

DEPARTMENT OF OVERSEAS TRADE.

# REPORT

ON THE

## CONDITIONS AND PROSPECTS OF BRITISH TRADE

IN

# INDIA,

*During the Fiscal Year April 1st, 1921, to March 31st, 1922,  
Revised to September, 1922,*

BY

**Mr. THOMAS M. AINSCOUGH, O.B.E., M.COM., F.R.G.S.,**  
*H.M. Senior Trade Commissioner in India and Ceylon.*



LONDON:

PRINTED & PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE

To be purchased through any Bookseller or directly from H.M. STATIONERY OFFICE  
at the following addresses: Imperial House, Kingsway, London, W.C.2, and  
28 Abingdon Street, London, S.W.1; 37 Peter Street, Manchester;.  
1 St. Andrew's Crescent, Cardiff; or 23 Forth Street, Edinburgh.

1922

Price 2s. 6d. net.

# DEPARTMENT OF OVERSEAS TRADE.

---

## COMMERCIAL REPRESENTATION ABROAD.

In order to foster British overseas trade to the utmost extent, the Department of Overseas Trade has developed and controls the following Services of Commercial Intelligence Officers overseas:—

1. The Trade Commissioner and Imperial Trade Correspondent Services in the Empire.
2. The Commercial Diplomatic Service attached to the British Diplomatic Missions in foreign countries.
3. The British Consular Service in foreign countries

1. At the present time there are 11 Trade Commissioners' offices established in various parts of the Empire overseas, viz.: three in Canada, at Montreal, Toronto and Winnipeg, respectively; two in South Africa, at Johannesburg and Cape Town; two in Australia, at Melbourne and Sydney; one in India (to cover Ceylon), at Calcutta; and one each in New Zealand, at Wellington; in British East Africa, at Nairobi; and in the British West Indies, at Trinidad.

The Trade Commissioners in the Dominions have the assistance of Imperial Trade Correspondents at a number of important centres, and the Department also has the services of Correspondents in various parts of the Empire, in which at present there is no Trade Commissioner.

The Department is represented in India by Mr. T. M. Ainscough, O.B.E., H.M. Senior Trade Commissioner in India and Ceylon, Calcutta.

2. The Commercial Diplomatic 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.

3. The Consular Service is being re-organised and established on an improved footing. Emphasis is being thrown on the importance of the commercial side of Consular work, and every effort is being made to recruit for the Consular Service men with the necessary qualifications for the work which they will handle.

4. 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 further details of the above Services, 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.*



CHAPTER II—cont.	PAGE
<b>Manufactured and Mainly Manufactured Goods—cont.</b>	
Motor Vehicles ... ..	58
" Cars ... ..	58
" Cycles ... ..	59
" Lorries ... ..	59
Provisions ... ..	60
Liquors ... ..	60
Paper and Pasteboard, etc. ... ..	61
Chemicals and Chemical Preparations ... ..	62
Dyeing and Tanning Substances ... ..	63
Soap ... ..	64
Paints and Painters' materials ... ..	65
Drugs and Medicines (excluding Chemicals and Narcotics) ... ..	65
Apparel (excluding Hosiery, Boots and Shoes) ... ..	66
Hosiery... ..	67
Haberdashery and Millinery... ..	67
Boots and Shoes ... ..	68
Leather ... ..	68
Belting for Machinery ... ..	69
Books and Printed Matter ... ..	70
Stationery (excluding paper) ... ..	70
Tobacco ... ..	70
Rubber Manufactures ... ..	71
Instruments, Apparatus, Appliances, etc. ... ..	72
Earthenware and Porcelain ... ..	73
Glass and Glassware ... ..	74
Cycles (other than Motor Cycles) and parts thereof and accessories ... ..	74
Building and Engineering Materials (other than Iron, Steel or Wood) ... ..	75
Hardware (excluding Cutlery and Electro-plated Ware) :	
Agricultural Implements ... ..	77
Galvanized Iron or Tin Baskets ... ..	77
Builders' Hardware ... ..	77
Domestic " ... ..	77
Enamelled Ironware ... ..	77
Implements and Tools (other than Agricultural and Machine Tools) ... ..	77
Metal Lamps ... ..	78
Safes and Strong Boxes of Metal ... ..	78
Cutlery ... ..	78
Polishes ... ..	78
Arms, Ammunition and Military Stores ... ..	79
Brushes and Brooms ... ..	79
Toys and Requisites for Games and Sports ... ..	79
Tea Chests (entire or in sections) ... ..	79
Umbrellas and Fittings ... ..	80
Jewellery and Plate of Gold and Silver (excluding imitation jewellery, precious stones and pearls, unset) ... ..	80
Electro-plated Ware ... ..	80
Carriages and Carts (excluding railway carriages) and parts ... ..	80
Bobbins ... ..	81
Oil Cloth and Floor Cloth ... ..	81
Furniture and Cabinetware ... ..	81
Packing (Engine and Boiler, of all kinds, including Asbestos)... ..	81
Toilet Requisites ... ..	81
Articles Imported by Post ... ..	81
<b>Raw and Semi-Manufactured Articles :</b>	
Coal, Coke and Patent Fuel ... ..	82
Mineral Oils ... ..	83
Salt ... ..	84
Sugar ... ..	84
Parts of Ships (including Launches and Boats) ... ..	84
Import Trade, April-June, 1922 ... ..	85

**CHAPTER III.—NOTES ON THE PROPOSED REVISION OF THE METHOD OF PURCHASE OF GOVERNMENT STORES FOR INDIA, AND ITS BEARING ON THE POSITION OF BRITISH MANUFACTURERS.**

Evidence of the High Commissioner for India in London before the Indian Railway Committee ... ..	89
Resolution in the Indian Legislative Assembly <i>re</i> purchase of Stores by the High Commissioner for India ... ..	90
Action taken by the Government of India on the above ... ..	91
Formation of the Indian Stores Department :	
Office of the Chief Controller of Stores in India ... ..	94
The Stores Rules :	
Resolution of the Assembly with regard to the establishment of railway industries ... ..	95
Committee of the Indian Legislature to consider the Stores Rules ... ..	101
The purchase of imported Stores ... ..	101

**CHAPTER IV.—METHODS OF REPRESENTATION AND DISTRIBUTION IN INDIA.**

The Textile Trades ... ..	103
Iron and Steel ... ..	105
Machinery ... ..	106
Mill and Engineering Stores ... ..	109
Liquors and Provisions ... ..	110
Hardware ... ..	111
Crisis in the Bazaar Trade ... ..	112

**CHAPTER V.—GENERAL SURVEY OF INDUSTRIAL CONDITIONS IN INDIA, WITH SOME ACCOUNT OF GOVERNMENT ACTIVITIES IN STIMULATING INDUSTRY.**

General Remarks ... ..	113
The Cotton Industry :	
Labour conditions ... ..	114
The coal position ... ..	115
Statistics of the industry ... ..	115
The Jute Industry... ..	116
The Tea " ... ..	116
The Coal " ... ..	116
Flour Mills ... ..	118
Paper " ... ..	118
Iron and Steel and Mineral production :	
Coal ... ..	118
Iron and Steel... ..	120
Manganese, Tungsten, Chrome and Tin ... ..	121
Gold, Silver, Lead, Zinc and Copper ... ..	122
Mica and miscellaneous industries ... ..	123
Engineering Industries ... ..	126
List of Industrial Establishments in India ... ..	126
Company Flotations ... ..	127
" Liquidations ... ..	127
Prices of Securities and Shares ... ..	128
Labour conditions ... ..	128
Cost of Living ... ..	129
Government activities in stimulating Industries :	
Fairs and Exhibitions ... ..	129
Conference of Departments of Industries ... ..	130
Glass Industry ... ..	130
Aid to Calcutta Soap Works ... ..	130
Imperial Tanning Institute ... ..	131
Revision of the Indian Mines Act, 1901 ... ..	131
Patents and Designs ... ..	131

**CHAPTER V—cont.****Government activities in stimulating Industries—cont.**

Steam Boilers ... ..	132
The Indian Factories (Amendment) Act, 1922 ... ..	132
Workmen's Compensation ... ..	133
Registration and Protection of Trade Unions ... ..	133
Humidification ... ..	133
Census of Wages ... ..	133
Cost of Living Index Number ... ..	133
Disposal of Surplus Stores ... ..	133
Indian Stores Department ... ..	134
Government Acetone Factory ... ..	134
Hydro-Electric Survey of India ... ..	134
Activities of Directors of Industry... ..	134

**ANNEX.—REPORT ON THE TRADE OF CHINESE, TURKIS-  
TAN, WITH INDIA, CHINA, RUSSIA, JAPAN, AFGHAN-  
ISTAN, BADAKHSHAN, AND TIBET...**

135

**APPENDICES :—**

<b>I. Value of principal articles imported into India from :</b>	
Table A. United Kingdom ... ..	141
" B. United States ... ..	142
" C. Japan ... ..	143
" D. Germany ... ..	144
" E. Belgium ... ..	145
" F. Canada ... ..	146
<b>II. Indian Railways Committee—Summary of Recommendations and Conclusion ... ..</b>	<b>146</b>
<b>III. Detailed Statement showing the quantity (in pounds) and the Counts (or numbers) of Yarn spun (British India and Indian States) ... ..</b>	<b>151</b>

**COVERING DESPATCH.**

---

To the **RIGHT HONOURABLE STANLEY BALDWIN, M.P.**,  
 President of the Board of Trade.

