports from Japan from 102 to 76 lakhs.

*Piece-goods (bleached).*—There has been a satisfactory increase in the total trade from 109 million yards, valued at 401 lakhs, to 145 million yards, valued at 538 lakhs. In this increase the United Kingdom has taken its full share, British shipments having risen from 107 million yards, valued at 385 lakhs, to 142 million yards, valued at 513 lakhs. Imports from Holland were reduced by nearly 50 per cent., but, on the other hand, those from Switzerland rose from 605,000 yards, valued at 6 lakhs, to 1,898,000 yards, valued at 16½ lakhs.

*Piece-goods (coloured, printed or dyed).*—The total imports advanced from 79 million yards, valued at 390 lakhs, to 87 million yards, valued at 450 lakhs. The British share rose from 71 million yards, valued at 348 lakhs, to 77 million yards, valued at 397 lakhs. Imports from Holland were reduced from 11½ lakhs to 1½ lakhs, but there has been a noteworthy increase in the case of Italy from 435,000 yards, valued at 3½ lakhs, to 1,432,000 yards, valued at 10½ lakhs. Imports from Switzerland also doubled in value and now amount to 8½ lakhs.

*Fenils.*—The total trade remained steady at 16½ lakhs. The share of the United Kingdom fell slightly from 14 to 12½ lakhs, while that of the United States of America rose from 2 to 4 lakhs.



*Sewing Cotton.*—The total imports increased slightly from 356,000 lbs. to 390,000 lbs., and the values from 18 to 18½ lakhs. Imports from the United Kingdom rose from 16½ to 17 lakhs, while those from all other countries were slightly reduced from 1.4 to 1.3 lakhs.

*Haberdashery and Millinery.*—The total trade fell from 30 to 23½ lakhs, and this reduction was distributed among all suppliers. The British share fell from 8½ to 6½ lakhs, that of Germany from 7 to 5½ lakhs, that of Switzerland from 6 to 5 lakhs, and Japan from 4 to 3 lakhs.

*Woollen Piece-goods.*—This trade continues to expand, and the total imports during the quarter rose from 1,246,000 yards, valued at 31½ lakhs, to 1,983,000 yards, valued at 43 lakhs. The United Kingdom maintained its proportionate share, with an increase from 16 to 24 lakhs. There was a noteworthy advance in the import of French cloths from 4 to 9 lakhs, and Italy increased her share from a negligible quantity to over a lakh. Imports from Belgium and Germany were materially reduced.

### Machinery and Millwork.

The steady reduction in the imports of machinery and millwork which has taken place during the past three years still continues. The value of the total imports during the quarter fell from 608 lakhs to 373 lakhs. British shipments were reduced from 531 to 308 lakhs, those of America from 56 to 47 lakhs, and of Germany from 10 to 7 lakhs. The total imports under the various classifications of machinery were as follows :—

	1st Quarter, 1923-24. Rs. (lakhs).	1st Quarter, 1924-25. Rs. (lakhs).
Cotton Machinery .. ..	218	79
Jute machinery .. ..	48	24
Electrical machinery .. ..	61	55
Boilers .. ..	32	15
Mining machinery .. ..	20	28
Oil - crushing and refining machinery .. ..	8	11
Paper-mill machinery .. ..	1	2
Refrigerating machinery .. ..	½	1½
Rice and flour mill machinery .. ..	6	6
Saw - mill and wood - working machinery .. ..	3	3½
Sewing and knitting machines and parts thereof .. ..	17	19
Sugar machinery .. ..	2	2
Tea machinery .. ..	9	11
Metal-working machinery (includ- ing and mainly consisting of machine tools) .. ..	16	8

Whereas the shares of all the principal competitors are reduced, that of the United Kingdom has suffered most. The British share of the total trade during the quarter under review was 82 per cent., as compared with 87 per cent. in the corresponding period of last year.

### Railway Plant and Rolling-Stock.

The total imports fell from 372 to 248 lakhs. The British share was reduced from 338 to 240 lakhs, and that of the U.S.A. from 15 lakhs to a negligible quantity. Imports from Belgium also fell from 4½ to 2 lakhs.

### Iron and Steel.

*Iron Bars and Channels.*—The total trade fell from 1,880 tons, valued at 4 lakhs, to 1,791 tons, valued at 3½ lakhs. The British share rose from 1 to 2½ lakhs, while that of Belgium was reduced from 2½ to 1.

*Steel Beams, Pillars, Girders and Bridge Work.*—Here again the total trade advanced from 18,000 tons, valued at 33 lakhs, to 24,000 tons, valued at 41 lakhs. The tonnage imported from the United Kingdom was slightly reduced, but the value rose from 22 to 23 lakhs. Belgian shipments advanced from 9 to 13 lakhs.

*Bolts and Nuts.*—The total trade diminished from 8 to 6½ lakhs, the British share falling from 5 to 2½ lakhs. American shipments were slightly increased to a lakh, and imports from Germany rose from a negligible quantity to over a lakh.

*Hoops and Strips.*—There was a reduction in the total imports from 15 to 12½ lakhs. This was mainly accounted for by a reduction in the imports from the United Kingdom from 12 to 7 lakhs. Belgium increased its share from 2 to 3 lakhs and the United States from zero to over a lakh.

*Nails, Rivets and Washers (other than wire nails).*—The total trade fell from 18 to 12 lakhs, and this was accounted for mainly by a reduction in the British share from 10 to 4 lakhs. Belgian and German shipments were slightly increased, but imports from Norway fell from 4 to 1 lakh.

*Cast Pipes and Fittings.*—The total imports fell slightly from 8½ to 7 lakhs, those from the United Kingdom from 8 to 6 lakhs.

*Galvanised Sheets and Plates.*—The steady increase in the imports of galvanised sheets which has been such a marked feature in the past three years still continues. During the period under review the total imports rose from 49,000 tons valued at 153 lakhs to 59,000 tons, valued at 183 lakhs. The United Kingdom supplied practically the whole of this considerable trade.

*Tinned Plates.*—The trade fell slightly from 9,772 tons, valued at 38 lakhs, to 8,849 tons, valued at 36 lakhs. The British share was seriously diminished from 38 to 20 lakhs, whereas the United States of America increased its shipments from zero to 16 lakhs.

*Sheets and Plates (not galvanised or tinned).*—The quantitative imports fell from 30,000 to 24,000 tons, while the values were also reduced from 49 to 41 lakhs. The most serious falling off was in the case of the United Kingdom, the shipments from which shrank from 31 to 8 lakhs. On the other hand, imports from Belgium increased from 10 to 22 lakhs and those from Germany from 6 to 8 lakhs.

*Wrought Tubes, Pipes and Fittings.*—There has been a considerable increase in this trade from 5,000 tons, valued at 23 lakhs, to 8,000 tons, valued at 27 lakhs. While the British share only rose from 16 to 17½ lakhs, that of Germany advanced from 1 to 4 lakhs, Holland from 1 to 3 lakhs, and Belgium from a trivial quantity to 1½ lakhs. The American share was reduced from 5 to 1 lakh.

*Wire Nails.*—The total imports rose from 8 to 10 lakhs. As usual, the trade was mainly divided between Germany and Belgium, the former supplying 5½ lakhs' worth and the latter 2½ lakhs' worth. The United Kingdom only shipped 238 tons, valued at Rs. 62,000.

*Wire Rope.*—There was a slight contraction in the total trade from 7 to 6½ lakhs. Imports from the United Kingdom fell from 7 to 6 lakhs. The United States supplied Rs. 30,000 worth.

*Steel Bars and Channels.*—This valuable trade advanced from 38,000 tons, valued at 55 lakhs, to 62,000 tons, valued at 85 lakhs. The increase is mainly due to a sharp rise in the Belgian share from 33 to 50 lakhs, in that of Germany from 9 to 15 lakhs, and in that of Luxemburg from 2 to 6 lakhs. This is obviously due to the expedition of shipments in order to arrive before the imposition of the new tariff. The British share remained stationary at a little over 9 lakhs.

**Hardware.**

This is such a comprehensive heading that it may be of interest to examine the total imports in each item.

	1st Quarter, 1923-24. Rs. (lakhs).	1st Quarter, 1924-25. Rs. (lakhs).
Agricultural implements ..	6	5
Builders' hardware ..	7½	9
Domestic hardware, other than enamelled ironware .. ..	3	2½
Enamelled ironware .. ..	8	7½
Gas mantles .. ..	1	1
Implements and tools, other than agricultural implements and machine tools .. ..	20	17½
Metal lamps .. ..	14	22½
Parts of lamps other than glass ..	3	2½
Safes and strong boxes of metal..	1	1
Stoves .. ..	1½	3
Other sorts .. ..	58	63½

The total imports of hardware rose from 123 lakhs to 135 lakhs. This was mainly accounted for by an increase in the American share from 18 to 27 lakhs and in that of Germany from 24 to 31 lakhs. On the other hand, British shipments fell from 61 to 53½ lakhs, and those from Japan from 8 to 5 lakhs. American competition is very largely in metal lamps and tools, while Germany is making steady inroads into the bazar trade in cheap hardware of all kinds.

**Electrical Instruments and Apparatus.**

The imports under this large and comprehensive heading were materially reduced from 76 to 46 lakhs. British shipments fell from 63 to 31 lakhs, but those from Germany rose from 4 to 5 lakhs, Italy from 1 to 2 lakhs, and the U.S.A. from 3½ to 4½ lakhs. The principal reductions in the British share of the trade were in cables and telegraph and telephone apparatus.

**Motor Cars.**

The total imports of motor cars during the quarter rose from 1,631, valued at 40 lakhs, to 2,299, valued at 54 lakhs. This increase has been contributed to by most of the supplying countries. The number of British cars imported rose from 106, valued at 6 lakhs, to 247, valued at 10 lakhs. The Canadian imports advanced from 650, valued at 11 lakhs, to 955, valued at 17 lakhs. Those from the U.S.A. increased from 635, valued at 16 lakhs, to 974, valued at 23 lakhs. There were reductions in the imports from Belgium, France and Italy. The number of motor 'buses, vans and lorries increased from 265, valued at 7½ lakhs, to 451, valued at 9½ lakhs. Of this total, the United Kingdom only supplied 35, valued at a little over 2 lakhs. The United States shipped 160, valued at 3½ lakhs, and other countries accounted for 256, valued at nearly 4 lakhs.

The total imports of motor cycles also rose from 225, valued at 1½ lakhs, to 370, valued at 2½ lakhs. The United Kingdom maintained its position and supplied 272, of a value of 2 lakhs. The United States of America shipped 79, valued at Rs. 62,000, while all other countries only accounted for 19.

**Paper and Pasteboard.**

*Packing Paper.*—The total trade rose from 4 to 6½ lakhs. The British share was stationary at a little over a lakh, but that of Germany increased from 1½ to 2½ lakhs.

*Printing Paper.*—Here again there was a slight increase from 27 to 28 lakhs. The British share fell from 10 to 8 lakhs, that of Norway from 7 to 4 lakhs, but imports from Germany rose from 5 to 9 lakhs and those from the Netherlands from 1 to 2½ lakhs. There is also a noticeable advance in imports from Austria from ½ lakh to 1½ lakhs.

*Writing Paper and Envelopes.*—The total trade fell from 17 to 14 lakhs. Imports from the United Kingdom shrank from 12½ to 10 lakhs, those from Norway from a lakh to a negligible quantity. Imports from Germany, however, rose from 1 to 2½ lakhs.

### Provisions.

The total imports show an advance from 62 to 71 lakhs, which is mainly accounted for by increased imports of farinaceous foods and condensed milk. The share of the United Kingdom was slightly reduced from 32 to 30 lakhs. On the other hand, that of the Netherlands rose from 1 to 5 lakhs and the Straits Settlements from 6 to 11 lakhs. The American trade remained stationary at about 6½ lakhs, while imports from Australasia fell from 4 to 3 lakhs.

### Liquors.

*Ale, Beer, and Porter.*—The total trade advanced slightly from 19½ to 20 lakhs. The British share remained stationary at a trifle under 11 lakhs, while that of Germany increased from 7 lakhs to nearly 8 lakhs. German light beers are regaining their position in this market, but the United Kingdom still retains the trade in beer in casks, which is mainly consumed by the troops.

*Spirits.*—The total imports of spirits fell from 453,000 gallons, valued at 57 lakhs, to 403,000 gallons, valued at 54 lakhs, the falling off being principally in whisky (4,000 gallons), but there was an increase in the imports of brandy from 87,000 to 105,000 gallons. The British share of the trade was reduced from 37 to 33 lakhs, while that of France advanced from 10 to 12 lakhs, due to the increased importation of brandy.

### Dyestuffs obtained from Coal Tar.

The total trade rose from 64 lakhs to 75 lakhs, due to enhanced German shipments from 50 to 60 lakhs. Imports from Holland and Belgium, which are obviously German dyes shipped through Rotterdam and Antwerp, account for a further 10 lakhs, which should really be added to the German total. The United Kingdom only supplied a little over a lakh's worth.

### Coal.

During the past few years there has been a steady reduction in the imports of coal from abroad, and during the quarter under review the total trade shrank from 200,000 tons, valued at 58 lakhs, to 95,000 tons, valued at 27 lakhs. The British share increased from 21,000 tons, valued at 8 lakhs, to 35,000 tons, valued at 12 lakhs. Imports from South Africa fell from 86,000 to 22,000 tons and the values from 21 to 6 lakhs. Shipments from Portuguese East Africa were reduced from 50,000 to 35,000 tons and the values from 13 to 9 lakhs. Imports from Australasia also fell from 41,000 to 360 tons and the values from 1½ lakhs to a trifling amount. Owing to the efforts which are being made by the Bengal collieries to regain their position in the Bombay market, Indian coal is at the moment largely displacing overseas coal in that market, but the future will depend upon whether the Bengal colliery proprietors are able to maintain the quality.