Office of H.M. Trade Commissioner,  
 6, Royal Exchange Place,  
 Calcutta.

*20th July, 1922.*

**SIR,**

I HAVE the honour to forward for your information a report on the conditions and prospects of British trade in India during the Indian fiscal year 1921-22.

The period under review has been one of such unprecedented depression and the reasons underlying the slump were dealt with at such length in my last review that it has not been considered desirable to treat the subject in such an exhaustive manner as has been the practice in former years. My aim in compiling the present report has been to touch briefly on the outstanding events of the year, to add such comments as are necessary to bring the last report up-to-date and generally to take stock of the present position.

Once again I have to acknowledge my indebtedness to the Officials of the Commerce and Industries Department of the Government of India for their unfailing courtesy and assistance which has so materially lightened my task during a very difficult year. Special thanks are due to the Director-General of Commercial Intelligence, India, the Director of Statistics, the various Directors of Industry and the Collectors of Customs for valuable information which has always been willingly furnished.

I have the honour to be,

Sir,

Your most obedient servant,

THOMAS M. AINSCOUGH,

H.M. Senior Trade Commissioner in India.

---

# REPORT

ON THE

## CONDITIONS AND PROSPECTS OF BRITISH TRADE IN INDIA.

---

### CHAPTER I.

#### GENERAL REVIEW OF THE PERIOD.

The year 1921 and the early part of 1922 will long be remembered as one of the most depressed and difficult periods in the whole history of British trade relations with India. In the last annual review, the main factors were traced in some detail, some of them world-wide and some peculiar to India, which contributed to bring about a complete deadlock in large sections of the import trade. At that time, however, it was not possible to foresee that the trade depression would be so prolonged and that the recovery would be so slow. A series of adverse influences, both economic and political, prevented that improvement which might have been expected. In the first place, the poor crops due to the failure of the monsoon in 1920 resulted in high food prices and the continuance of the embargo on the exports of wheat and rice. The depression in Russia and Central Europe deprived India of valuable markets for jute, tea, oilseeds, hides and other products. Exports to Germany began to revive during the summer of 1921, but the disastrous fall of the mark in October brought about a collapse in this trade. The American market was also unable to absorb its usual proportion of Indian produce. One result of these restrictive influences on Indian exports was an adverse balance of trade which rendered a high rate of exchange out of the question. Exchange remained about 1s. 4d., and although this helped the tea industry to recover, it delayed that recovery in the import trade which might have been anticipated. The political activities of the leaders of the non-co-operation movement, and particularly the boycott of machine-made cloth inaugurated by Mr. Gandhi, tended to retard any improvement in the piece goods trade. The valuable business in iron, steel and other metals was seriously affected by the large stocks of high-priced goods, continuously falling prices at Home, a limited demand from railways and Government Departments as a result of the financial stringency, and the general depression in local industries. Large quantities of surplus Government stores of metals, hardware and textiles came on to the market during the year and had the effect of depressing local prices. Wherever one turns, one finds the same reasons for the depression, viz., a carry-over of large stocks purchased at the top of the market and at



high rates of exchange; general lack of demand owing to the stagnation of trade and industry and the tightness of money; a feeling of political insecurity due to the activities of the non-co-operation party, and a reduced purchasing power on the part of the people as a result of high food prices and a depressed export trade. The only two important items of import which showed expansion during the year were machinery and railway plant.

**Present Outlook.**—Fortunately, there are many indications that we have passed the low-water mark of the depression in the import trade. During the months of April and May, 1922, the huge stocks of uncleared piece goods, most of them on account of defaulting dealers, began to move and even in Bombay, Delhi and Amritsar, where, last year, it was almost impossible to effect any sales, cargo has been cleared in fair quantities, though in many cases at prices which show losses to shippers of as much as 40 to 50 per cent. The deadweight of repudiated and overdue drafts, which, early in 1921, is estimated to have reached a total of £30,000,000 is being steadily reduced and the most hopeful feature—after a period of twelve months of utter stagnation—is that goods are at last moving into consumption.

The result of the monsoon, as far as can be ascertained from the most recent reports, may now be described as, on the whole, distinctly good, as 20 out of the 33 districts into which India is divided for rainfall purposes have shown a normal return. It is therefore a fair proposition to hope that with such a result, following upon favourable summer and winter rains last year, buying on a more normal scale will take place and it may well be expected that the old stocks of high priced goods at present in the country will be cleared during the cold weather.

Following upon the arrests of many of the leaders of the extreme party, there has been a much easier political feeling throughout the country during the past few months and the conditions are still generally satisfactory (in September). Indian traders seem to show much more confidence and hope than they evinced last year. Moreover the boycott movement is steadily losing ground, and although it is being artificially fostered by the expenditure of political funds, there is ample evidence to show that the great bulk of Indian traders have very little belief in its ultimate success, and are only too ready to leave politics alone and get on with their business if only the prospects for the lucrative employment of their brains and capital improve.

I cannot do better than quote the words of the Chairman of one of the leading Exchange Banks\* at the annual meeting in April, 1922, when he said :—

“ I am disposed to take the view that, provided the Government of India act consistently with firmness and justice—as I believe they will—there is

---

\* Sir Montague C. Turner at the meeting of Shareholders of the Chartered Bank of India, Australia and China, held in London on April 7th, 1922.

no reason to view the situation with undue apprehension . . . . . I look forward with confidence to the time when we can say that the people of India are showing that spirit of loyalty, comradeship and good will which should exist between all members of the British Empire. But to effect this we must have consistency in policy and firmness in administration. I do not deny that there are troubles at some points, serious troubles, in India, but they are partly agrarian, and can be dealt with by a just and firm Government.

"India has had a very favourable south-west monsoon, good winter rains in the United Provinces and the Punjab, and, granted a return to normal peaceful conditions, with a good south-west monsoon this year, we may look forward to greatly improved trade conditions in the autumn."

**Damage to India's Credit by the Action of Unprincipled Traders.**—In my last report (p. 3) I referred to the deadlock which had arisen in the import trade, particularly in centres such as Bombay, Delhi and Amritsar, owing to the wholesale repudiation of liabilities and dishonouring of drafts by Indian importers and dealers, and I then predicted that while it was possible that we should see a number of failures, both in the United Kingdom and in India, there was good ground for hope that the situation would be cleared up without any undue shock to credit conditions.

I am glad to be able to report that, thanks to the action of British shippers and import merchants in granting allowances in order to clear the goods, and to the cautious attitude of the banks in not unduly pressing for payment, the crisis has passed without any serious dislocation of credit conditions. The result, however, has been attained at a heavy cost to the British exporter. Practically the whole burden has fallen upon him, with the result that a number of old-established and reputable merchants in London and elsewhere have been forced into liquidation through no fault of their own, but solely owing to the action of their Indian clients in refusing to meet their liabilities. Very large numbers of others are financially crippled for years to come, and almost every shipper who traded direct with Indian firms has suffered to some extent. The crisis has all too clearly shown the utter lack of respect for a commercial obligation on the part of many Indian dealers. As I stated last year, it will be a great pity if this large and growing direct trade receives too great a setback through the action of a number of unprincipled traders, but, in view of recent experiences, British exporters, for the present, would be well-advised to confine their transactions to dealers of proved stability and—in doubtful cases—to insist either on cash in London or a cash deposit with the order. They should also, wherever practicable, appoint resident agents to watch their interests. The safest method, undoubtedly, is to ship to the large European import merchants at the ports, but these firms usually have as much business as they can handle and are frequently unwilling to open fresh accounts, so that a British exporter desiring to enter the Indian market is usually forced to accept business from bazaar dealers *faute de mieux*.

**Congestion in the Indian Courts.**—It may be wondered how it is that in a market such as British India, which is supposed to enjoy the benefits of British justice, losses can be incurred on such a scale without legal satisfaction being obtained through the Courts. The reason is that many commercial courts, notably those in upcountry markets such as Delhi and Amritsar, are so congested that delays of many months—indeed years—occur from the time a suit is filed to the date on which judgment is given and these delays are even greater in the case of appeal to a High Court. It is common knowledge among Indian merchants that, in case they default, their creditors are deterred from filing suits against them owing to the length of time required to obtain a judgment. Even when a judgment is obtained, it is frequently found that the debtor has made over his property to his wife or else he absconds and further interminable delays are experienced in tracing him. In any event, very little satisfaction is obtained. During the past two years, dealers have been defiant and have challenged their creditors to sue them, knowing full well that the latter would not be able to obtain satisfaction within a reasonable time. As a result of representations, additions have been made to the staff of subordinate judges in Delhi, and it is hoped that some relief to litigants has been afforded. It is pointed out that the delay in the disposal of commercial cases is due, not so much to the procedure of the courts, as to deliberate obstruction by litigants, and as Indian courts (outside the Presidency towns) have themselves to dispose of all the preliminaries to a suit, this obstruction is difficult to circumvent. All the same, it is to be hoped that local Governments may see their way to consider the possibility of expediting civil cases. I consider that the knowledge that prompt and effectual steps could be taken to bring defaulters to book would deter many Indian firms from failing to meet their engagements, and would go far to restore India's name for honest trading.

**Rate of Exchange on Past Due Bills.**—Some delay in clearing up the large number of past due bills in the hands of the banks has been occasioned by recent High Court judgments in India to the effect that past due bills are payable at the rate of exchange ruling on the date of the maturity of the bill and not at the rate ruling on the date of judgment or payment. The last judgment to this effect was given in the Bombay High Court in March last. On July 17th, in the Calcutta High Court, Mr. Justice Greaves, after calling an accountant from one of the exchange banks to prove that, according to the custom prevailing among exchange banks, exchange is calculated on the date of payment, gave a decree for the amount of a claim based on the rate of exchange prevailing at the time of the institution of the suit, and reversed the judgment given in the lower court.\*

---

\* It should be made clear that this case was decided on the interpretation of a special clause in the contract, and the ruling is, therefore, not of general application.

The general opinion of merchants and bankers is that the only equitable rate is the one ruling at the date of actual payment of the draft. The Associated Chambers of Commerce of India and Ceylon are considering the desirability of moving the Government of India to have it clearly laid down, by statute, that bills drawn in foreign currencies shall be payable at the rate of exchange ruling on the date of actual payment. The Hong Kong Bill of Exchange Ordinance, 1921, affords an absolutely clear precedent for any future legislation. This Ordinance consists of one clause only, which reads as follows :—

Where a bill payable is drawn out of but payable in this Colony, and the sum payable is not expressed in the currency of this Colony, the amount of the bill, if paid in this Colony and in the currency of this Colony, shall, in the absence of any expressed stipulation, be calculated according to the rate of exchange for sight drafts in this Colony on the day on which the bill is actually paid.

It is to be hoped that (whether as a result of special legislation or of a ruling of the court matters not), the present state of affairs will not be allowed to continue, otherwise a direct incentive is offered to unscrupulous indentors to decline to meet their bills at due date in the hope of exchange rising, and then wait until such time as they may consider to be most suitable for themselves and possibly cause a most serious loss in exchange to the shipper. The only equitable rule is that an exporter who sells and draws in sterling should receive in payment the same amount of sterling irrespective of exchange.

**The Visible Balance of Trade.**—I am indebted to the Controller of the Currency for the following advance information and table, which will appear in his report on the operations of the Currency Department for the year 1921-22.

The statement below compares India's visible balance of trade during each of the last three years with the average of the five years preceding the War and of the five years of the War. The form of the statement differs from that adopted in previous currency reports and corresponds to that now appearing in the monthly trade statistics published by the Government of India. The detailed heads work up to a plus or minus balance ("plus" representing net export and "minus" representing net import) for each of the three main heads of classification, viz. (1) private exports and imports of merchandise, (2) private exports and imports of treasure, and (3) remittances of funds through the Government leading up to a plus or minus total for the transactions as a whole. There are, of course, numerous other items entering into the balance of trade which are not accurately ascertainable, such as private remittances, exports and imports of capital, &c., but the items detailed below are sufficient to give a rough general idea of India's international account.

(In lakhs of rupees.)

	Average of 5 pre-war years ending 1913-14.	Average of 5 war years ending 1918-19.	1919-20.	1920-21.	1921-22.
Exports of Indian Merchandise (pri- vate).	+2,19,50	+2,15,98	+3,09,01	+2,38,30	+2,29,55
Re-exports of Foreign Merchandise (pri- vate).	+4,62	+8,16	+17,78	+18,04	+14,06
Imports of Foreign Merchandise (pri- vate).	-1,45,85	-1,47,80	-2,00,80	-3,35,60	-2,66,43
Balance of trade in mer- chandise (private)*.	+78,27	+76,34	+1,25,99	-79,26	-22,82
Gold (private)* ...	-28,86	-7,81	-10,97	+8,88	+2,79
Silver (private)* ...	-7,21	-2,99	+15	-7,52	-14,96
Balance of Transactions in treasure (private)*.	-36,07	-10,80	-10,82	+1 36	-12,17
Council Bills and tele- graphic transfers paid in India.	-41,35	-34,96†	-36,81‡	...	...
Sterling transfers on London sold in India.	+5	+5,50	+18,58	+28,55	...
Transfers of Govern- ment securities.	-87	-38	-1,34	-56	+1,53
Interest drafts on India in respect of Government of India securities.	-45	-30	-28	-23	-27
Balance of remittances of funds.	-42,62	-30,14	-19,85	+27,76	+1,26
Total visible balance of trade.	-42	+35,40	+95,32	-50,14	-33,73

\* Exclude transactions which do not enter into the balance of trade.

† Includes Rs. 85 lakhs being the funds supplied by Government to finance wheat purchases.

‡ Includes T. Ta. from the Bank of Montreal paid in India for Rs.2,25,63,000.

It will be seen from the above figures that the value of private exports of merchandise in the year 1921-22 was slightly less than in the previous year and slightly above the average of the five pre-war years. The value of imports of merchandise was 21 per cent. below the figure of the previous year, and 81 per cent. above the pre-war average. The net result was that imports exceeded exports by 23 crores, as compared with 79 crores in the previous year. This reduction in the adverse balance points to a slow return to more normal conditions, but a comparison with the five pre-war years, when there was an average balance in India's favour of 78 crores, indicates the extent of the departure from the normal and the leeway still to be made up. If the figures of the exports and imports of merchandise for individual months are examined, it will be seen that in April, 1921, there was an adverse

balance of no less than 8 crores, but subsequently there was an improvement until equilibrium was established in September. The next four months, which coincided with the collapse of the German mark, were much less favourable, but the last two months of the year showed a trade balance in India's favour of 2 and 6 crores respectively.