## APPENDIX I.

EXTRACT OF SPEECH BY SIR BASIL BLACKETT, K.C.B., FINANCE MEMBER OF THE GOVERNMENT OF INDIA, BEFORE THE ASSOCIATED CHAMBERS OF COMMERCE OF INDIA AND CEYLON. DECEMBER 4TH, 1923.

The Hon. Sir BASIL BLACKETT : In advising the Government not to make any attempt at present to stabilise exchange and especially not to appoint a Committee for the purpose, you clearly have in mind the last occasion in which the value of the rupee was fixed for all eternity. The rate was then fixed at two shillings ; and there it has remained—officially—ever since. Is that a consideration that should weigh with us one way or the other when we have to determine whether to take action or not at the present time ?

The two-shilling rate is fictitious. I have no difficulty in recognising the fact. But this is not the only example of a discrepancy between appearance and reality, and the question remains whether the two-shilling rate does any harm. We have not far to look to find analogies. The official parity of Paris francs with the pound sterling is in the neighbourhood of 25 ; that fact, though it may provoke a smile, is not generally regarded as an occasion for protest and indignation. The analogy is not perfect, because, if I am not mistaken the official policy of the French Government is still to restore the franc to its official parity, whereas it has been definitely stated that the Government of India have no intention whatever of forcing up the exchange value of the rupee with a view to making the two-shilling rate effective. If there were any fear that the Government might begin to tamper with the exchange market in order to bring about by manipulation an artificial increase of 50 per cent. in the external value of the currency, I could understand that the two-shilling rate might be regarded as a sword of Damocles, perpetually hanging over the heads of those who are engaged in foreign trade. But no one really supposes any such thing, and it is quite unnecessary for me to tell you that on that score there is nothing to be feared.

What else can be said against the two-shilling rate ? It enters into Government accounts, and may be a source of confusion to the uninitiated. The reply is that in present circumstances we have no choice but to adopt an arbitrary rate. In most cases we have already modified our statements and taken 1s. 4d. as the basis ; but this rate also is arbitrary, though in closer conformity with actual facts. I find some difficulty in believing that anyone who takes an intelligent interest in Government finance is likely to be so unversed in the technicalities of exchange that he would be deceived by the adoption of one rate or the other for accounting purposes, and I think you will not expect me to make much of this objection. All I will say is that I am entirely in sympathy with any and every attempt to present the financial statements of the Government in a simple and lucid form.

I am not aware of any other serious argument against the continuance of the two-shilling rate, and I am inclined to conclude that this official fiction is so illusory as to be quite harmless. Let me pass on to the much more interesting question whether it would not have been better to have an effective, instead of an artificial, rate, and to proceed to stabilise the exchange value of the rupee.

I will assume that for practical purposes a rate of 1s. 4d. is the only alternative that need be considered in this connection at the present time. The question still arises whether, supposing the rupee had been stabilised at 1s. 4d., it would have been better to fix its value in terms of sterling or in terms of gold. It is possible, of course, to argue for and against.

stabilisation as such, and there are some considerations which apply equally to both of the alternative methods. But, if you will allow me, I will discuss the two possibilities separately, and deal first with the pros and cons of stability in terms of sterling.

The Government of India fully appreciate the immense advantages which would accrue from a stable exchange, not only to the trading community but to the country as a whole. Whatever there may be to say against stabilisation, there can be nothing whatever to say against stability. Exchange fluctuations introduce into business an additional and extraneous risk which leads almost inevitably to a diminution in the volume of trade. It may be true to say that in theory the movement of an exchange rate is not essentially different from a movement in the price of the commodity which is being dealt in; and it is arguable that the forward exchange market provides an opportunity for traders to protect themselves against currency losses. But the fact remains that exchange fluctuations, even when they are of moderate extent, have a deeply disturbing effect. In business the breath of life is confidence; and what is required for confidence is certainty. In this matter of exchange, nothing short of certainty would be of any use. You require to know that, unless something happens which shakes the financial system of the country to its foundations, the currency in which trade debts are paid will have a value that can only vary within known and narrow limits.

It follows that, before any attempt is made to stabilise exchange, we must be very sure that we command the resources which are necessary to make certain that the attempt will be attended this time by success. I therefore ask myself whether the reserves available to the Government of India in case of need for maintaining the external value of the rupee at sixteen pence are adequate or not. At the risk of taking you over ground which is familiar to you all, I must answer this question by attempting to make a general comparison of our assets with our liabilities.

Such a comparison is not quite easy to make. We must begin, I think, by divesting our minds of many of the technicalities which have done so much to make the subject of Indian currency more confusing and difficult than it need be. Let us refuse to think in terms of a Gold Standard Reserve which contains no gold and of a Paper Currency Reserve of which an appreciable part is held in such form that it could not be made directly available to replace paper currency. We must think of our reserves as a whole, whether they consist of balances standing to the credit of the Secretary of State in London, of securities in India or in London, or of gold bullion and silver coin in India. And the strength of these reserves must be judged by measuring them against the greatest strain which in any conceivable circumstances they could be required to meet.

The Government of India make themselves responsible for maintaining both the internal and the external value of the currency. It is the second of these responsibilities which we are considering now, but I must mention the first because it forms part of the liabilities against which reserves are held. The undertaking of the Government is to pay out coined rupees for any notes that may be tendered, and we actually hold a sufficient quantity of silver coin to redeem more than half the gross total amount of notes outstanding, or more than two-thirds of the net amount in circulation. Even in a crisis, our ability to make specie payment on this scale may be expected to put a stop to a demand for the encashment of notes long before our reserves of coin are exhausted. But to make assurance doubly sure, the Government of India have chosen, in addition, to earmark gold as being specifically held to secure the convertibility of the paper currency. If this earmarked gold were used to purchase silver for coinage, we should be in a position to redeem the whole of the active circulation of our Paper Currency and still have something over.

But what concerns us here is the external value of the rupee ; its value, that is to say, as a means of international payment. For purposes of international payments there is no need to draw a distinction between silver rupees and currency notes. The one is a note printed on silver, the other a note printed on paper. The value of both depends, from this point of view, on the power to exchange them when necessary for international currency. For foreign debts must be paid in international currency. If India is called upon to meet her indebtedness abroad at a time when she is unable to provide goods in sufficient quantity or in sufficiently short time to satisfy her creditors, she must find cash at short notice. Normally, an adverse balance could be met by borrowing cash ; but borrowing abroad is not desirable in itself and in a crisis may become impossible. It is, therefore, necessary to keep reserves of ready cash for this purpose. This does not necessarily mean keeping big reserves of gold. Just as Treasury Bills in the English banking system are reckoned to be practically the equivalent of cash at short notice, so also investments in British Government securities of early maturity can safely be regarded as the equivalent of international cash. But, it is, of course, essential that our external reserves, whether invested or not, should be available in case of need without delay at an international financial centre.

The reserves of international currency held by the Government of India are banking reserves as well as currency reserves ; that is, they are intended to be a guarantee of solvency in the face of any conceivable balance of indebtedness against us, even if at the same time we had to face an internal banking crisis as well. Normally, of course, India's exports, visible and invisible, show a considerable excess over her imports, even after taking into consideration imports of treasure on private account, and it is out of this surplus, supplemented by any investments from abroad that may be made in Indian industrial undertakings and non-governmental enterprises, that remittances are made to London for the purpose of meeting the Government's expenditure outside India. We have, for example, remitted over £21 millions in this way since April 1st, 1923, thereby more than covering our sterling requirements for the year. Of this amount, some £6½ millions have been remitted by the traditional system of Council Drafts and £7½ millions by the recently introduced system of purchases of sterling for rupees in India. I think we may with reason congratulate ourselves on the success of this new development. I have the authority of an exceptionally well qualified judge—no less a person, Mr. President, than Mr. Frank Nelson of Bombay—for saying that not only has the new system enabled the Government of India, during the current financial year, to remit larger amounts at, on the whole, more advantageous rates than would have been possible by means of Council Drafts only, but that in the absence of this method of effecting day to day purchases in India the fluctuations of the rupee-sterling rate would have been very violent and most disturbing to trade and industry.

To return to our reserves ; for the moment we are concerned with the use of these reserves as currency reserves, for maintaining the exchange value of the rupee. The net sterling liabilities of the Government of India are now estimated for the current financial year at some forty millions, and the reserve resources available for meeting them amount, as I have shown, to more than twice that sum. In other words, the Government of India could manage to pay their way abroad without coming on to the exchange market at all for two years. There can be no doubt, therefore, that in present circumstances our reserves are ample in case of need for the support of exchange to the extent necessary to maintain the value of the rupee at sixteen pence.

This brings me at last to the question whether, having, as I admit, the ability to do so, we ought to have adopted a policy of stabilisation in terms of sterling at 1s. 4d. Consider for a moment what that means.

It means in the first place that we should have to begin by inflating our currency, for the rupee stands to-day at about 1s. 5d. That would perhaps not be a heavy price to pay for the benefits of stability. But what kind of stability should we have achieved? Currencies and prices, the world over, are in a state of flux, and although the pound sterling is relatively stable as compared with German marks or Paris francs, it stands to-day at nearly 10 per cent. below its pre-war parity. It is not unreasonable to anticipate that sterling exchange on New York will, in due course, return to 4.86 2/3. In that event we must expect a corresponding adjustment of the general level of prices in England and the United States either through a rise of prices in the United States or through some fall in English prices. But if the rupee, throughout this transitional period, is to be worth sixteen pence, the Indian price level must follow suit. That is to say, that, having begun by inflating our currency so as to bring down exchange from 1s. 5d. to 1s. 4d., the Government of India might have to deflate again and to expand their foreign reserves in an attempt to force down internal prices *pari passu* with a downward movement of prices in England as compared with the United States. I wonder what would have been gained by committing ourselves in advance to such a policy. Remember that once we had embarked upon it there could be no turning back. We should have linked ourselves irretrievably to a currency that was liable to involve us in a policy of further deflation. The history of the attempt to fix the rupee at 2s. gold in 1920 and the distrust of the Government which has unfortunately resulted from the failure of that attempt should warn us not to embark afresh on any new policy unless we are determined at all costs to carry it through. A temporary settlement, liable at any time to be modified or abandoned, would fail to give that certainty which is the very object of stabilisation.

But I have taken the most favourable case. I have assumed that sterling is destined to pursue the even tenor of its way gradually back to pre-war parity with gold. The best hope of countries with a comparatively stable exchange of restoring the gold standard is that England will lead the way. In the contrary event not only will Scandinavia and Holland have to reconsider their position, but countries such as Australia and South Africa within the British Empire will have to consider seriously whether they should not break loose from sterling. I have myself no doubt that sterling will continue to work its way back to gold parity. But that may be regarded by some of you as a decidedly hazardous assumption. You know very well the difficulties which England is facing at the present moment. On the one hand, the payment of the American debt involves a direct burden on the exchange of which the full effects have yet, perhaps, to be appreciated on both sides of the Atlantic. On the other hand, internal resources are being strained by yet another winter of unemployment. A large and influential body of opinion in England would favour the deliberate adoption of a policy of inflation more or less thinly disguised; and it is possible that, in spite of warning examples on the Continent of Europe, the limit of endurance may be reached at which financial principles will be sacrificed in the hope of relieving present distress. What then? England sets her foot upon the slippery path which leads, according to the Brussels Conference, to an everlasting bonfire of currency notes. And the rupee has been fixed at sixteen pence! There can be no turning back. The relation in which India has thereby been made to stand to England as regards the volume of purchasing power and the general level of prices must be scrupulously maintained. In fact, India must suffer all the inconveniences of a general rise in commodity prices in order to avoid an increase in the sterling value of the rupee.

It might be objected that my argument assumes a closer correspondence than usually exists between the external value of a currency and the relative level of internal prices in the countries concerned. I am not by



any means a pedantic believer in the fashionable doctrine of purchasing power parity, more especially if it is applied to India. It seems to me to assume that economic laws operate more smoothly and swiftly than is often actually the case, and I am sure that in India there are obstacles which delay, and even perhaps prevent, the automatic adjustments which the theory is apt to postulate. But I do maintain that in the long run some kind of equilibrium between prices and currency values is bound to be reached and I will go so far as to say that the policy of maintaining a fixed exchange must, to a considerable extent, be a policy of modifying commodity prices through the medium of the currency. If in India the consequential adjustments are difficult to produce and slow to take effect, that seems to me to increase the difficulty and danger of assuring fixity of exchange in a period of widely fluctuating world prices.

The reason, then, why I think it would not have been wise to stabilise the rupee at sixteen pence is that by doing so we should have surrendered our freedom of action in a matter which vitally concerns us. In effect, our currency policy would have been liable to be dictated to us from abroad. For good or for evil we should have been bound to conform to the movements of sterling, at a time when even sterling is liable to fluctuations that may well be considerable. Our boasted stability would have been no more than apparent. For us in India it is easy to overrate the extent to which the world can be said to have settled down financially. Commodity prices have been more stable here than anywhere in the world; exchange seemed until recently to have relapsed automatically to its pre-war level and to be inclined to remain there. It was perhaps tempting to assume that the return to what might fairly be called normal had been successfully completed within five years from the end of the war. I wish I could share that opinion. Perhaps I may remind you that after the American Civil War full fifteen years elapsed before the almighty dollar itself was restored to parity. And if I may refer to my own recent experience in Europe, I would say that, to my mind, it is much easier to underrate than to exaggerate the extent to which all economic values are still liable to be disturbed. I cannot subscribe to the view that present conditions necessarily approximate to what in future years we shall call normal, and that seems to me to be one more justification of the policy which the Government of India have pursued in steadfastly refusing to be committed to a currency policy which could only be successful and secure if the rest of the world could be relied upon to remain as stable as the rupee.