**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 foreign countries in the trade of India during the fiscal year 1921-22 as compared with the two previous years and the last complete pre-war year :—

	Imports.				Exports, including re-exports.				Total Trade.			
	1913-14.	1919-20.	1920-21.	1921-22.	1913-14.	1919-20.	1920-21.	1921-22.	1913-14.	1919-20.	1920-21.	1921-22.
	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.	Share per cent.	Share per cent.	Share per cent.
United Kingdom ... ..	64	51	51	57	24	30	22	20	41	38	44	39
British Possessions ... ..	6	10	5	10	14	14	21	21	11	18	12	15
<b>Total British Empire ... ..</b>	<b>70</b>	<b>61</b>	<b>56</b>	<b>67</b>	<b>38</b>	<b>44</b>	<b>43</b>	<b>41</b>	<b>52</b>	<b>51</b>	<b>56</b>	<b>54</b>
<b>Total Foreign Countries ... ..</b>	<b>30</b>	<b>39</b>	<b>34</b>	<b>33</b>	<b>62</b>	<b>56</b>	<b>57</b>	<b>59</b>	<b>48</b>	<b>49</b>	<b>44</b>	<b>46</b>
<b>Total Value of Trade in R (lakhs) ...</b>	<b>1,83,25</b>	<b>2,07,97</b>	<b>3,85,60</b>	<b>2,56,85</b>	<b>2,48,88</b>	<b>3,30,06</b>	<b>2,58,06</b>	<b>2,45,44</b>	<b>4,32,18</b>	<b>5,38,03</b>	<b>5,98,66</b>	<b>5,11,79</b>
<b>PRINCIPAL COUNTRIES.</b>												
<b>British Empire—</b>												
United Kingdom ... ..	64.1	50.5	51.0	56.7	23.7	29.6	21.9	20.1	40.7	37.7	44.1	39.1
Ceylon ... ..	.4	1.2	.6	.5	3.7	3.4	4.6	5.0	2.3	2.6	2.3	2.7
Straits Settlements ... ..	1.9	2.9	1.4	1.5	2.3	2.3	3.6	3.1	2.4	2.5	2.3	2.3
Hongkong ... ..	.5	1.3	.7	.6	3.2	2.3	2.3	2.7	2.0	2.2	1.7	1.6
Australia ... ..	.5	1.6	.4	3.5	1.6	1.0	2.4	1.6	1.2	1.2	1.3	2.6
Egypt ... ..	.2	.6	.5	.3	.9	1.2	1.5	0.9	.6	1.1	.9	.6
Other British Possessions ... ..	2.4	2.9	1.4	3.9	2.1	3.7	6.2	7.6	2.3	3.7	3.4	5.1
<b>Total British Empire ... ..</b>	<b>70.0</b>	<b>61.0</b>	<b>56.0</b>	<b>67.0</b>	<b>38.0</b>	<b>44.0</b>	<b>43.0</b>	<b>41.0</b>	<b>52.0</b>	<b>51.0</b>	<b>56.0</b>	<b>54.0</b>
<b>Foreign Countries—</b>												
Germany ... ..	6.9	—	1.4	2.7	10.6	.4	3.4	6.7	9.0	.3	2.3	4.6
United States ... ..	2.6	12.1	10.5	8.1	3.9	14.9	14.8	10.4	6.2	18.3	12.4	9.2
Japan ... ..	2.6	9.2	7.9	6.1	9.2	14.3	9.5	15.5	6.4	12.3	8.6	10.1
Java ... ..	5.8	9.4	4.6	3.9	.8	.6	1.2	1.7	2.9	4.0	3.2	5.4
France ... ..	1.5	.8	1.1	.3	7.1	4.3	3.1	4.0	4.3	3.3	2.0	2.4
China (exclusive of Hongkong and Macao)	.9	1.3	.9	1.0	2.3	3.4	3.3	4.5	1.7	2.3	1.9	2.7
Belgium ... ..	2.3	.3	1.6	2.0	4.9	3.1	5.0	3.3	3.3	2.0	3.1	2.6
Turkey, Asiatic ... ..	.3	.4	.3	—	1.2	2.7	2.3	.2	.3	1.3	1.3	.1
Italy ... ..	1.2	.6	1.2	.3	3.2	2.4	2.6	2.4	2.3	1.7	1.3	1.5
Other foreign countries ... ..	5.9	4.4	4.5	3.6	13.3	9.4	11.3	10.3	10.1	7.0	7.4	7.4
<b>Total Foreign Countries ... ..</b>	<b>30.0</b>	<b>39.0</b>	<b>34.0</b>	<b>33.0</b>	<b>62.0</b>	<b>56.0</b>	<b>57.0</b>	<b>59.0</b>	<b>48.0</b>	<b>49.0</b>	<b>44.0</b>	<b>46.0</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>	<b>100</b>	<b>100</b>	<b>100</b>

It will be observed that the share of the Empire as a whole in the total overseas trade of India has fallen during the year from 56 per cent. to 54 per cent., while that of the United Kingdom is reduced from 44 to 39 per cent. and is now 2 per cent. below the pre-war basis in 1913-14. In the import trade, with which this report is primarily concerned, the share of the United Kingdom has declined from 61 to 57 per cent., but it is satisfactory to record that the contraction in the case of our two principal competitors, viz., the United States and Japan, has been even greater. Imports from the United States of America fell from 10.5 per cent. to 8.1 per cent., and those from Japan from 7.9 per cent. to 5.1 per cent. The most notable increases have been in the case of Java from 4.6 to 8.9 per cent. (due to very heavy imports of sugar, and, to a lesser degree, of quinine), Germany from 1.4 to 2.7 per cent., and Belgium from 1.6 to 2 per cent. On the whole, therefore, it may be stated, with confidence, that notwithstanding the world-wide depression and the peculiar difficulties which have been experienced by British industry during the past year, the United Kingdom is maintaining its position in its most valuable overseas market in a remarkable way, which augurs well for the future.

In Appendix I, page 141, will be found a statement showing the principal articles imported from the United Kingdom. During 1921-22 cotton piece goods accounted for 25.5 per cent., machinery and millwork 18.8 per cent., railway rolling stock and plant 12.2 per cent., iron and steel 7 per cent., cotton yarns 5.7 per cent., hardware 2.5 per cent., and instruments and apparatus (mainly electrical), 2.4 per cent. Over 95 per cent. of the British shipments to India, which totalled just over £100,000,000 during the year, represented manufactured goods. It is noteworthy that the share of cotton piece goods for the first time for decades and owing to abnormal conditions, has declined to only a little more than one quarter of the whole and is very closely followed by machinery. This is purely fortuitous and the reasons will be found in the detailed analysis of the import trade which is given in Chapter II. Although a study of this analysis reveals a falling-off in practically every branch of trade, there is some consolation to be found in the fact that the trade of our competitors has, with the exceptional cases of Germany and Belgium, contracted in even greater proportion. Stocks of most standard imports are not excessive, and in some cases are well below normal. There are many signs that the country has passed the worst of the depression and that trade is slowly improving, and with a good south-west monsoon there is firm ground for hope that we are on the threshold of a period of steady recovery and more favourable conditions.

India's capacity of absorbing increased quantities of imports will largely depend on the future of her export trade, which, in turn, hinges on the prospects for increased shipments of produce to Central Europe, Russia, Japan and the United States. The



reconstruction of the Continent seems likely to be slow and it appears doubtful whether the market will receive much support from that quarter. Conditions in Japan and the United States, however, are improving, and it is possible that the United Kingdom may be in a position to take greater quantities of Indian produce, particularly if the improvement in the tea trade continues. The share of the British Empire in the exports, including re-exports from India, last year was 41 per cent. as compared with 43 per cent. in 1920-21. This contraction was entirely due to reduced takings by the United Kingdom, whose share fell from 22 to 20 per cent. Germany increased her proportion from 3·4 to 6·7 per cent., and trade with Hamburg was quite brisk during the summer of 1921 until the collapse of the mark in October effectually checked any further improvement. Shipments to the United States were on a reduced scale and the American share declined from 14·8 to 10·4 per cent. Japan, however, owing to her increased offtake of Indian raw cotton, improved her position from 9·5 to 15·5 per cent.

**Foreign Competition.**—The outstanding features of the year have been the re-entry of German goods into the Indian market on a considerable scale and continued competition from Belgium. A study of the analysis of the various import trades in Chapter II shows that our other competitors have suffered even more than the United Kingdom from the effects of the unprecedented depression. Although foreign competition is much keener and enters into a constantly widening field, British exporters have, in spite of the serious industrial upheaval at home with its concomitant of high prices, been able, on the whole, to maintain their position. There are several features, however, which deserve special mention and I will, therefore, deal with the principal competing countries in turn.

*American Competition.*—After advancing steadily, both during and since the war, imports from the United States declined from 35½ crores in 1920-21 to 21·6 crores in the year under review, and America now ranks third among the countries exporting to India, having been displaced during the past year by Java. In Appendix I, page 142, will be found a summary table showing the imports from the United States, under the principal headings, during the past three years, alongside the figures for the last pre-war year. The principal imports, in order of importance, are mineral oils (22·5 per cent.), machinery and millwork (20·89 per cent.), iron and steel (20·47 per cent.), hardware (4·78 per cent.), instruments and apparatus (4·73 per cent.), wheat (3·7 per cent.), motor-cars and cycles (3 per cent.). A decrease is shown under almost every heading, which was only to be expected in a year of such great depression.

The few American merchant houses established in India have suffered as great, if not greater, losses than their British rivals. One of the most powerful of them is winding up its Indian business with a view to cutting its losses, and those firms which conducted a commission indent business with the bazaar have largely spent the year in clearing up their out-standings. There is, however, considerable activity on the part of American manufacturers in appointing mercantile agents and sending specialists to India, so that they may be organised when trade improves. I have met several instances recently where American technical representatives have been very active in studying the wishes of large buyers of plant,

and have spared no effort in meeting their special needs. The view has been expressed on several occasions, particularly in the case of machinery, that American travelling salesmen are frequently more fully conversant with the practical working of their machines and are able to give more valuable advice on technical matters than their British rivals, who are often merely commercial salesmen and not engineers in addition. These may be exceptional cases, and, of course, a firm which is entering a trade for the first time is frequently prepared to make more strenuous efforts just to gain a footing than one which has enjoyed a lucrative business for many years. Nevertheless, a feeling is growing among buyers that American manufacturers are prepared to follow up and support their representatives on the spot by a much more liberal supply of information, literature and advertising matter than is the case with many British firms. The American maker also appreciates the advantage of "service" in a country such as India, and recognises the need for ample supplies of spare parts and the services of specialists for the purpose of studying the needs of and advising buyers with regard to new developments, and also of consulting with them as to how the maximum efficiency can be obtained from their existing plant. This trait has been especially noticeable in the industrial plant and machinery and motor trades.

As a result of a special mission conducted by a Trade Commissioner in 1921, it is understood that the United States Government now propose to appoint a permanent American Trade Commissioner in India, and that the first incumbent will take up his post during the coming autumn. This would seem to presage increased American interest in the Indian market.

*Japanese Competition.*—After a period of remarkable expansion during the war, imports from Japan reached their highwater mark in 1920-21 with a total of 26½ crores of rupees (say £26,500,000). During the past year, however, they have contracted by almost one-half to 13½ crores (or approximately £9,000,000 at exchange of 1s. 4d.). The principal articles imported during the past year were cotton piece goods (28 per cent.), cotton yarns (15·6 per cent.), matches (13·6 per cent.), silk manufactures (10·4 per cent.), glass and glassware (6·3 per cent.). A list of the items will be found in Appendix I, page 143, from which it will be seen that, with the exception of cotton yarns and piece goods, the shipments from Japan do not clash to any extent with those from the United Kingdom, but are mainly composed of the cheaper articles for the bazaar trade, and therefore compete with German, Austrian and Czecho-Slovakian productions.

During the war Japanese competition threatened to be a serious factor, and entered into a wide variety of trades in which the United Kingdom had hitherto been supreme. Now that British goods are readily available at competitive prices, Indian buyers are reverting to their old sources of supply, and the serious competition from Japan is practically limited to cotton textiles, details of which are given in Chapter II, page 39.

*German Competition.*—Imports from Germany, which, in 1913-14, amounted to £8,440,000, began to enter India in 1920-21, during which year Rs. 4½ crores (£4,748,000) worth were received. Last year, however, no less than 7½ crores worth entered the country (which, at exchange of 1s. 4d., is the equivalent of £4,830,000), and the share of Germany in the total trade rose from 1·4 to 2·7 per cent. In Appendix I, page 144, will be found a summary table showing the values of each separate item. The principal headings, in order of importance, are dyeing and tanning substances (19·7 per cent.), iron and steel (17 per cent.), hardware (8 per cent.), machinery and millwork (7·6 per cent.), glass and glassware (4·3 per cent.), copper (3 per cent.), and chemicals (3 per cent.). The balance represents a very wide range of articles, such as miscellaneous metals, paper, woollen goods, beer, salt, electrical accessories, apparel, haberdashery, etc.—in fact, precisely the assortment of cheap goods for which German makers enjoyed a reputation in the Indian bazaars before the war.

The principal reason for this revival of German competition is, of course, the great advantage afforded by the depreciated mark exchange. There is no sentiment in the Indian bazaars. Advantage is being taken to the utmost of the cheap prices ruling for German goods, and Indian firms are showing the greatest keenness to secure German agencies. It remains to be seen whether, in view of the violent fluctuations of the mark and the constantly varying cost of production in Germany, German manufacturers will be able to adhere strictly to the terms of their contracts, both as regards price and delivery. In the meantime, British manufacturers of dyestuffs, iron and steel and industrial machinery and plant are regularly being undersold, and there would appear to be no relief from this state of affairs until the financial position of Germany becomes stabilised. A German Consul was appointed to Calcutta during the year, and although there are restrictions on the residence of German subjects in India, German commercial interests are being safeguarded by local British, foreign and Indian merchants.

*Belgian Competition.*—Belgian imports, which amounted to 5½ crores in 1920-21, remained practically stationary during the year, but their share of the aggregate trade rose from 1.6 to 2 per cent. No less than 64 per cent. consist of iron and steel, 4½ per cent. of glass and glassware, and 3½ per cent. of machinery and millwork. In the early part of the year Belgian quotations for steel bars, sheets and wire nails were far below those obtainable from the United Kingdom, but now that British prices have been materially reduced, it is to be hoped that a better showing will be made next year. Belgian makers have experienced no difficulty in regaining their trade in cheap window glass. In Appendix I., page 145, will be found a table showing the value of the trade under each heading.

*Canadian Trade with India.*—Canada is making a determined effort to increase her shipments to India, which have hitherto been on a very small scale and have shown little tendency to expand. A direct steamship service was inaugurated by the Canadian Government Merchant Marine Ltd. at the end of 1920, but the results have been somewhat disappointing and difficulty has been experienced in inducing Indian shippers of jute products, tea, &c., to divert their shipments from the New York route to the direct line. A Canadian Government Trade Commissioner was appointed to India during the year and opened his office in Calcutta in January last. Some success has already been achieved in inducing American manufacturers of motor cars to serve the Indian market from their Canadian factories and the interest of Canadian manufacturers is being stimulated in Indian Government requirements of railway rolling stock, logging and saw milling machinery, &c., &c. In Appendix I, page 146, will be found a table of the principal items obtained from Canada last year (exclusive of Government Stores) showing that of a total import of Rs. 42 lakhs motor cars and motor cycles accounted for 21 per cent., paper and pasteboard 7 per cent., and paper making materials 7 per cent.

*The Indian Budget, 1922/23.*—Following upon a succession of deficits during the years 1918/19, 1919/20, 1920/21 and 1921/22 amounting in all to 90 crores of rupees, the Government of India were obliged to budget in March last for an estimated deficit of some 31½ crores during the current financial year 1922/23. The Finance Member proposed to meet this deficiency by increased

duties on customs, which, it was estimated, would bring in 15 crores, by a 25 per cent. advance in railway fares producing 6 crores, by doubling the salt duty, thus increasing the revenue under that head by 5 crores, and by increasing the income tax and super-tax to yield an extra  $2\frac{1}{2}$  crores, the total additional revenue from these measures being estimated at slightly over 29 crores in 1922/23 and at 1 crore in 1921/2 leaving an uncovered deficit of approximately  $2\frac{3}{4}$  crores of rupees. The budget debates in the Indian Legislature have been so widely reported that it would be out of place to refer to them here. Suffice it to say that strong opposition was encountered involving the abandonment of the increased salt tax and various modifications in the customs duties and other proposed imposts, the net result being that the Legislature declined to pass some  $9\frac{1}{2}$  crores of additional taxation and the Government of India are faced with this deficit.

From the point of view of the British exporter to India, the most important sections of the budget are those dealing with increased customs import duties and it will probably be found useful if I make a few brief comments on the principal changes which have been made.

*Cotton Yarns.*—An import duty of 5 per cent. is now imposed on imported cotton yarns. The Government of India had hitherto refrained from taxing imported yarns as they were considered to be the raw material of the important handloom weaving industry. In Chapter II, page 34, will be found an extract from the Commerce Member's speech, in which he emphasises the fact that it is only on account of the acute financial position that Government agreed to the imposition of this tax, which is estimated to bring in about 50 lakhs of rupees (say £300,000). I do not think that a 5 per cent. duty will have the effect of checking imports to any appreciable extent as the bulk of the imports are of the finer counts—40's and upwards, which are as yet not produced in any appreciable quantity by Indian mills, and which must therefore be imported from overseas. The imposition of the duty may, however, act as a stimulant to the spinning of finer counts in India, as no excise duty is levied on the locally-spun product.