You will have appreciated already that my main objection to stabilisation at 1s. 4d. sterling applies equally to stabilisation at 1s. 4d. gold. But the proposal, if made in this form, raises one or two special considerations which I should like to be allowed to touch upon quite briefly. Once again, in a world where everything is in flux, stability would be only apparent. But in this case we are involved in a fluctuating relation with sterling, in which I suppose at least nine-tenths of our transactions in foreign currencies are expressed. Let us suppose that a year ago the exchange value of the rupee had been fixed at 1s. 4d. gold. What would have been the limits of variation in exchange since the beginning of this calendar year as compared with the fluctuations that have actually taken place? As a matter of interest I have had the answer worked out to the middle of last month, on the basis of weekly average rates in Bombay and between London and New York. We should have paid for our fixed gold value of the rupee by having to put up with sterling rates that rose to 18.09d. on November 17th and fell as low as 16.52d., a range of more than a penny halfpenny. In actual fact, exchange has varied, if we take the weekly averages, from 1s. 3.945d. to 1s. 4.870d., a range of less than a penny. If stability is the object, in the exchange which concerns us most, it does not appear that a rate of 1s. 4d. gold would have been of much assistance.

I will not pause to make more than a passing allusion to the complicated reactions which would have been set up by an announcement to the world that we intended to make a rate of 1s. 4d. gold our object. They differ in degree only from the consequences that you very rightly suppose would follow if it were thought that the Government of India intended to make their official two-shilling rate effective. I suppose an immediate tendency would set in for exchange to move towards its ultimate level; the future would be liberally discounted; a speculation would be encouraged by the prospect of a certain profit; gold would look attractively cheap and bullion would be freely imported; export trade would be brought temporarily to a standstill; and in fact we should have been faced immediately by all the difficulties of an unduly appreciated exchange. And what should we have gained? We should have gained the privilege of being dragged behind the chariot wheels of the Federal Reserve Board of the United States of America. Already, once, world prices have been violently forced down as a result of a policy of active deflation in America. If it should occur to the United States to try and restore gold prices to their pre-war level, India, with an exchange fixed in terms of gold, would be driven to renounce her intentions once again, or to submit to a contraction of her currency at the cost of heavy trading losses and a new series of social and economic disturbances. I see little reason for thinking that gold is likely to be more stable in value than sterling; and the fact is that in terms of purchasing power the rupee has on the whole been more stable in the past than either the one or the other.

The policy of the Government of India hitherto has been stability, and I venture to think that that policy has not been unsuccessful. If I may state the case in the form of a paradox, I will say that it is precisely the mobility of prices, exchange and currency which makes it possible to maintain something approaching to an all-round equilibrium. So long as the different forces can be played off to a certain extent against one another, they can be made to produce a fairly constant resultant; but if you once fix any one of them you will find that, in the absence of a real approach to world stability, you have increased instead of diminishing, the oscillations of the remainder. Fixity of exchange, for example, so far from securing fixity of real purchasing power for wages and salaries, would actually militate against it.

My conclusion then is, as regards the past three years, that India could not have afforded to tie her currency to any other, but did well to retain her liberty to conform only so far as suited her own interests to the exchange and price movements of other countries. But what of the future? Are we to remain indefinitely in a state of flux, waiting for the world to settle down and is there any prospect of the world's settling down unless someone begins by setting an example? I am reminded of a story of Dean Inge, "the Gloomy Dean." He was asked it is said not long ago whether he did not think that England was settling down. "Yes," he replied, "like the Lusitania."

The whole tenor of my remarks to-day has been to suggest the unwisdom of attempting to speak too confidently about the future or to act in anticipation of events. I hope you will not expect me to offend against my own principles by proceeding at once to make a declaration of our intentions. I am not authorised to do so. But I may perhaps venture to look a little diffidently ahead. The goal towards which we are all working is, of course, a gold standard. England is doing the same. A gold standard does not by any means necessarily mean a gold currency. Let me appeal to three authorities in support of this statement. My first is Plato who, in laying down laws for his ideal state, pronounced strongly in favour, not of a gold currency, but of the gold exchange standard. For internal purposes his state was to issue currency notes, stamped on bits of leather, but for international payments it was to keep a reserve of gold. My second

authority is again Mr. Keynes who, in his book on Indian Currency and Finance, expressed himself on this subject perhaps more freely than I should care to do. "Much nonsense," he says, "is talked about a gold standard's properly carrying a gold currency with it. If we mean by a gold currency a state of affairs in which gold is the *important medium of exchange*, no country in the world has such a thing (unless it be Egypt). Gold is an international but not a local currency. The currency problem of each country is to ensure that they shall run no risk of being unable to put their hands on international currency when they need it, and to waste as small a proportion of their resources on holdings of actual gold as is compatible with this." The general adoption of the practice of putting gold into circulation would at the present time involve such a demand for gold as would bring gold prices down to a level so far below the present world level as to be intolerable everywhere. Incidentally, one of the dangers of the near future is that the breakdown of the machinery of Government in Europe may extend so far as to discredit all forms of paper currency and drive people back to metallic forms of currency. Were this to occur, the demand for gold as a medium of internal exchange might have disastrous consequences. England, I imagine, is not likely again to waste any proportion of her resources on an actual gold circulation. The question whether India will want to do so need not at present arise, because progress towards a gold currency would necessarily be made by way of the establishment of a gold standard, and on that first step we are all agreed, and it is for that we are working. But the gold standard of the future may perhaps be a little different from the system with which we were familiar in Europe before the war. This brings me to my third authority in favour of the gold exchange standard system. If the resolutions of the Currency Committee of the Genoa Conference are carefully studied, as they deserve to be, it almost seems as if Europe intended to work her way towards something very like the system which we have had established in India for many years past. There you will find references to "gold centres" in which, for convenience and economy, the world's reserves of international currency would be concentrated. If other countries maintained reserves of gold at all, it would be not because they required them for their own purposes, but because, being unable or unwilling themselves to take a leading part in the maintenance of an international gold standard, they were expected as a condition of membership of a world currency system either to make a direct money contribution to the cost of a central gold reserve or to suffer, for their own and the general advantage, the inconvenience and expense of having a portion of their resources locked up in unproductive form.

In such a system it seems that India might well find her appropriate place, for in matters of currency policy there can be no irreconcilable conflict of interests between nations. The advantage of the whole must also be the advantage of every part.

APPENDIX II.

TOTAL OVERSEAS TRADE OF INDIA WITH PRINCIPAL COUNTRIES, SHOWING NET BALANCES.

TABLE A.

	1913-14.			1922-23.			1923-24.		
	Exports.	Imports.	Net Imports (-) or Exports (+)	Exports.	Imports.	Net Imports (-) or Exports (+)	Exports.	Imports.	Net Imports (-) or Exports (+)
	Rs. (crores)	Rs. (crores)	Rs. (crores)	Rs. (crores)	Rs. (crores)	Rs. (crores)	Rs. (crores)	Rs. (crores)	Rs. (crores)
United Kingdom .. .. .	58	117	- 59	70	140	- 70	91	132	- 41
Other British Possessions ..	36	11	+ 25	58	16	+ 42	50	15	+ 35
Total British Empire .. ..	94	128	- 34	128	156	- 28	141	147	- 6
Europe .. .. .	85	30	+ 55	69	29	+ 40	93	31	+ 62
United States of America .. ..	22	5	+ 17	35	13	+ 22	34	13	+ 21
Japan .. .. .	23	5	+ 18	41	14	+ 27	50	14	+ 36
Other Foreign Countries .. ..	25	15	+ 10	41	20	+ 21	44	23	+ 21
Total Foreign Countries .. ..	155	55	+ 100	186	76	+ 110	221	81	+ 140
GRAND TOTAL .. .. .	249	183	+ 66	314	232	+ 82	362	228	+ 134

TABLE B.

SHOWING POSITION OF THE PRINCIPAL SUPPLIERS IN CERTAIN CHIEF ITEMS OF IMPORTS.

	Iron and Steel.			Machinery.			Hardware.			Motor Cars.			Railway Plant.			Instruments.		
	1913-14.	1922-23.	1923-24.	1913-14.	1922-23.	1923-24.	1913-14.	1922-23.	1923-24.	1913-14.	1922-23.	1923-24.	1913-14.	1922-23.	1923-24.	1913-14.	1922-23.	1923-24.
	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
United Kingdom ..	69.9	58.0	66.9	89.8	84.7	84.8	57.2	49.6	47.1	71.3	30.9	26.0	93.0	94.1	94.1	75.3	65.7	68.7
United States ..	2.6	7.6	4.0	3.3	9.6	10.2	9.7	15.1	16.3	15.1	32.8	35.2	—	1.2	1.4	8.0	11.7	11.6
Germany ..	14.5	9.7	6.4	5.6	3.3	2.2	18.2	21.7	21.0	—	—	—	3.0	.9	.3	8.2	12.1	10.6
Belgium ..	11.5	20.4	18.5	—	.7	.5	—	—	—	4.5	2.8	2.0	.7	1.9	1.7	—	—	—
Japan ..	—	—	—	—	—	—	1.5	6.4	5.9	—	—	—	—	—	—	.6	1.8	1.1
France ..	—	—	—	—	—	—	—	—	—	4.5	2.2	2.6	—	—	—	—	—	—
Italy ..	—	—	—	—	—	—	—	—	—	—	3.3	4.2	—	—	—	2.2	3.5	2.1
Canada ..	—	—	—	—	—	—	—	—	—	—	20.0	27.1	—	—	—	—	—	—
Australia ..	—	—	—	—	—	—	—	—	—	—	—	—	2.9	.8	1.5	—	—	—
Percentage of total trade, represented by Countries shown ..	98.5	95.7	95.8	98.7	98.3	97.7	86.6	92.8	90.3	95.4	92.0	97.1	99.6	98.9	99.0	94.3	94.8	94.1
Total Value Rs. (lakhs)	16,01	18,37	17,94	7,76	23,46	19,13	3,95	5,15	4,42	1,53	2,16	2,81	10,03	11,06	11,72	1,82	3,15	3,26

TABLE B—continued.

	Cotton Manufactures.			Silk Manufactures.			Sugar.			Liquors.			Mineral Oils.			Paper and Pasteboard.		
	1913-14.	1922-23.	1923-24.	1913-14.	1922-23.	1923-24.	1913-14.	1922-23.	1923-24.	1913-14.	1922-23.	1923-24.	1913-14.	1922-23.	1923-24.	1913-14.	1922-23.	1923-24.
	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.	Per Cent.
United Kingdom ..	90.1	84.5	82.0	9.0	3.5	4.1	1.8	1.6	1.1	62.9	67.3	63.6	5.7	5.4	3.0	56.0	48.0	49.1
United States ..	.4	.4	.4	—	—	—	—	—	—	—	—	—	56.1	60.6	54.4	—	—	—
Germany ..	2.1	.1	.4	—	—	—	.1	2.6	1.2	10.7	8.2	9.8	—	—	—	17.0	11.1	18.1
Belgium ..	—	—	—	—	—	—	—	1.3	.5	—	—	—	—	—	—	—	—	—
Japan ..	1.8	11.7	12.3	46.8	51.1	40.8	—	—	—	—	—	—	—	—	—	—	—	—
France ..	—	—	—	7.8	3.2	4.7	—	—	—	18.8	13.7	15.5	—	—	—	—	—	—
Italy ..	1.5	.3	.9	6.1	7.3	11.4	—	—	—	—	—	—	—	—	—	—	—	—
Netherlands ..	1.6	1.5	1.4	—	—	—	—	.8	.1	—	—	—	—	—	—	—	—	—
China* ..	—	—	—	20.6	31.5	34.4	—	—	—	—	—	—	—	—	—	—	—	—
Java† ..	—	—	—	—	—	—	71.8	82.2	89.7	—	—	—	—	—	—	—	—	—
Mauritius ..	—	—	—	—	—	—	16.9	6.6	.3	—	—	—	—	—	—	—	—	—
Persia ..	—	—	—	—	—	—	—	—	—	—	—	—	3.7	15.3	13.7	—	—	—
Borneo ..	—	—	—	—	—	—	—	—	—	—	—	—	21.8	11.3	14.8	—	—	—
Norway ..	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5.0	15.1	9.2
Sweden ..	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3.1	6.8	4.8
Percentage of total trade represented by Countries shown ..	97.5	98.5	97.4	90.3	96.6	95.4	90.6	95.1	92.9	92.4	89.2	88.9	87.3	92.6	85.9	81.1	81.0	81.2
Total Value Rs. (lakhs)	66,30	70,13	67,48	3,10	3,17	3,40	14,96	15,49	15,45	2,24	3,43	3,15	4,12	6,80	8,39	1,59	2,79	2,71

\* Including Hong Kong and Macao.

† Including Hong Kong and the Straits Settlements.

## APPENDIX III.

## VALUE OF TRADE WITH PRINCIPAL COUNTRIES, DISTINGUISHING PRINCIPAL ARTICLES.

TABLE A.

(In Thousands of Rupees.)

ARTICLES.	Pre-war average.	1921-22.	1922-23.	1923-24.
UNITED KINGDOM.				
<i>Imports therefrom—</i>				
Animals living .. ..	5,02	12,95	11,02	9,42
Apparel .. ..	59,29	52,55	49,78	60,63
Arms, ammunition, etc.	30,60	59,28	53,93	52,81
Artificial silk yarn .. ..	—	1,73	10,34	11,75
Belting for machinery ..	36,26	88,26	71,96	75,72
Bobbins .. ..	—	99,85	49,55	44,85
Books and printed matter	41,05	44,89	44,42	44,64
Boots and shoes .. ..	51,33	10,04	13,50	16,82
Building materials .. ..	59,89	1,30,66	1,08,20	87,52
Carriages and carts .. ..	19,11	31,66	13,50	16,55
Chemicals .. ..	69,55	1,36,37	1,38,42	1,35,33
China clay .. ..	—	20,16	15,42	13,37
Coal and coke, etc. .. ..	41,33	2,98,42	1,99,65	33,44
Cordage and rope .. ..	4,39	4,56	3,40	3,81
Cotton—				
Raw .. ..	58,67	1,50,91	45,40	1,08
Twist and yarn .. ..	3,35,18	8,77,21	5,69,88	4,61,18
Piecegoods—				
Grey .. ..	20,73,55	18,38,33	26,60,95	19,15,06
White .. ..	10,87,38	12,26,69	14,60,21	14,61,68
Coloured .. ..	11,29,72	6,48,08	10,66,58	15,12,24
Other manufactures ..	1,40,25	1,49,60	1,64,95	1,78,55
Cutlery .. ..	10,53	8,78	7,56	68,02
Cycles and parts .. ..	29,40	13,46	29,36	47,76
Drugs and medicines ..	54,03	72,43	75,95	82,70
Dyeing and tanning substances .. ..	6,90	78,86	21,05	28,39
Earthenware and porcelain .. ..	30,50	43,64	38,35	31,22
Flax manufactures .. ..	28,83	28,95	31,24	27,84
Glass and glassware ..	22,26	44,36	37,35	31,55
Haberdashery and millinery .. ..	61,21	29,85	35,05	32,61
Hardware .. ..	1,88,61	3,67,70	2,54,54	2,07,53
Instruments, apparatus, etc. .. ..	1,04,88	3,54,50	2,06,52	2,24,05
Ivory .. ..	11,33	16,96	14,05	11,08
Jewellery, etc. .. ..	14,51	10,02	13,63	10,75

TABLE A—continued.

ARTICLES.	Pre-war average.	1921-22.	1922-23.	1923-24.
<b>UNITED KINGDOM.</b>				
<i>Imports therefrom—cont:</i>				
Jute manufactures ..	10,09	7,67	4,26	5,73
Leather, including hides, tanned, etc. ..	38,59	58,58	43,62	43,40
Liquors—				
Ale, beer and porter	45,64	65,37	57,34	50,78
Spirit .. .. .	69,47	1,60,31	1,58,35	1,36,50
Wines .. .. .	13,62	17,59	14,23	11,23
Machinery and millwork	4,97,69	28,45,10	19,87,72	16,24,14
Metals—				
Copper .. .. .	1,67,45	85,03	1,24,42	78,00
Iron .. .. .	28,88	41,54	27,15	13,38
Iron or steel .. ..	6,96,13	10,05,54	9,59,85	11,26,94
Lead .. .. .	13,99	13,81	11,50	10,09
Steel .. .. .	42,02	90,57	79,07	62,67
Others.. .. .	53,79	1,81,48	2,34,25	2,03,97
Motor cars and motor cycles, etc. .. ..	74,50	1,35,92	66,69	73,58
Oils, mineral .. ..	22,31	37,17	36,86	24,61
„ vegetable, animal, etc. .. .. .	17,76	14,47	13,11	14,68
Packing engine and boiler	4,98	3,73	2,87	2,31
Paints and colours ..	42,19	79,49	84,77	84,93
Paper and pasteboard ..	73,44	1,11,67	1,33,88	1,33,40
Piece goods of cotton and artificial silk	—	6,00	12,76	57,74
Pitch and tar .. ..	8,72	7,81	6,49	4,42
Polishes .. .. .	9,48	11,97	16,54	20,55
Printing materials ..	14,70	26,25	15,88	20,32
Provisions .. .. .	1,34,15	1,19,01	1,34,19	1,30,11
Railway plant, etc. ..	5,54,48	18,39,78	10,40,32	11,03,39
Rubber manufactures, including tyres, etc. ..	16,45	64,70	77,82	77,52
Salt .. .. .	23,44	25,76	30,32	23,63
Ships, parts of .. ..	18,00	84,93	52,62	64,60
Silk manufactures, including yarn, etc. ..	19,07	10,52	11,08	14,97
Soap .. .. .	56,52	86,72	1,06,96	1,11,27
Starch and farina .. ..	2,27	2,48	1,15	1,24
Stationery .. .. .	41,44	65,71	56,33	53,54
Sugar .. .. .	25,37	20,82	24,10	17,62
Tallow and stearine ..	10,43	8,33	9,89	9,79
Tea-chests .. .. .	41,32	53,17	59,02	49,57
Tobacco .. .. .	54,83	1,30,77	1,99,22	1,75,37
Toilet requisites.. ..	10,35	10,14	17,38	19,38
Toys and requisites for games .. .. .	16,75	11,49	12,55	12,79
Umbrellas .. .. .	24,71	13,73	18,08	22,98
Woollen manufactures, including yarn, etc. ..	1,85,24	87,47	91,43	1,44,63
Other articles .. .. .	1,72,19	4,97,75	4,54,79	4,50,74
<b>TOTAL ..</b>	<b>91,58,01</b>	<b>1,50,92,06</b>	<b>1,40,04,57</b>	<b>1,31,60,46</b>



TABLE B.

(In Thousands of Rupees.)

ARTICLES.	Pre-war average.	1921-22.	1922-23.	1923-24.
<b>ITALY.</b>				
<i>Imports therefrom—</i>				
Apparel .. .. .	6,98	4,31	3,22	8,24
Art works .. .. .	45	3,17	83	76
Building materials .. .. .	2,57	9,18	13,14	10,61
Buttons .. .. .	—	5,80	7,33	5,27
Chemicals .. .. .	4,72	4,25	7,72	11,88
Dyeing and tanning substances .. .. .	1,49	7,01	1,07	74
Fruits and vegetables .. .. .	8,48	13,57	24,74	16,18
Haberdashery and millinery .. .. .	4,32	1,89	3,10	3,96
Glassware .. .. .	4,26	4,59	10,18	7,08
Instruments .. .. .	1,70	17,17	10,97	6,77
Liquors .. .. .	78	2,47	2,93	2,03
Machinery .. .. .	1,44	7,86	3,23	5,09
Metals—				
Aluminium .. .. .	9	9,28	3,71	1,44
Brass .. .. .	1,09	14,23	17,60	3,84
German silver .. .. .	—	86	80	4,14
Others .. .. .	67	61	2,95	3,84
Motor cars, etc. .. .. .	66	13,36	7,21	11,89
Paper and pasteboard .. .. .	79	1,40	95	79
Rubber manufactures .. .. .	13	11,86	7,78	1,73
Stone and marble .. .. .	2,48	2,49	2,97	3,22
Textiles—				
Cotton :				
Twist and yarn .. .. .	4,98	7,97	6,90	8,18
Manufactures .. .. .	45,22	18,64	17,09	48,54
Silk manufactures .. .. .	19,83	21,26	23,08	39,80
Piece goods of cotton and silk .. .. .	—	1,42	4,88	25,64
Other articles .. .. .	31,71	15,66	36,05	42,86
<b>TOTAL .. .. .</b>	<b>1,44,84</b>	<b>2,00,31</b>	<b>2,10,43</b>	<b>2,74,52</b>

TABLE C.

(In Thousands of Rupees.)

ARTICLES.	Pre-war average.	1921-22.	1922-23.	1923-24.
BELGIUM.				
<i>Imports therefrom—</i>				
Cotton manufactures, including yarn ..	42,12	12,93	4,52	—
Cutlery .. .. .	1,70	5	25	3
Dyeing and tanning substances .. .. .	10,82	7,12	15,54	4,78
Earthenware and porcelain .. .. .	3,45	1,42	1,47	1,84
Glass and glassware .. .. .	16,92	23,87	25,36	34,53
Hardware .. .. .	5,58	2,18	3,84	3,31
Liquors ... .. .	1,50	2,45	2,23	2,16
Machinery and millwork	1,76	18,99	17,59	8,80
Manures .. .. .	75	8	2,89	5,34
Matches .. .. .	2,44	—	—	—
Metals—				
Brass .. .. .	37	7,59	4,16	1,48
Copper .. .. .	3,54	3,43	2,02	71
Iron .. .. .	15,95	30,56	27,46	13,86
Iron or steel .. .. .	45,46	1,45,36	1,60,84	1,42,87
Steel .. .. .	63,54	1,64,59	1,87,22	1,77,42
Motor cars, etc. .. .. .	4,15	8,65	5,96	4,68
Paper and pasteboard .. .. .	5,00	6,64	4,73	4,91
Paper making materials	—	5,57	—	—
Railway plant, etc. .. .. .	4,28	6,76	20,70	21,02
Sugar .. .. .	29	54,46	19,71	9,47
Other articles .. .. .	57,81	30,24	1,25,29	1,26,70
TOTAL .. .. .	2,76,00	5,32,94	6,31,78	5,53,91

TABLE D.

(In Thousands of Rupees.)

ARTICLES.	Pre-war average.	1921-22.	1922-23.	1923-24.
<b>GERMANY.</b>				
<i>Imports therefrom—</i>				
Apparel .. .. .	14,87	9,55	8,20	19,85
Bobbins .. .. .	—	4,08	1,04	1,27
Building materials .. .. .	6,72	8,60	11,18	5,81
Buttons .. .. .	—	4,19	8,52	6,68
Carriages .. .. .	2,81	2,46	3,79	1,61
Chemicals .. .. .	10,62	22,74	29,74	34,56
Cutlery .. .. .	7,95	5,06	11,93	12,50
Cycles .. .. .	1,75	2,07	7,05	10,75
Drugs and medicines .. .. .	6,19	6,89	10,49	16,09
Dyeing substances .. .. .	87,40	1,42,99	1,87,98	1,83,62
Glassware .. .. .	23,69	31,45	44,34	43,09
Hardware .. .. .	57,24	60,82	1,12,40	92,97
Instruments .. .. .	13,57	14,76	37,64	34,54
Liquors .. .. .	19,41	18,76	28,29	31,17
Machinery .. .. .	30,27	55,17	78,58	43,55
<i>Metals—</i>				
Aluminium .. .. .	12,16	15,03	35,21	26,92
Brass .. .. .	1,56	24,39	61,29	72,78
Copper .. .. .	93,41	23,16	21,87	52,62
Iron .. .. .	2,86	2,26	3,33	51
Iron or steel .. .. .	86,97	81,41	1,11,84	72,20
Steel .. .. .	65,19	40,10	63,40	42,10
Motor cars, etc. .. .. .	5,64	5,24	5,04	3,74
Paints and materials .. .. .	5,58	5,21	9,36	7,82
Paper and pasteboard .. .. .	21,82	18,58	30,70	48,91
Paper making materials .. .. .	1,61	3,43	5,90	1,64
Printing materials .. .. .	1,02	4,70	3,88	3,93
Railway plant .. .. .	12,19	3,99	9,47	4,86
Rubber manufactures .. .. .	3,82	6,50	10,30	17,97
Salt .. .. .	9,46	12,71	17,49	6,72
Stationery .. .. .	5,04	9,37	22,28	21,75
Sugar .. .. .	3,84	2,16	39,37	20,23
<i>Textiles—</i>				
Cotton manufactures .. .. .	83,71	6,34	9,82	24,54
Haberdashery .. .. .	22,10	10,06	19,41	26,70
Silk manufactures .. .. .	16,81	2,04	5,36	6,67
Wool manufactures .. .. .	90,62	15,96	28,10	42,25
Toys .. .. .	11,10	9,46	20,04	25,60
Umbrellas .. .. .	7,66	5,54	8,42	9,39
Other articles .. .. .	88,90	27,32	65,63	1,12,46
<b>TOTAL .. .. .</b>	<b>9,35,56</b>	<b>7,24,55</b>	<b>11,88,68</b>	<b>11,89,37</b>

TABLE E.

(In Thousands of Rupees.)

ARTICLES.	Pre-war average.	1921-22.	1922-23.	1923-24.
FRANCE.				
<i>Imports therefrom—</i>				
Apparel .. .. .	40,03	21,88	14,85	16,71
Chemicals .. .. .	47	1,57	58	1,16
Clocks and watches .. .. .	4,65	60	15	55
Cotton manufactures, including yarn .. .. .	2,88	96	1,87	3,49
Drugs and medicines .. .. .	2,65	4,14	4,11	4,96
Dyeing and tanning substances .. .. .	6,02	4,13	8,08	11,48
Fruit and vegetables .. .. .	8,96	10,31	5,58	6,15
Furniture .. .. .	14	1,36	13	46
Hardware .. .. .	2,18	2,13	1,02	2,42
Haberdashery .. .. .	8,25	4,99	2,62	2,34
Instruments .. .. .	4,20	2,75	2,18	1,86
Liquors .. .. .	38,04	61,62	46,90	49,04
Machinery .. .. .	31	3,85	3,06	1,34
Metals—				
Brass .. .. .	16	63	61	9
Copper .. .. .	12,93	5,48	58	42
Iron or steel .. .. .	2,84	5,07	5,56	3,08
Steel .. .. .	20	11,82	6,97	4,30
Motor cars, etc. .. .. .	5,94	11,04	4,76	6,66
Oils .. .. .	82	77	1,55	2,53
Provisions .. .. .	3,07	4,47	2,48	4,06
Rubber manufactures .. .. .	1,78	31,33	43,25	39,38
Seeds .. .. .	51	1,76	17	12
Sugar .. .. .	43	3,23	6,39	2,69
Silk manufactures .. .. .	27,18	6,47	10,13	16,12
Wool manufactures .. .. .	12,64	7,88	7,62	15,50
Toilet requisites .. .. .	68	71	75	1,01
Umbrellas .. .. .	81	1,12	1	25
Other articles .. .. .	31,73	11,32	14,44	24,90
<b>TOTAL .. .. .</b>	<b>2,20,50</b>	<b>2,23,39</b>	<b>1,96,40</b>	<b>2,23,07</b>

TABLE F.