*Cotton Piece Goods.*—The duty on imported piece goods remains unchanged at 11 per cent. with an excise on Indian mill made cloth of  $3\frac{1}{2}$  per cent. The Government of India proposed to raise the import duty to 15 per cent. and the excise to  $7\frac{1}{2}$  per cent., but so much political feeling was generated over the proposal to increase the excise that the Legislative Assembly very wisely voted that both imposts should remain as before. I would commend the Official Report of the Debates to the careful study of Lancashire readers who will find that it is most illuminating in showing the intense feeling displayed by Indian political leaders on the question. The whole subject is so important that I have dealt with it in some detail in Chapter II.

A copy of the debates is in the possession of the Department of Overseas Trade and can be consulted on application.

*Iron and Steel.*—The increase in the tariff on iron and steel from 2½ to 10 per cent. will give, for the first time, appreciable protection to the Indian iron and steel industry, although it may adversely affect the local engineering industries which have to rely on imported iron and steel. It seems regrettable that at a time when India requires such large quantities of structural steel to make good the depreciation during the war and to build up her nascent industries, the cost of steel—the raw material of almost all industries—should be artificially raised as a result of import duties.

*Machinery.*—The original budget proposal was to increase the duty from 2½ to 10 per cent., but industrial interests in the Legislative Assembly were too strong and the proposal fell through. The tariff on power machinery remains, therefore, at 2½ per cent., while that on machines to be worked by manual or animal labour is raised to 15 per cent.

*Railway Plant and Rolling Stock.*—The duty on this large and important item is raised from 2½ to 10 per cent.

*The duty on articles formerly assessed at 11 per cent.* is now raised to 15 per cent. This may be termed the general duty, as it includes the great majority of articles including such important headings as apparel, chemicals, hardware, provisions, dyes, glassware, soaps, paints, paper, &c., &c. In all cases, the effect of the tariff will almost certainly be to increase the cost to the consumer, but in certain instances such as cement, certain kinds of hardware and tools, cutlery, &c., it will also afford protection to local industries, and the British export trade may be affected.

*The duty on articles formerly assessed at 20 per cent.* is now raised to 30 per cent. This heading includes, among other items, motor cars and motor cycles, confectionery, clocks, watches, jewellery, plate and silk piece goods. The effect on the British motor car trade is likely to be most serious, as not only will all imports be reduced, but the effect of the increased duty will be felt most severely in the case of the higher-priced British car. Judging by the returns of trade during the first two months of the present fiscal year, we find a considerable falling off in the total trade as compared with the corresponding period of last year, a very slight increase in customs revenue, a serious decline in British shipments of cars and a corresponding increase in the imports from America. Steps are being taken by the Motor Trade Associations in India to bring the position to the attention of Government and it is hoped that Government will realise the unwisdom of seriously damaging a valuable trade, and particularly the British share in it, for the sake of a negligible increase in revenue. The important British export of confectionery is also seriously threatened by this increase in duty, which will probably give a fillip to the Indian manufacture of sweets, &c.

These are a few of those changes in the new tariff which will affect British interests. The complete tariff schedule for the nine months April to December, 1922, from which the present rate of duty on any specific article can be ascertained, was published in the Board of Trade Journal, issue of May 4th, 1922.

The first and most widespread effect of the new tariff will be a considerable increase in the cost of living which will probably bear most heavily upon the European community in India, dependent, as it very largely is, on imported stores, provisions, clothing, &c., &c. Although authentic statistics with regard to the cost of living of the European and Westernised Indian communities are not available, experience shows that prices in India have steadily risen during the past two years at a time when, in the United Kingdom, America and elsewhere, they have fallen steadily.

**The Indian Fiscal Commission.**—[ (By the delay in the publication of the report of the Indian Fiscal Commission Mr. Ainscough was prevented from commenting upon that document owing to the fact that his annual report was actually in the printer's hands when the Fiscal Commission's report was issued. The following comments do not therefore attempt to do more than summarize this lengthy and momentous document.)

A survey of the course of industrial development in India leads the Commission to the conclusion that the industrial development of India has not been commensurate with the size of that country, its population, and its natural resources. The advantages and possible disadvantages which would attach to a considerable development of Indian industries are weighed and the conclusion reached is that such a development would be greatly to the advantage of the country as a whole, creating new sources of wealth, encouraging the accumulation of capital, enlarging the public revenues and generally stimulating national life and developing national character.

The Commission then set out the argument for and against the adoption of the policy of protection in India with a view to securing the rapid progress of such development.

No further development of direct taxation is, in the Commission's view, immediately possible; therefore for revenue purposes import duties must remain high for some considerable time to come. A high customs revenue inevitably favours a policy of protection. The Commission conclude that it is in the interests of consumers generally, and of steady industrial progress, that the policy of protection should be applied with discrimination so as to make the inevitable burden as light as is consistent with the due development of industries. They are of opinion that the temporary loss involved will be more than made good by the ultimate gain, and the balance of advantage is heavily on the side of a policy of protection.

In discussing the application of this policy emphasis is laid upon the necessity for the appointment of a competent and impartial Tariff Board to advise on the imposition of the tariff, which tariff, it is stated, should consist partly of revenue and partly of protective duties. The greatest care should be exercised in the selection of industries for protection, the rate of such protection being settled by the Tariff Board, and industries in unsuitable locations or those which satisfy only a very inconsiderable proportion of the needs of the country should not be eligible for protection. Industries essential for national defence should be protected, but it is suggested that basic industries and manufacturers of machinery should not be protected but should be assisted by bounties. Moreover, no duty should be imposed on partly manufactured articles until the Tariff Board have examined the effect of such duty with great care. Finally, protection should be withdrawn as soon as circumstances permit.

The Commission are well aware of the inherent dangers and disadvantages of protection, but they think that the opportunities, in such a land as India, for formation of monopolies would not be very favourable, and in any event the proposed Tariff Board would be in a position to withdraw protection in such cases, if necessary. The details of the control to be exercised by this Tariff Board are set out fully and include the steps that could be taken in order to restrict the rise of prices and the inclusion of unsuitable industries.

The Commission, being well aware that the mere imposition of protective duties, however scientifically contrived, will not, by itself, produce the full industrial development desired, put forward several supplementary measures for consideration. The condition that firms should agree to afford facilities for technical training to Indian apprentices is strongly urged. The question of railway rates and internal transport facilities is discussed, together with coastal shipping rates, which latter the Commission point out are unduly high. Also the question of anti-dumping legislation, and legislation in the case of countries having a depreciated exchange is dealt with.

As regards excise duties the conclusions of the Commissioners are, roughly, that these may properly be imposed to check the consumption of injurious articles, and especially of luxuries coming under this category. Otherwise they should be imposed for revenue purposes only. The vexed question of the Indian cotton excise is dealt with very fully and the recommendation is made that the Tariff Board should examine at once the claims of the Indian cotton mill industry to protection. It is then claimed that by doing so the matter will become a question between the Indian producer and the Indian consumer instead of between Bombay and Lancashire.

With regard to export duties, the Commission hold that when such duties are used for protective purposes the tendency must always be to impose comparatively high rates, which rates will

almost invariably be a serious burden on the producer. The Commission therefore recommend that export duties should be imposed for revenue purposes only. They are in favour of small cesses in individual cases but they are opposed to the duty on such things as tea and cotton and recommend that the duty on hides and skins should also be removed, although they agree that there is no necessity to remove the duty on rice. Differential export duties for retaliation purposes should only be used in exceptional cases.

The claim for the imposition of export duties, or other method of restriction on the export of food grains, is considered by the Commission to be based on faulty argument. They, therefore, recommend that no restrictions should be levied on the export of such grains as a general rule, basing their views on the assumption that increased production will in due course remove the difficulty. Temporary export duty should be imposed, exceptionally, when the exportation of the grain is required to be controlled.

With regard to imperial preference, the Commission set out in detail the history of this movement up to the time of the recommendations of the Imperial Conference of 1917. Broadly speaking, India imports manufactures and exports raw materials and food stuffs; while effective preference is sometimes given to manufactured goods, in the case of raw materials and food stuffs preference is of little value as such articles are normally admitted free. If preference were adopted the gain to India therefore in the mind of the Commission would be but small; and she cannot herself grant extensive preference without serious loss. The whole question of the application of such a preference between India and the United Kingdom should be investigated by the Tariff Board.