(In Thousands of Rupees.)

ARTICLES.	Pre-war average.	1921-22.	1922-23.	1923-24.
<b>JAPAN.</b>				
<i>Imports therefrom—</i>				
Ale, beer and porter ..	3	8,43	2,92	1,94
Apparel .. .. .	9,17	10,64	12,22	7,70
Bobbins .. .. .	—	13,21	2,64	3,14
Brass, bronze, etc. ..	7	1,97	13,40	6,51
Brushes and brooms ..	48	10	37	43
Buttons of all sorts ..	—	13,14	8,48	9,84
Camphor .. .. .	11,48	14,46	12,87	27,27
Carriages .. .. .	11	4,89	3,81	3,27
Cement .. .. .	1	16,75	3,10	4
Chemicals .. .. .	93	2,92	2,08	1,95
Coal, coke, etc. .. .	7,02	29,93	14,31	27
Copper .. .. .	27,99	2,32	64	26
Cotton—				
Raw .. .. .	9	2,32	2,31	—
Hosiery .. .. .	65,23	45,13	64,03	74,90
Piece-goods .. .. .	6,10	3,67,02	4,22,90	4,59,47
Yarn .. .. .	6,16	2,25,65	3,20,42	2,85,18
Other manufactures ..	2,12	10,12	12,05	12,68
Cutlery .. .. .	—	1,58	1,72	7,30
Drugs and medicines (other than camphor)	1,72	6,22	6,21	3,33
Earthenware and porcelain .. .. .	4,23	21,04	24,94	23,92
Furniture and cabinet- ware .. .. .	71	1,73	1,30	59
Glass and glassware—				
Bangles .. .. .	5	32,59	33,48	38,31
Beads and false pearls	7,61	14,82	15,48	16,05
Bottles and phials ..	1,00	10,95	11,10	10,08
Funnels, globes, etc...	58	7,41	4,01	2,32
Table ware .. .. .	1,41	14,18	6,68	5,56
Others .. .. .	3,35	6,13	9,30	8,51
Haberdashery and millinery .. .. .	10,88	6,82	12,00	10,71
Hardware .. .. .	3,59	21,29	32,69	25,70
Instruments .. .. .	85	5,96	5,63	3,59
Iron or steel .. .. .	—	1,08	1,94	3
Leather .. .. .	38	66	1,04	57
Machinery and millwork	63	3,58	2,21	3,69
Matches .. .. .	28,40	1,84,89	1,15,23	70,10
Paints and painters' materials .. .. .	—	3,58	4,52	3,00
Paper and pasteboard ..	55	8,73	2,68	2,64
Provisions and oilman's stores .. .. .	1,57	2,39	3,17	1,72
Rubber manufactures ..	—	62	1,16	1,12

TABLE F—*continued.*

ARTICLES.	Pre-war average.	1921-22.	1922-23.	1923-24.
JAPAN— <i>cont.</i>				
Silk, raw .. .. .	1,15	18	73	6,84
Silk manufactures, including yarn, etc. ..	1,31,45	1,41,45	1,62,29	1,39,08
Soap .. .. .	62	30	28	14
Spices, ginger .. .. .	3,40	13	2,25	4,17
Starch and farina .. .. .	7	2,50	52	42
Stationery (excluding paper) .. .. .	2,17	5,16	4,65	4,07
Sugar 16 D. S. and above .. .. .	37	4,12	49	14
Tea-chests .. .. .	87	1,10	21	29
Toilet requisites .. .. .	1,31	3,22	5,57	3,28
Toys and requisites for games .. .. .	3,16	8,83	9,86	8,94
Umbrella fittings .. .. .	4,91	9,81	13,32	18,89
Wood—				
Timber .. .. .	32	16	—	90
Manufactures .. .. .	71	13,19	39	15,63
Woollen manufactures (including yarn) .. .. .	8	1,41	7,45	7,27
Other articles .. .. .	9,26	41,15	39,18	27,53
TOTAL .. .. .	3,64,35	13,57,96	14,42,23	13,65,28

TABLE G.

(In Thousands of Rupees.)

ARTICLES.	Pre-war average.	1921-22.	1922-23.	1923-24.
UNITED STATES.				
<i>Imports therefrom—</i>				
Aluminium .. .. .	4,26	5,22	5,52	18,60
Apparel .. .. .	33	2,30	3,45	6,39
Arms .. .. .	80	6,71	4,09	2,96
Boots and shoes .. .. .	54	3,61	1,21	2,25
Belting for machinery .. .. .	1,11	9,28	8,37	8,95
Building materials .. .. .	88	5,86	4,89	6,11
Carriages .. .. .	72	19,88	3,42	10,71
Chemicals .. .. .	22	10,62	7,61	5,97
Clocks and watches .. .. .	3,82	6,96	5,27	5,77
Copper .. .. .	—	5,13	42,79	16,72
Cotton—				
Raw .. .. .	27,72	6,74	70	—
Piecegoods .. .. .	26,44	78,30	25,89	20,59
Drugs and medicines .. .. .	4,18	11,13	12,40	13,09
Dyeing substances .. .. .	—	26,68	9,89	11,50
Furniture .. .. .	1,44	2,26	1,40	2,67
Glassware .. .. .	1,17	2,91	3,45	3,00
Instruments .. .. .	5,86	1,02,41	37,45	37,86
Iron and Steel .. .. .	48,56	4,42,51	1,39,45	73,18
Machinery .. .. .	24,56	4,51,40	2,23,94	1,96,04
Motor cars, etc. .. .. .	8,49	66,93	70,83	99,31
Oils, mineral .. .. .	2,19,66	4,86,84	4,12,15	4,56,22
Paper and pasteboard .. .. .	1,21	13,80	11,12	4,59
Provisions .. .. .	3,80	34,83	27,97	23,65
Railway plant .. .. .	54	12,80	12,99	17,56
Rubber .. .. .	16	26,28	21,15	19,30
Ships .. .. .	24	4,13	12	11
Spirit .. .. .	5,34	9,31	9,06	10,53
Stationery .. .. .	2,05	6,89	4,61	5,79
Sugar .. .. .	18	14,05	40,50	72
Telegraph materials .. .. .	—	3,16	12	2
Tobacco .. .. .	5,90	24,46	18,77	42,57
Toilet requisites .. .. .	2,22	8,26	10,48	19,24
Wood and timber .. .. .	6,56	9,66	3,93	1,21
Other articles .. .. .	40,07	2,39,54	1,32,98	1,76,18
TOTAL .. .. .	4,49,03	21,60,85	13,17,97	12,79,36

## APPENDIX IV.

## SUPPLY OF STORES.

RESOLUTION AND REVISED RULES PROMULGATED BY THE DEPARTMENT  
OF INDUSTRIES AND LABOUR.*Simla, May 6th, 1924.*

## A.—RESOLUTION.

In their Resolution No. 81-D, dated November 15th, 1919, the Government of India announced their intention to constitute a committee to deal with the proposal made by the Indian Industrial Commission for the creation of an Indian Stores Department. The terms of reference and personnel of this Committee were announced in Resolution No. B.-506-11, dated December 5th, 1919. The Committee were directed to enquire and report on the measures required to enable Government Departments to obtain their requirements as far as possible in India, what central and local agencies should be constituted for the purchase and inspection of such requirements and what modifications of the Stores Purchase Rules would be required to give effect to their recommendations. This Committee submitted its report to the Government of India on July 19th, 1920.

2. The Committee were unable to agree in regard to the modifications which should be made in the Stores Purchase Rules and certain alternative recommendations were offered. After careful consideration of these alternatives the Government of India arrived at certain provisional conclusions, which, together with a revised draft of the Stores Purchase Rules, were sent to the Provincial Governments for their consideration and advice. In the meantime, the purchase of stores by Governors' Provinces had ceased, under the reformed constitution, to be a central subject. It was accordingly made clear that the revised rules under consideration were intended for application only to the Government of India and to Provinces other than Governor's Provinces. On receipt of the replies from the Local Governments the revision of the rules was further considered by a Committee of the Legislature (the Railway Industries Committee) which had been appointed in pursuance of a Resolution adopted by the Legislative Assembly on March 2nd, 1922. The rules approved by this Committee were submitted to the Secretary of State for his approval.

3. The Secretary of State in Council has now approved the rules appended to this Resolution, which will henceforth regulate the purchase of stores by all Departments and officers of the Central Government and of the Local Governments and Administrations other than those of the Governors' Provinces. The main features of the new rules consist in the assertion of a more definite preference for stores produced and manufactured, wholly or partly, in India, an important extension of the power to purchase imported stores and the introduction of a central purchasing agency in India, namely, the Indian Stores Department. This Department, as announced on December 10th, 1921, was created on a temporary basis with effect from January 1st, 1922, on which date the Chief Controller of Stores assumed charge of his duties and proceeded to formulate a detailed scheme of organisation. This scheme, after consideration by the Government of India, was submitted to the Secretary of State, who has now sanctioned the constitution of the Indian Stores Department on a permanent basis.



4. The revision of the Stores Purchase Rules and the establishment of the Indian Stores Department are the direct outcome of a policy which aims at the encouragement of the industries of the country without sacrificing economy, and the Government of India take this opportunity of impressing upon all Departments and officers purchasing stores, the importance which they attach, not only to a strict adherence to the letter of the rules, but also to a loyal observance of the policy underlying them, as stated in the preamble to the rules. The observance of this policy, coupled with utilisation to the fullest possible extent of the services of the Indian Stores Department, will, it is confidently anticipated, promote both the objects which the Government of India have in view, namely, encouragement of manufacture in India and economy in the purchase of Government stores.

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**ORDER.**—Ordered that this Resolution be communicated to all Local Governments and Administrations, the several Departments of the Government of India (including the Financial Adviser, Military Finance), the Private and Military Secretaries to His Excellency the Viceroy, all Heads of Departments subordinate to this Department, the Auditor General and all Accountants General, the Comptroller of Assam, Deputy Accountant General, Central Revenues, Delhi, the Financial Adviser, Posts and Telegraphs, and the Audit Officer, Indian Stores Department.

Ordered also that the Resolution be communicated to the High Commissioner for India and to Chambers of Commerce and that it be published in the Supplement to the *Gazette of India* for general information.

A. H. LEY.

*Secretary to the Government of India.*

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## B.—RULES FOR THE SUPPLY OF ARTICLES FOR THE PUBLIC SERVICE.

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### PREAMBLE.

The policy of the Government of India is to make their purchases of stores for the public service in such a way as to encourage the industries of the country, so far as is consistent with economy and efficiency. In pursuance of this policy the following rules are prescribed, with the sanction of the Secretary of State, for the supply of articles for the public service. These rules, which are subject to any instructions regarding specific articles which have been or may be made by the Government of India with the sanction of the Secretary of State from time to time (*e.g.*, those relating to the supply of stationery and printing stores for the public service), supersede all previous orders which are not explicitly continued.

The rules are applicable to the Government of India and to provinces other than Governors' Provinces.

#### **RULE 1.**—Articles manufactured in India from Indian materials.

All articles which are produced in India in the form of raw material, or are manufactured in India from materials produced in India should, in preference to articles not manufactured in India or wholly or partly manufactured in India from imported materials, be purchased locally, provided that the quality is sufficiently good for the purpose, and the price reasonable.

**NOTE.**—Although a strict comparison of prices is not enjoined by this rule, it is essential in the interests of economy that the purchasing officer

should take into consideration, so far as may be possible, the price at which articles of similar quality not manufactured or produced in India can be purchased at the time.

**RULE 2.—Articles manufactured in India from imported materials.**

Articles wholly or partly manufactured in India from imported materials should also be purchased in India in preference to articles not manufactured in India, provided that the quality is sufficiently good and the price not unfavourable.

**RULE 3.—Articles which are not manufactured in India.**

Articles which are not manufactured in India should be obtained by indent upon the Store Department, London, except in the following cases :—

- (a) When the articles are already in India at the time of order or are already on their way out, and their price and quality are not unfavourable as compared with those at which similar articles could be obtained through the Store Department, London, and the cost of the supply does not exceed the limits prescribed in Rule 11. When the total value of the articles required is trifling it is generally desirable to purchase them locally.
- (b) In the case of important construction works let out on contract, articles not manufactured in India required for the construction of such works may be supplied by the contracting firm, subject to the following conditions :—
  - (i) That the firm is approved by the Chief Controller of Stores, Indian Stores Department, and is included in the list of firms so approved (List I).
  - (ii) That the materials are subject to the current specifications and tests prescribed by the Government of India.
- (c) Plant and machinery and component parts thereof may be purchased from branches\* established in India of manufacturing firms borne on the list of the Chief Controller of Stores, Indian Stores Department (List II), provided that the following conditions are observed :—
  - (i) That the purchase is made by the Chief Controller of Stores, Indian Stores Department, or by a highly qualified engineer directly responsible to the Government of India for the order so placed.
  - (ii) That the plant and machinery are of standard patterns such as are ordinarily manufactured by the firm, and have actually been so manufactured.
  - (iii) That the branch firm entertains a staff of expert mechanics capable, when so required, of erecting and repairing the plant and machinery which it supplies.
  - (iv) That the actual price of the articles (exclusive of any expenditure representing cost of erection) is as low as that at which articles of the same make can be supplied by the Store Department, London.

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\* Branches may be held to cover approved technical agents of manufacturers who do not merely act as selling agents but are also in a position to render the same kind of technical assistance in India as actual branches of the firms.

- (v) That when test or inspection of the plant or machinery during manufacture or before shipment is necessary or desirable, arrangements are made for such test and inspection to be carried out by the India Store Department, London.

**NOTE 1.**—It should clearly be understood by indenting officers that this rule is subject to the preference which should be given under Rules 1 and 2 to articles of Indian manufacture.

**NOTE 2.**—Application for inclusion in the lists mentioned in this rule should be made to the Chief Controller of Stores, Indian Stores Department, direct by the firm, with a full statement of the reasons which, in its opinion, justify such inclusion.

**RULE 4.—Articles which should be purchased in India.**

The following articles, whether manufactured or produced in India or not, should be purchased in India provided that they comply with the current specifications, are of the requisite quality, and can be obtained at a not unfavourable price :—

- (a) Those of a perishable nature.
- (b) Explosives.
- (c) Block tin.
- (d) Wines and spirits and bottled beer for the use of Government hospitals in India.
- (e) Kerosine oil.
- (f) Plant and materials for electric installations intended to take current from existing centres ; and small electrical power and lighting plants of not more than 25 kilowatt capacity, which involve the provision of generators and cables for distribution, provided they comply with the current specifications and tests prescribed by the Government of India.
- (g) Australian timber.
- (h) Australian copper.
- (i) Italian marble.
- (j) British Columbian timber.
- (k) Plant and materials for small gas installations, the cost of which does not exceed Rs. 15,000.
- (l) Cheap articles of common use required in small quantities only.
- (m) African and Australian coal.
- (n) Lubricating and fuel oil.
- (o) Such other classes of articles, that can be obtained more economically in the local market or that cannot conveniently be purchased through the agency of the London Store Department, as may from time to time be prescribed by the Government of India.

**RULE 5.—Special Purchases in India.**

In cases of emergency, or when inconvenience to the public service would be caused by waiting to obtain an article from England through the India Store Department, London, or when, owing to the greater promptitude of supply, an economy can be effected by purchasing in India articles which, under the foregoing rules, should be obtained through that Department, the purchase may be made in India, subject to the limits prescribed in Rule 11, provided that the articles are in India at the time of order or are already on their way out. In such cases, if the value of the articles exceeds Rs. 1,500, the sanctioning officer should place on record the reasons which make the local purchase desirable. This record shall be available for the inspection of the Examiner of Accounts or the supervising officer, when required.

**RULE 6.—Inter-departmental purchases.**

Nothing in the rules is to be deemed to prohibit the purchase of stores by one department or railway from another.

**RULE 7.—Method of obtaining stores not purchased in India.**

All articles which, under the foregoing rules, are not to be bought in India, should ordinarily be obtained by indent on the India Store Department, London, except those the purchase of which outside India is specially authorised by these rules. Such purchase is at present permissible in the case of the following articles :—

- (i) Seeds.
- (ii) Cinchona bark.
- (iii) Articles for experimental or research purposes required by officers approved by the Government of India from time to time. A list of the officers thus approved is given in the Appendix.
- (iv) Excise instruments and apparatus required by Excise Department for experimental or research purposes.
- (v) China, glass, cutlery, plate, crockery and perishable fabrics, including linen for residences which are furnished by Government.
- (vi) Australian timber.
- (vii) British Columbian timber.
- (viii) Such articles as Superintendents of Vaccine Depots may require for the preparation of vaccine lymph (e.g., lanoline and glycerine).
- (ix) Chemicals and scientific instruments which do not require careful inspection and testing, or which are of standard description usually quoted by well-known firms, provided that the articles cannot be procured from the Medical Store Depots.
- (x) Articles required for Viceregal residences in special and urgent cases.

**NOTE.**—Payments for stores purchased under this rule should be made direct to the suppliers by the purchasing officers.

**RULE 8.—Method of comparing prices.**

In all cases in which the selection of source of supply depends upon comparison of prices the procedure to be adopted for such a comparison is as follows :—

- (i) A reference should be made to Home prices notified continually by the India Store Department, London, to the Chief Controller of Stores, Indian Stores Department, or as otherwise ascertained, and freight should be added at the current rates paid by the India Store Department, London, together with such charges for interest, insurance, and freight brokerage as may be declared from time to time by the Chief Controller of Stores.
- (ii) In cases of important contracts, the prices ruling in the English market should be ascertained by telegraphic reference to the India Store Department, London.
- (iii) In cases where the necessary information as to Home prices is not available the purchase in India shall be subject to the condition that the price is reasonable.
- (iv) In order to arrive at the market value at an Indian port of the article imported from England, the following charges shall be included :—
  - (a) Landing, wharfage, and port charges.
  - (b) Customs duty as shown in the tariff to be applicable to the article in question, to be calculated on its cost *plus* the additional charges mentioned in the earlier part of this rule.
- (v) The cost of carriage to site from port or place of manufacture, as the case may be, shall be taken into account.

### RULE 9.—Tests.

Any articles purchased in India which should be tested are liable to the specifications laid down from time to time by competent authority, with the approval of the Government of India, and should be required to pass the tests prescribed for such articles.

### RULE 10.—Firms from which Iron and Steel may be bought in India.

Important iron and steel work, if purchased in India, should only be obtained from firms approved by the Chief Controller of Stores, Indian Stores Department, and entered in a schedule as corrected from time to time by that officer (List III).

NOTE 1.—By "important iron or steel work" are meant articles of iron or steel which form important components of the project in hand, e.g., bridge girders and roof trusses, built up in the firm's workshops and supplied ready for erection, in such sections as may be convenient, and rolled steel beams, rails or other sections cut to length or otherwise prepared at the firm's workshops to suit the indenting officer's requirements. The intention of the rule is to ensure that parts, the accurate preparation of which is essential to the security of a project, shall be obtained only from firms which possess workshops and appliances capable of turning out work of the desired standard. The raw materials used may be either imported or of Indian manufacture, subject to the usual specifications.

NOTE 2.—For the procedure to be followed by firms desiring to be included in the list mentioned in this rule, see Note 2 to Rule 3.

### RULE 11.—Financial limits on powers of Officers to make purchases in India.

A Department or officer's financial powers in the matter of the purchase of stores ordinarily extend to the limits to which it or he is empowered to enter into contracts; but in the case of purchases made in India under Rule 3 (a) and Rule 5, the limits up to which power to purchase any one article or any number of similar articles purchased at one time extends are as follows:—

#### In respect of Rules 3 (a) and 5.

##### (a) Civil Departments.

	Rs.
(i) Departments of the Government of India, other than the Railway Department (Railway Board) and the Department of Industries and Labour, Public Works Branch .. .. .	1,000
(ii) Heads of Departments, Commissioners of Divisions and other officers of or above the rank of Collector whom the Local Government may select .. .. .	500
(iii) Other officers authorised to incur expenditure ..	100
(iv) The President, Forest Research Institute, Dehra Dun .. .. .	2,000
(v) Surveyor General of India .. .. .	Full powers
(vi) Agricultural Adviser to the Government of India and Director of the Agricultural Research Institute, Pusa .. .. .	"
(vii) Director-General of Observatories .. .. .	"
(viii) Director-General, Posts and Telegraphs .. .. .	"
(ix) Political Resident, Persian Gulf .. .. .	"
(x) Chief Commissioner, Andaman and Nicobar Islands .. .. .	"
(xi) Mint Masters .. .. .	"
(xii) Local Government .. .. .	"

NOTE.—In respect of purchases made for *to shakhana* purposes the Foreign and Political Department has full powers.

(b) *Public Works Department.*

	Rs.
(i) Executive or Assistant Engineer holding charge of a Division .. .. .	1,000
(ii) Superintending Engineer or Superintendent of Works	5,000
(iii) Local Government and Department of Industries and Labour, Public Works Branch .. .. .	Full powers

(c) *Railway Department.*

	Rs.
(i) Executive or Assistant Engineer holding charge of a Division on a line under construction or survey	1,000
(ii) Engineer-in-Chief holding charge of a line under construction or survey .. .. .	5,000
(iii) Agent of an open line .. .. .	10,000
(iv) Railway Board .. .. .	Full powers

NOTE.—Agents of open lines may delegate to their Engineers-in-Chief, Executive Engineers, or Assistant Engineers holding charge of a Division such power of purchase as they deem fit up to the limits specified for lines under construction, and to their Controllers of Stores up to the limits specified for Executive Engineers.

(d) *Army Department.*

	Rs.
(i) Engineer-in-Chief, Army Headquarters .. .. .	Full powers
(ii) Air Officer Commanding, Royal Air Force in India	30,000 .
(iii) Chief Engineer ; General Officers Commanding-in-Chief, Commands .. .. .	15,000
(iv) Commanding Royal Engineer ; District Commanders and Director General, Indian Medical Service .. .. .	10,000
(v) Assistant Commanding Royal Engineer ; Officer Commanding, Independent Brigade Area ; Director of Ordnance Factories ; Director, Royal Indian Marine ; Director of Remounts and Director of Farms .. .. .	5,000
(vi) Officers Commanding Brigades or Brigade Areas ..	2,000
(vii) Indian Army Service Corps, Officer on Special Duty in Kashmir .. .. .	1,000
(viii) Chief of the General Staff ; Adjutant General in India ; Quartermaster-General in India ; Master General of Supply ; Director, Medical Services ; Military Accountant General ; Controllers of Military Accounts and Deputy Assistant Directors of Remounts, Commands..	500
(ix) Assistant Controller of Dairy Farms ; Officers Commanding Stations ; Superintendent, Ordnance Factory ; Inspectors (Ordnance Department) ; Proof and Experimental Officer, Balasore (Ordnance Department) ; Officer in Charge, Medical Store Depot ; Commandant, Indian Staff College, Quetta ; Commandant, Prince of Wales' Royal Indian Military College, Dehra Dun ; Assistant Controller of Grass Farms ; Officer Commanding a Wing, Royal Air Force ; Officer Commanding, Aircraft Depot, Royal Air Force and Officer Commanding, Aircraft Park, Royal Air Force .. .. .	400
(x) Military Secretary, Army Headquarters .. .. .	250

	Rs.
(xi) Chief Ordnance Officer ; Chief Inspector of General Stores ; District Remount Officer, and Superintendent, Remount Depot .. .. .	200
(xii) Officer Commanding a unit ; Senior Medical Officer, Indian Medical Service, of a Station ; Recruiting Officer for Gurkhas, Gorakhpur ; Assistant Inspectors (with the exception of the Assistant Inspector in charge of General Stores) Ordnance Department and Officer Commanding a Squadron, Royal Air Force .. .. .	40
(xiii) Officers (ordnance or departmental) in charge of depots .. .. .	20

(e) *Indian Stores Department.*

(i) Chief Controller of Stores .. .. .	Full powers
(ii) Metallurgical Inspector .. .. .	1,000
(iii) Superintendent, Government Test House .. .. .	1,000

**NOTE 1.**—The financial limits imposed under this rule in respect of purchases made under Rules 3 (a) and 5, do not apply to the purchase of articles required on mobilisation or during the continuance of military operations.

**NOTE 2.**—These powers are subject to the rules of the budget system. No sanction may be given which will involve expenditure from the budget grant of any future year. The powers extend to each sanction, whether against Army, Military Works or Marine funds. In the case of the Ordnance, Medical Stores, and Remount Departments, the Divisional, Brigade and Station Commanders are not competent financial authorities.

**NOTE 3.**—The Government of India are authorised to modify this list and the monetary limits hereby prescribed at their discretion.

**RULE 12.—Power to sanction departures from the rules.**

The Government of India have power to sanction departures from the rules in cases in which departure is in the public interest, subject to a report to the Secretary of State if the expenditure exceeds Rs. 50,000 in any single case. Applications for sanction in such cases should be made to the Government of India in the Department of Industries and Labour.

**APPENDIX.**

*List of Departments and Officers referred to in Rule 7 (iii), serving directly under the Government of India or in Provinces other than Governors' Provinces, who are authorised to obtain direct from manufacturers or dealers in England, or in any other foreign country, such articles as they may require for experimental or research purposes.*

Superintendents of X-ray Institutes.  
 Chemical Examiners.  
 Superintendents of Vaccine Depots.  
 Principals of Medical Colleges.  
 Superintendents of Medical Schools.  
 Directors of Bacteriological, Pathological or Research Laboratories,  
 including officers in charge of Divisional and Brigade Laboratories.  
 Principals of Arts Colleges.  
 Principals of Technical and Industrial Institutes.  
 Directors of Industries.  
 Directors of Public Health.  
 Principals of Training Colleges.

Surveyor-General of India.  
 Inspector-General of Forests.  
 Director-General of Observatories.  
 Director of the Botanical Survey.  
 Agricultural Adviser to the Government of India and Director,  
 Agricultural Research Institute, Pusa.  
 Director and First Bacteriologist, Imperial Bacteriological Laboratory,  
 Muktesar.  
 Imperial Agricultural Chemist.  
 Imperial Mycologist.  
 Imperial Entomologist.  
 Imperial Economic Botanist.  
 Imperial Agricultural Bacteriologist.  
 Imperial Agriculturist.  
 Physiological Chemist.  
 Imperial Dairy Expert.  
 Director General of Archaeology.  
 Directors of Agriculture.  
 President, Forest Research Institute and College.  
 Director, Geological Survey of India.  
 Railway Board.  
 Directors of Public Instruction.  
 Director of the Zoological Survey of India.  
 Metallurgical Inspector.  
 Superintendent, Government Test House.  
 Commissioner, Northern India Salt Revenue.  
 Master General of Supply.  
 Director of Ordnance Factories.  
 Director of Artillery.  
 Archaeological Chemist in India.  
 Government Examiner of Questioned Documents.  
 Director-General, Posts and Telegraphs.