The Commission state that there would appear to be a feeling of suspicion with regard to the use of foreign capital in India, the argument apparently being that if India obtains protection new industries will arise and that if such industries are founded on Indian capital then the profits would be to the Indian; otherwise the advantage of India's sacrifice in undertaking protection would go to the foreigner. The Commission point out that such an argument is faulty, the admission of foreign capital giving an advantage to India in the long run, as by so doing she attains her objects more quickly by the introduction of up-to-date methods.

The Commission conclude their report with an appeal to British opinion to endeavour to understand more nearly the Indian position, pointing out that increased prosperity in India must mean increased demand for British manufactures. The fact that India proposes to adopt protection will not necessarily be inimical to British interests as for many years to come the protection of Indian industries will be confined to the simpler forms of manufactured goods and these are precisely those in which the United Kingdom has the smallest interest.

A Minute of Dissent is attached to the report, and is signed by five out of the eleven members of the Commission, including the



President. The main ground of dissent is the desire of the signatories for an unqualified pronouncement in favour of protection.

No useful purpose would be served by attempting to estimate the probable results of the recommendations of the Commission at present. It will, however, be a matter of vital interest to United Kingdom houses interested in Indian trade to watch the steps taken by the Government of India regarding this report, and, if approval is given, the subsequent carrying out of the recommendations of the Commission by its suggested Tariff Board.]

## SUMMARY OF RECOMMENDATIONS.

### REFERENCE.

"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."

### 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:—

(1) That the Industry possesses natural advantages;

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

(3) 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:—

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

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

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

(d) That any preference 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).

**Political Events in India during the Period.**—The past year has been marked by further substantial progress on the part of the Indian Legislatures, both Imperial and Provincial, but has also been marred by widespread unrest throughout the country culminating in outbreaks of open violence in several places.

The Legislative Assembly and Council of State have already made a name by the tone of their debates and the sense of responsibility which characterised them. The past budget session, in particular, showed very clearly the growing power and influence of the Assembly. The fearlessness of the criticism, the well-informed speeches, and the readiness to accept a workable com-

promise rather than press for an inaccessible ideal augurs well for the future of Parliamentary Institutions in India. When it is remembered however, that of approximately 250 millions of people residing in British India in the area affected by the reforms, there are only one million registered voters for the Imperial Legislative Assembly, that of these one million voters only about 182,000 polled at the last election, and that a considerable proportion of these were illiterate, it will be realised that India has still a long and stony path to traverse before she can be said to enjoy representative Government in any true sense of the term.

The activities of the non-co-operation party which became progressively more lawless and dangerous in view of the inactivity of Government came to a climax in a series of riots involving considerable bloodshed and loss of life. Government, which had hitherto stayed its hand in order, if possible, to avoid being accused of coercion, was forced to take active steps to check the movement, which was rapidly tending to subvert all order and respect for authority. Mr. Gandhi was sentenced to six years imprisonment in March, 1922, and most of the leaders throughout India have now been convicted and imprisoned. This display of authority had an almost immediate effect, the result being that during the past months political feeling has been far less intense and the mercantile community, both European and Indian, have, to some extent, regained their confidence in the future, which had been so severely shaken during the past year.

Perhaps the most significant recent development has been the display of strong political feeling among Indian merchants. In the old days, the relations existing between the European and Indian mercantile communities were most cordial and friendly, as might be expected of two bodies with a common interest in trade, neither of whom paid much attention to outside politics. Whether it be due to a certain soreness on the part of Indian importers as a result of their heavy liabilities to overseas shippers, or perhaps feelings of envy at the success of their European competitors in India, it must be admitted that very strong racial sentiments have been expressed by Indian Chambers of Commerce and public bodies, and that relations between the two business communities have been somewhat strained. A prominent British member of the Fiscal Commission and of the Assembly, who is also one of the leading business men in Western India, recently referred to the Indian evidence before the Commission in the following terms :—

“ One feature of the evidence taken has pained me very much, and that is the widespread feelings of ill-will that exist towards British merchants, British industrialists, and British officials. Although these feelings have been in evidence on all sides and to a degree that I had never suspected before, and although they have been uttered with a conviction that has impressed me with the entire sincerity of the witnesses, I am certain that these opinions are based on deplorable misunderstandings and on an imperfect appreciation of history and economic laws, and, further, that

those who hold them do grave injustice to a large body of Englishmen, Scotsmen, and Irishmen who have done well by India and who feel nothing but goodwill towards India and its peoples, and more particularly to all those Indians with whom they have worked in most friendly co-operation for some generations past."

I touch upon this thorny question of racial feeling advisedly as I think British interests should be aware of the position, so that they may approach their Indian business with knowledge of the facts of the case, and so that they may deal with the many problems which are bound to arise in a tactful manner. I am hopeful that when trade improves old sores and grievances will be forgotten and the two communities will once more be drawn together by the powerful ties of mutual interest. Conditions in India are changing more rapidly to-day than has been the case for decades. While the changes are primarily political, they are bound to influence every branch of economic life and the business man, both in the United Kingdom and in India, who has a stake in the country, must study those changes, and re-orientate his policy in the light of them if he is to be successful in the future. Political and racial feeling is bound to weaken our commercial and industrial position in India if it is allowed to grow unchecked. I am glad to be able to state that during the past few months the outlook has been distinctly brighter. The next few years, however, are bound to be a most difficult period of transition, and it will largely depend upon the courage, tact and goodwill of the British commercial community in India if we are to maintain that remarkable position of power and influence which has been built up by generations of British merchants on the firm rock of rectitude, trust and fair dealing. The amicable and mutually-helpful relations which, in the short space of less than two years, have developed between the non-official British and Indian members of the Legislatures is a good omen for the future. The interests of the British and the Indian trader alike are bound up with the prosperity and progress of the country on sound and orderly lines and the maintenance of a high standard of business ethics and efficiency. Although there are many formidable rocks ahead, and although many adjustments may be required in our methods of trading, I am still sufficiently optimistic to believe that the British exporter and merchant will rise to the occasion and that he will continue not only to enjoy as large a share of India's overseas trade, but also to play his part in the political and general economic advancement of a more enlightened and a greater India.

One hears many criticisms from Indians of the selfishness of the British manufacturer and exporter—in fact, this has become a stock expression, which is used without any examination as to its real truth, and which probably originated in the violent controversies over the cotton excise duties. The fallacy underlying it is a general lack of recognition that all trade is mutual. If the critics only regarded the other side of the picture dispassionately and acknowledged the debt which India owes to British

capital and energy in developing the economic resources of the country, I think they would realise that the balance of advantage lies heavily on the side of India. If the British interest in India were purely a selfish one, and if our commercial intercourse merely resulted in that "drain" of Indian resources, which some Indian politicians never tire of asserting, then indeed would our position be weak and untenable. Fortunately it is precisely that bond of mutual advantage which constitutes the firm basis of our trading relations. Is it too much to expect that when the subsidence of the present heated feeling permits clearer vision, this dominant fact will be appreciated and will tend to cement and strengthen our economic position in India? I think not.

**The Railway Committee's Report.**—The Committee appointed by the Secretary of State to enquire into the administration and working of Indian railways, which was presided over by Sir William Acworth, K.C.S.I., signed its report in August, 1921, and in Appendix II will be found a summary of its recommendations. So important and far-reaching were many of the changes recommended by the Committee that considerable deliberation has been necessary before action could be taken to give effect to them. The recommendations that Indian railways should be entrusted to a special Member of Council at the head of a new Department of Communications, including posts and telegraphs, road transport, ports, &c., and that the Railway Board should be reconstituted and enlarged in the form of a Railway Commission are still under examination and no action has so far been taken. The vital question of State *versus* company management, on which the Committee itself was divided, still remains under consideration, and will be one of the first items to be considered by the proposed Central Advisory Council when it is constituted. Definite action has, however, been taken on the main financial recommendations of the Committee.

Pursuant to a resolution passed by the Legislative Assembly on September 13th, 1921, a Railway Finance Committee drawn from both Houses of the Legislature was appointed with Mr. (now Sir Malcolm) Hailey as Chairman, to consider certain matters arising from the Report of the Railway Committee, namely :—

- (1) The separation of railway from general finance ; and
- (2) The requirements of railways in regard to capital expenditure during the next ten years,

and to make recommendations.