## APPENDIX V.

## A BILL TO PROVIDE FOR THE FOSTERING AND DEVELOPMENT OF THE STEEL INDUSTRY IN BRITISH INDIA.

(As passed by the Indian Legislature).

WHEREAS it is expedient, in pursuance of the policy of discriminating protection of industries in British India with due regard to the well-being of the community, to provide for the fostering and development of the steel industry by increasing the import duties leviable on certain iron and steel articles and by enabling bounties to be granted to manufacturers in British India of certain such articles, and to determine the duties and bounties which shall be payable in respect of such articles during the first three years of the application of that policy to the said industry; It is hereby enacted as follows :—

1. *Short Title.*—This Act may be called the Steel Industry (Protection) Act, 1924.

2. *Amendment of Act VIII of 1894.*—(1) To section 3 of the Indian Tariff Act, 1894, the following sub-section shall be added, namely :—

“(4) If the Governor-General in Council is satisfied, after such inquiry as he thinks necessary, that articles of any class chargeable with duty under Part VII of the Second Schedule are being imported into British India from any place outside India at such a price as is likely to render ineffective the protection intended to be afforded by such duty to similar articles manufactured in India, he may, by notification in the Gazette of India, increase such duty to such extent as he thinks necessary either generally or in respect of such articles when imported from or manufactured in any country or countries specified in the notification.”

(2) In the Second Schedule to the same Act there shall be made the amendments specified in the Schedule to this Act.

(3) The amendments made by sub-section (2) shall have effect up to the 31st day of March, 1927.

3. *Bounties on steel rails and fishplates.*—On the production by any company, firm or other person engaged in the business of manufacturing steel of a certificate granted by an officer authorised by the Governor General in Council by order in writing in this behalf that such company, firm or other person has on a specified date, not earlier than the 1st day of April, 1924, completed the manufacture of any steel rails of a weight per yard of not less than 30 pounds avoirdupois or of any fishplates suitable for use with such rails, and that the rails or fishplates have been wholly manufactured in British India from material wholly or mainly produced from Indian iron ore and comply with any specification for the time being prescribed or approved by the Railway Board for steel rails or fishplates, as the case may be, the Governor General in Council shall cause to be paid to such company, firm or other person a bounty in respect of such rails or fishplates at the following rate, namely :—

- (a) Rs. 32 per ton of rails or fishplates the manufacture of which has been completed before the 1st day of April, 1925 ;
- (b) Rs. 26 per ton of rails or fish-plates the manufacture of which has been completed on or after the 1st day of April, 1925, and before the 1st day of April, 1926 ;
- (c) Rs. 20 per ton of rails or fish-plates the manufacture of which has been completed on or after the 1st day of April, 1926, and before the 1st day of April, 1927.

4. (1) *Bounties on railway wagons.*—The Governor General in Council may, in each of the financial years commencing on the 1st day of April, 1924, 1925 and 1926, pay such sum, not exceeding seven lakhs of rupees in any one financial year, as he thinks fit by way of bounties upon iron or steel wagons in respect of each of which he is satisfied—

- (a) that it is suitable for the public carriage of animals or goods on a railway in India ; and
- (b) that a substantial portion of the component parts thereof has been manufactured in British India.

(2) The Governor General in Council, may by notification in the Gazette of India, prescribe the conditions subject to which and the manner in which such bounties may be paid.

5. *Conditions qualifying for bounties.*—Notwithstanding anything contained in section 3 or section 4, no bounty in respect of steel rails, fish-plates or wagons shall be payable to or on behalf of any company, firm or other person not already engaged at the commencement of this Act in the business of manufacturing any one or other of such Articles, unless such company firm or person provides facilities to the satisfaction of the Governor General in Council for the technical training of Indians in the manufacturing processes involved in the business and, in the case of a company, unless—

- (a) it has been formed and registered under the Indian Companies Act, 1913 ; and
- (b) it has a share capital the amount of which is expressed in the memorandum of association in rupees ; and
- (c) such proportion of the directors as the Governor General in Council has by general or special order prescribed in this behalf consists of Indians.

6. *Statutory inquiry.*—The Governor General in Council shall, before the 31st day of March, 1927, cause to be made by such persons as he may appoint in this behalf an inquiry as to the extent, if any, to which it is necessary to continue the protection of the steel industry and as to the duties and bounties which are necessary for the purpose of conferring such protection.

#### THE SCHEDULE.

*Amendments to be made in Schedule II to the Indian Tariff Act, 1894.*  
(See Section 2).

1. In the heading to Part II, after the words "liable to," the word "non-protective" shall be inserted.
2. For item No. 60 the following shall be substituted, namely :—
  - "Iron alloys.
  - .. angle, channel and tee not otherwise specified (*see* No. 143).
  - .. bar and rod not otherwise specified (*see* No. 144).
  - .. pig.
  - .. rice bowls."
3. In Item No. 61—
  - (a) the second paragraph beginning with the signs and words "beams, joists, pillars, girders and other structural shapes" and ending with the words "door and window fittings and the like ; (*see* No. 90)" shall be omitted ;
  - (b) after the words "nails, rivets and washers, all sorts" the words "not otherwise specified (*see* No. 145)" shall be inserted ;
  - (c) after the words "plugs, valves, cocks and the like" the words "excluding pipes, tubes and fittings therefor otherwise specified (*see* No. 146)" shall be inserted ;

(d) for the words " IRON OR STEEL, rails, chairs, sleepers, bearing and fish-plates, spikes (commonly known as dog-spikes), switches and crossings, other than those described in No 63, also lever-boxes, clips and tie-bars " the following shall be substituted, namely :—

" IRON OR STEEL, railway track material not otherwise specified (see Nos. 63 and 152) including bearing plates, sleepers and fastenings therefor, and lever-boxes ;

" " tramway track material, including rails, fish-plates, tie-bars, switches, crossings and the like materials of shapes and sizes specially adapted for tramway tracks " ;

(e) after the words " sheets and plates, all sorts " the words " not otherwise specified (see Nos. 146, 147, 148, 153 and 154) " shall be inserted ;

(f) for the words " wire, including fencing-wire, piano-wire and wire-rope, but excluding wire-netting (see No. 97) " the words " barbed and stranded fencing-wire and wire-rope " shall be substituted.

4. For Item No. 62, the following shall be substituted, namely :—

" 62. STEEL, angle and tee not otherwise specified (see No. 150).

" " bar and rod not otherwise specified (see Nos. 151 and 153).

" " alloy, crucible, shear, blister and tub, all kinds, and steel for springs and cutting tools made by any process.

" " ingots, blooms and billets, and slabs of a thickness of 1½ inches or more.

" " expanded metal.

5. In Item No. 63, for all the words beginning with the words " cylinders, girders and other material " and ending with the words " other materials for fencing " the following shall be substituted, namely :—

" sleepers and fastenings therefor ; bearing plates, fish bolts and nuts, chairs, interlocking apparatus, brake-gear, couplings and springs, signals, turn-tables, weighbridges, carriages, wagons, traverses, trollies, trucks, and component parts thereof ; switches, crossings and the like material made of alloy steel ; also cranes and water-tanks when imported by or under the orders of a railway company."

6. In Item No. 87, for the words " CONVEYANCES, including " the words " CONVEYANCES not specified in No. 142, namely," shall be substituted.

7. After Part VI the following Part shall be added, namely :—

## " PART VII.

Articles which are liable to protective duty at special rates.

No.	Name of Article.	Unit or method of assessment.	Rate of duty.
<i>Articles wholly or mainly manufactured.</i>			
CONVEYANCES.			
142	Coal Tubs, tipping wagons and the like conveyances designed for use on light rail track, if adapted to be worked by manual or animal labour and if made mainly of iron or steel; and component parts thereof made of iron or steel.	<i>Ad valorem</i>	25 per cent.
METALS—IRON AND STEEL.			
143	Iron angle, channel and tee— (a) not fabricated, kinds other than galvanised, tinned or lead coated or Crown or superior qualities ..	Ton	Rs. 20.
144	(b) fabricated, all qualities .. .. . Iron, Common Bar not galvanised, tinned or lead coated.	<i>Ad valorem</i>	15 per cent.
145	Iron or Steel Nails, wire or French ..	Cwt.	Rs. 3.
146	Iron or Steel Pipes and tubes and fittings therefor, if riveted or otherwise built up of plates or sheets.	<i>Ad valorem</i>	25 per cent.
147	Iron or Steel Plates not under $\frac{1}{8}$ inch thick, including sheets $\frac{1}{8}$ inch thick or over—		
	(a) not fabricated, ship, tank bridge and common qualities.	Ton	Rs. 30.
	(b) fabricated, all qualities .. .. .	<i>Ad valorem</i>	25 per cent.
	(c) cuttings, all qualities .. .. .	Ton	Rs. 25.
148	Iron or Steel Sheets under $\frac{1}{8}$ inch thick—		
	(a) not fabricated—		
	(i) black .. .. .	Ton	Rs. 30.
	(ii) galvanised .. .. .	Ton	Rs. 45.
	(b) fabricated, all qualities .. .. .	<i>Ad valorem</i>	15 per cent.
	(c) cuttings, black or galvanised ..	<i>Ad valorem</i>	15 per cent.
149	Iron or Steel Wire, other than barbed or wire rope or stranded fencing wire, or wire netting ( <i>see</i> No. 97).	Ton	Rs. 60.
150	Steel, angle and tee, not galvanised, tinned, or lead coated and beam, channel, zed, trough plate, piling and other structural sections—		
	(a) fabricated .. .. .	<i>Ad valorem</i>	25 per cent.
	(b) not fabricated .. .. .	Ton	Rs. 30.

No.	Name of Article.	Unit or method of assessment.	Rate of duty.
151	Steel—Bar and Rod. Common merchant bar and rod, and bar and rod designed for the reinforcing of concrete, all sizes.	Ton	Rs. 40.
152	Steel Railway Track Material— (a) Rails 30 lb. and over per yard and fish-plates therefor. (b) Rails under 30 lb. per yard and fish-plates therefor. (c) Spikes and tie bars (d) Switches, crossings and the like material not made of alloy steel.	Ton .. Ton Ton <i>Ad valorem</i>	Rs. 14. Rs. 40. Rs. 40. 25 per cent.
153	Steel Structures, fabricated partially or wholly, not otherwise specified, if made mainly or wholly of steelbars, sections, plates or sheets, for the construction of buildings, bridges, tanks, well curbs, trestles, towers and similar structures or for parts therefor, but not including builders' hardware ( <i>see</i> No. 90) or articles specified in Nos. 51, 51A, 64 or 87.	<i>Ad valorem</i>	25 per cent.
154	Steel— (a) Tinplates and tinned sheets, including tin taggers. (b) Tinplate cuttings .. .. .	Ton <i>Ad valorem</i>	Rs. 60. 15 per cent."

APPENDIX VI.

A.—ESTIMATED INDIAN CONSUMPTION (IN THOUSANDS OF TONS) OF THE VARIOUS KINDS OF STEEL AND WROUGHT IRON ON WHICH HIGHER DUTIES HAVE BEEN PROPOSED.

	PRESENT.			1924-25.			1925-26.			1926-27.		
	Total Indian Consumption.	Indian Production.	Imports.	Total Indian Consumption.	Indian Production.	Imports.	Total Indian Consumption.	Indian Production.	Imports.	Total Indian Consumption.	Indian Production.	Imports.
	a	b	c	a	b	c	a	b	c	a	b	c
1. Fabricated steel .. .. .	65	—	65	55	—	32	60	—	29	65	—	26
2. Structural steel (unfabricated) .. .. .	88	23	65	78	68	33	83	85	29	88	100	27
3. Total of 1 and 2 .. .. .	153	23	130	133	68	65	143	85	58	153	100	53
4. Plates .. .. .	45	—	45	40	15	25	42	30	12	45	45	—
5. Black sheets .. .. .	45	—	45	40	7	33	42	15	27	45	17	28
6. Galvanised sheets .. .. .	150	—	150	140	8	132	145	15	130	150	18	132
7. Steel bars .. .. .	155	20	135	135	30	105	145	45	100	155	45	110

8. Wrought iron bars .. .. .	7	—	7	6	—	6	7	—	7	7	—	7
9. Light rails .. .. .	16	3	3	6	4	2	6	5	1	6	5	1
10. Tinplate .. .. .	50	—	50	45	21	24	48	28	20	50	28	22
11. Wire .. .. .	4	—	4	4	1	3	4	2	4	4	3	1
12. Wire nails .. .. .	12	—	12	10	1	9	11	2	9	12	3	9
13. Total of 3 to 12 .. .. .	627	46	581	559	155	404	593	227	366	627	264	363

NOTE.—No fabricated steel is shown as being produced in India. The reason is that such steel is made either from the Jamshedpur production or from imported raw steel and to include it in the Statement would mean counting the same steel twice over. It is assumed in the Statement that the increase in the production of structurals by the Tata Steel Company displaces equal quantities of fabricated and unfabricated imports.

APPENDIX VI—*continued.*B.—ESTIMATED PRODUCTION OF THE TATA IRON AND STEEL COMPANY  
FOR THE NEXT THREE YEARS.

(In thousands of tons).

	Average Production of 1921-22 and 1922-23.	1924-25.	1925-26.	1926-27.
Rails and fishplates ..	75	83	105	125
Light rails .. ..	3	4	5	5
Structural shapes ..	23	68	85	100
Bars .. ..	20	30	45	45
Plates .. ..	—	15	30	45
Black sheets .. ..	—	7	15	17
Galvanised sheets ..	—	8	15	18
Sheet bars .. ..	—	35	35	35
Total .. ..	121	250	335	390



## APPENDIX VII.

DETAILED STATEMENT OF THE QUANTITY (IN POUNDS) AND THE COUNTS  
(OR NUMBERS) OF YARN SPUN.

*Grand Total, India (British India and Indian States).*

Count or Number.	Twelve months, April to March.		
	1921-22.	1922-23.	1923-24.
1 .. .. .	1,827,353	2,529,698	3,503,650
2 .. .. .	3,430,317	4,221,755	4,304,999
3 .. .. .	3,134,543	3,048,629	2,936,554
4 .. .. .	5,345,556	5,543,043	5,923,076
5 .. .. .	1,873,167	1,034,573	1,685,125
6 .. .. .	10,788,068	11,705,139	8,077,059
7 .. .. .	18,556,370	16,815,601	16,623,508
8 .. .. .	5,784,481	8,035,787	7,942,873
9 .. .. .	12,052,841	13,958,293	12,250,978
10 .. .. .	36,376,979	36,085,724	21,324,201
Total, Nos. 1 to 10 ..	99,169,675	102,978,242	84,572,023
11 .. .. .	53,809,562	45,517,481	29,960,970
12 .. .. .	44,500,076	42,679,548	29,362,322
13 .. .. .	25,044,426	24,473,300	24,674,165
14 .. .. .	27,475,784	29,479,653	27,752,905
15 .. .. .	15,775,905	16,489,481	18,767,822
16 .. .. .	31,588,250	28,322,972	26,862,133
17 .. .. .	19,373,639	18,890,645	15,127,963
18 .. .. .	19,259,948	22,852,038	20,243,511
19 .. .. .	12,508,831	13,554,820	15,436,154
20 .. .. .	122,121,701	133,357,178	110,680,299
Total, Nos. 11 to 20 ..	371,458,122	375,617,116	318,868,244
21 .. .. .	43,041,183	48,583,970	41,327,672
22 .. .. .	45,472,808	45,742,691	35,231,809
23 .. .. .	4,965,555	3,908,365	5,362,775
24 .. .. .	55,731,709	55,335,965	41,628,994
25 .. .. .	1,367,695	1,514,761	846,217
26 .. .. .	12,042,481	13,314,878	12,985,003
27 .. .. .	4,839,684	5,205,517	4,449,068
28 .. .. .	8,605,575	8,682,283	8,266,068
29 .. .. .	1,990,804	2,196,169	2,462,302
30 .. .. .	25,104,462	24,474,213	29,186,713
Total, Nos. 21 to 30 ..	203,161,956	208,958,812	181,746,621

APPENDIX VII—*continued.*

Count or Number.	Twelve months, April to March.		
	1921-22.	1922-23.	1923-24.
31 .. .. .	1,150,999	729,116	330,794
32 .. .. .	8,644,997	8,306,451	10,073,864
33 .. .. .	77,683	8,782	46,242
34 .. .. .	1,921,175	1,645,155	1,881,629
35 .. .. .	34,335	29,364	73,184
36 .. .. .	1,255,349	1,048,151	876,387
37 .. .. .	4,372	1,323	—
38 .. .. .	375,524	816,614	158,007
39 .. .. .	—	—	44,154
40 .. .. .	3,435,752	3,345,468	6,182,082
Total, Nos. 31 to 40 ..	16,900,186	15,930,424	19,666,343
Above 40 .. .. .	2,364,419	2,195,291	3,260,788
Wastes, etc. .. .. .	517,319	213,714	513,553
<b>GRAND TOTAL .. .. .</b>	<b>693,571,677</b>	<b>705,893,599</b>	<b>608,627,572</b>

## APPENDIX VIII.

## A.—COTTON SPINNING: ALL INDIA.

Year ending June 30.	Number of Mills.	Number of Spindles.	Number of Looms.	Average No. of Hands employed daily.	Approximate Quantity of Cotton Consumed.	
					Cwts.	Bales of 392 lbs.
1901 ..	193	5,006,936	41,180	172,883	4,731,090	1,351,740
1902 ..	192	5,006,965	42,584	181,031	6,177,633	1,765,038
1903 ..	192	5,043,297	44,092	181,399	6,087,690	1,739,340
1911 ..	263	6,357,460	85,352	230,649	6,670,531	1,905,866
1912 ..	268	6,463,929	88,951	243,637	7,175,357	2,050,102
1913 ..	272	6,596,862	94,136	253,786	7,336,056	2,096,016
1914* ..	271	6,778,895	104,179	260,276	7,500,941	2,143,126
1921* ..	257	6,870,804	123,783	332,179	7,420,805	2,120,230
1922* ..	298	7,331,219	134,620	343,723	7,712,390	2,203,540
1923* ..	333	7,927,938	144,794	347,380	7,530,943	2,151,698

\* Year ending August 31st.

## B.—COMPARATIVE STATEMENT OF COTTON CONSUMPTION, YARN AND CLOTH PRODUCTION IN INDIA FOR CERTAIN YEARS.

Twelve months ending Mar. 31st.	Cotton.		Yarn.		Cloth.	
	† Mill Consumption.	F.-P. Bales of 3½ cwts. each.	Pro-duction.	Bales of 400 lbs. each.	Production.	
	Cwts.		Cwts.		Yards.	Lbs.
1901	4,731,090	1,351,740	3,151,563	882,437	341,176,942	98,747,566
1902	6,177,633	1,765,038	5,115,519	1,432,345	409,744,993	119,650,685
1903	6,087,690	1,739,340	5,144,951	1,440,586	406,316,717	122,774,014
1911	6,670,531	1,905,866	5,445,778	1,524,318	1,042,741,653	245,814,873
1912	7,175,357	2,050,102	5,580,626	1,562,575	1,136,151,590	266,644,181
1913	7,336,056	2,096,016	6,147,079	1,721,182	1,220,442,545	285,471,002
1914	*7,500,941	2,143,126	6,096,222	1,706,942	1,164,291,588	274,388,550
1921	*7,420,805	2,120,230	5,892,880	1,650,006	1,580,849,746	367,481,791
1922	*7,712,390	2,203,540	6,191,633	1,733,657	1,731,573,296	403,496,097
1923	*7,530,943	2,151,698	6,302,216	1,764,620	1,725,217,713	405,204,922

\* Year ending August 31st.

† Year ending June 30th.

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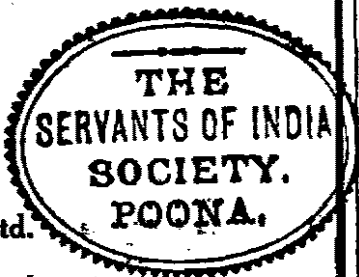
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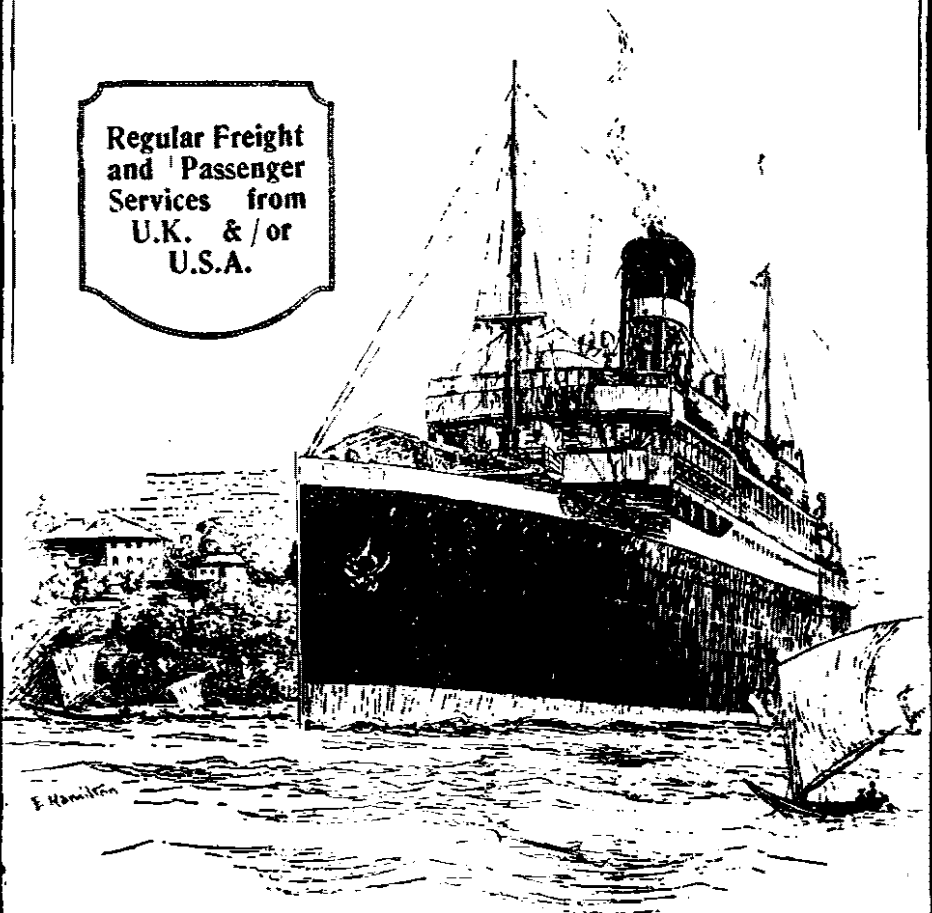
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# THE VALUE OF THE INDIAN MARKET

*Reprinted from the "Pioneer" Trade Industrial and Economic Supplement, October 19th, 1925.*

ALTHOUGH the Indian market for imported goods is an enormous one, it is doubtful whether its extent and potentialities are so fully realised by manufacturers as they ought to be. Notwithstanding trade depression and the slackness in purchases resulting from high prices, India imported goods by sea in the year 1924-25 to the value of £185 million, of which the share of the United Kingdom mounted in round figures to some £100 million. That India offers a great field for cotton manufactures is known to all. But her market absorbs an infinite number of imported articles, ranging from machinery, railway plant, agricultural implements and motor cars, to the medicines, soaps and a vast variety of other goods which are sold not only in European shops but in the Indian bazaars. And the bazaar trade is rapidly expanding, since the use of imported articles of many descriptions is increasing among the Indian population.

What is of intense interest at the present time is the vast possibilities of Indian agriculture. Although in the aggregate imports from abroad represent many millions in value, the average purchasing power of the people is low. But a small increase per head in that purchasing power will inevitably bring about a larger demand for imported goods, and it is here, from the point of view of the supplier of the Indian market, that the decision announced by the Secretary of State and the Viceroy in regard to agricultural development assumes immense importance. A definite scheme to this end is expected to emanate from a conference to be held at the Imperial Agricultural Institute at Pusa in December, and it is recognised by competent authorities that the addition of many millions of pounds to the annual agricultural output can readily be accomplished if the efforts now being made by the Agricultural Departments are extended on sound lines. There is no question as to the results that can be achieved. Experience of the outcome of the work of the scientific agriculturist in India has provided definite proof of that. Take, for example, one branch of this work, the provision of improved varieties of crops. It is not many years since the Agricultural Departments were able to inaugurate scientific work on an organised basis, yet it is estimated by Dr. Clouston, the Agricultural Adviser to the Government of India, that last year there were five million acres of land under these improved varieties and that the average

increase in the value of the resultant output was Rs. 10 per acre. At the present rate of exchange this represents a total of £3½ million. But it is recognised that the estimate of Dr. Clouston was a very conservative one, both as regards the area under improved crops and the increase in the money value of these crops. The field open to scientific agriculture is, indeed, almost unbounded. The area under cultivation in British India including that which is double cropped, amounts to some 260 million acres, and the opinion has been expressed that it would not be unsafe to assume that in time the yield from this area could be increased with the aid of scientific methods by £190 million annually.

Another branch of the activities of the Agricultural Departments is the breeding of cattle. The indigenous cattle of India are of very poor quality as a rule, the result being that the milk supply is small, while millions of cultivators are debarred from using modern ploughs as their animals are not strong enough to draw them. The Agricultural Departments have, therefore, sought to produce good draught bullocks and cows which will give many times as much milk during the period of lactation as the average Indian cow. That they have been highly successful in this task is shown by the fact that whereas the yield of the average Indian cow is about 800 lbs., a type of Punjab cow has been produced at the Pusa Institute which gives a yield of 4,000 lbs. Another type has in some instances yielded 12,000 lbs. The increase in the wealth of the cultivating classes when the better class animals take the place of the present inferior types will be enormous, as it is estimated that at the present time there are about 150 million bovine cattle in India. The demand for modern ploughs would rapidly increase if strong draught animals were available instead of the weak cattle now in general use.

The men who are in closest touch with agriculture in India are most optimistic as regards the future. In a recent speech at Simla, Lord Reading, moreover, declared that "as I grow older in my service to India, as I learn to understand her problems, as I perceive more keenly the anxieties of India, I come more and more to the conclusion, aided and assisted by those who have the knowledge and experience, that the great industry of India to which India must look for her regeneration is her agriculture; and we must do all we can to further it." The population of British India is 247 million, and of India, including the Indian States, 319 million. It is not difficult to realise the increase that will be effected in the demand for imported goods as the standard of living of this great population improves. Some of Great Britain's competitors have no illusions on this point, and are straining every nerve to secure a strong commercial foothold in the Indian market.

*For further particulars write*

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