With regard to the first head of reference, the Committee reported as follows :—

" We have been led to the conclusion that separation of railway finance in the sense understood by the Railway Committee is not at present a practicable proposition. It may be advisable, when conditions become more normal and financial equilibrium is re-established, to re-examine the question."

Their recommendation under the second heading reads as follows:—

“ We have taken account of the capital commitments which will fall upon the Government in regard to the repayment of loans maturing during the next five years, and also of the demands which are likely to fall upon the money markets in respect of new funds which must be raised by the Central and Provincial Governments for irrigation and other schemes, such as the Bombay Development. We have also borne in mind the problems which confront Government in respect of the large amount of floating debt outstanding in the shape of Treasury Bills, and also as regards the position of its older securities. *After weighing all the factors involved, we consider that funds to the extent of 150 crores should be devoted to railway capital purposes during the next five years.* In placing their case before us the Railway Board asked for a minimum expenditure of 30 crores a year for the next five years; and the conclusion at which we have arrived after considering the financial issues to which we have referred above is that we should be justified in recommending that funds should be provided to this extent. We recognise that the provision of funds of this amount may involve our supplementing our Indian loans by outside borrowing, and we are prepared to support action in this direction provided that such borrowings are effected in the cheapest market.”

This special capital expenditure programme of 150 crores (roundly, £100,000,000) to be expended during the next five years is bound to be of benefit to British manufacturers, who should be able to secure the bulk of the orders in view of the fact that they are thoroughly conversant with Indian railway requirements and have supplied almost the whole of their equipment in the past. Moreover, the greater part of the capital required will probably be raised in the London market and the orders will be placed through the normal channels, *i.e.*, the India Office Stores Department, and the London Offices of the Indian Railway Companies. I would commend firms who may be interested to the account given in Chapter III of the proposed changes in the method of purchase of Government stores, as—although these changes may not be in operation in time to affect the purchases made under this present programme—they will very materially bear upon the position in the future.

**Events in Afghanistan.**—After prolonged negotiations, a treaty was signed at Kabul by the representatives of the British and Afghan Governments on November 22nd, 1921.

After providing for the mutual respect of all rights of internal and external independence and the definition of boundaries, it is laid down that a British Minister and staff shall be received at Kabul and an Afghan Minister shall be appointed to London. The Government of Afghanistan agrees to the establishment of British Consulates at Kandahar and Jalalabad, whilst His Majesty's Government agrees to the establishment of an Afghan Consul-General at the headquarters of the Government of India and three Afghan Consulates at Calcutta, Karachi and Bombay. The British Government agrees that whatever quantity of material is required for the strength and welfare of Afghanistan, such as all kinds of factory machinery, engines and materials and instruments for telegraphs, telephones, &c., which Afghanistan may be able to buy from Britain or the British Dominions or from other countries of the world, shall ordinarily be imported without let or hindrance by Afghanistan into its own territories from the ports of the British Isles and British

India. Similarly, the Government of Afghanistan agrees that every kind of goods, the export of which is not against the internal law of the Government of Afghanistan, and which may, in the judgment of the Government of Afghanistan, be in excess of the internal needs of Afghanistan and is required by the British Government, can be purchased and exported to India with the permission of the Government of Afghanistan. This proviso also applies to arms and ammunition so long as the British Government is assured that the intentions of the Government of Afghanistan are friendly. It is further laid down that no customs duties shall be levied at British-Indian ports on goods imported as above, on behalf of the Government of Afghanistan, provided that certain safeguards are complied with.

*The British Government also agrees to the grant in respect of all trade goods imported into India at British ports for re-export to Afghanistan and exported to Afghanistan by routes to be agreed upon between the two Governments, of a rebate at the time and place of export of the full amount of customs duty levied upon such goods, provided that such goods shall be transported through India in sealed packages which shall not, be opened or sub-divided before their export from India.*

Major F. H. Humphrys was appointed British Minister to Afghanistan and arrived in Kabul on March 6th, 1922. An Italian Minister, with staff, which is understood to include at least one engineer, is also now established at the Afghan capital, while an American official representative from Persia visited Afghanistan recently in order to consider the desirability of establishing an American Legation. In the meantime, a small Indian Customs Mission is visiting Kabul in order to draw up regulations governing the export and import of goods at the frontier.

These events mark a distinct step forward in our trade relations with Afghanistan, but progress is bound to be very slow. Afghanistan is a poor country with few and primitive means of communication, and in view of the political and commercial insecurity, British firms who may contemplate extending their interests in that direction should proceed with circumspection and would be well advised to consult with the Indian Section of the Department of Overseas Trade before committing themselves to any definite forward move.

## CHAPTER II.

### DETAILED EXAMINATION OF THE LEADING IMPORT TRADES WITH SPECIAL REFERENCE TO CHANGES IN THE CHARACTER, VOLUME AND ORIGIN OF THE IMPORTS DURING THE FISCAL YEAR, APRIL 1ST TO MARCH 31ST, 1921/22\*.

#### MANUFACTURED AND MAINLY MANUFACTURED GOODS.

**Cotton Textiles.—Yarns.**—The main features of the year have been an increase in the quantity but, owing to falling prices,

---

\* Unless otherwise stated, the statistics in this section are drawn from the publications of the Department of Statistics, Government of India. In view of the decision that all Indian statistics shall in future be given in rupees and not in sterling, and in view of the immense labour 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.

a diminution in the value of imported yarns. The principal quantitative increases are under the heads of 40's and counts above 40's grey yarns. Bleached yarns show an increase of 25 per cent. All types of coloured and mercerised spinnings (above 20's) show a falling-off. The following table shows the imports of grey yarns, arranged according to counts.

Count.	1920-21.		1921-22.	
	lbs.		lbs.	
Nos. 1's to 10's ... ..	216,748		91,109	
„ 11's to 20's ... ..	7,140,513		6,609,997	
„ 21's to 30's ... ..	3,564,308		4,963,720	
„ 31's to 40's ... ..	13,884,835		19,028,399	
„ above 40's ... ..	4,092,082		8,059,325	
Two-folds ... ..	3,183,418		4,973,791	
Total imports ... ..	32,081,904		43,726,341	

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

Description.	1920-21.		1921-22.	
	lbs.		lbs.	
Bleached yarns ... ..	2,039,675		2,520,470	
Coloured 1's to 20's ... ..	233,756		260,183	
„ 21's to 30's ... ..	625,390		493,371	
„ 31's to 40's ... ..	8,957,567		7,705,232	
„ above 40's ... ..	927,890		779,016	
„ two-folds ... ..	1,060,387		772,451	
Mercerised yarns ... ..	1,279,536		793,764	
Unspecified descriptions ... ..	127,390		73,514	
Grand total of all kinds of twist and yarn ... ..	47,333,495		57,124,342	

It is satisfactory to observe that the United Kingdom has improved her position and now supplies 70 per cent. in weight and 76 per cent. in value of the total imports. Consignments from Japan have been reduced by one half, and Japan now furnishes 26 per cent. in weight and 20 per cent. in value. Imports from Switzerland have increased. The following table gives the details.

Country of origin.	1920-21.		1921-22.	
	Lbs.	Rs. (lakhs).	Lbs.	Rs. (lakhs).
United Kingdom ... ..	23,395,580	795	40,074,146	877
Switzerland ... ..	416,773	15	828,849	22
China (including Hong Kong). ... ..	2,734,187	37	64,600	1
Japan ... ..	20,122,799	490	14,915,009	226
Other Countries ... ..	664,156	21	1,241,738	25
Total imports ... ..	47,333,495	13,58	57,124,342	11,51



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
1920-21 ... ..	47,333	660,003
1921-22 ... ..	57,125	692,313

These figures show that the present imports of yarn are well above the pre-war quantities and that their relative expansion has been greater than that of the Indian mills. It should be borne in mind, however, that the Indian mills have suffered severely through depreciation of plant during the war and it is only during the past year, or two that they have been able to secure their renewals. It is only to be anticipated, therefore, that the next few years will show a considerable increase in total output.

The following statement shows the imports of yarn from the United Kingdom and Japan respectively, side by side with the Indian mills production in 1921/22, arranged according to counts.

Cotton, twist and yarn.	Imports from the United Kingdom.	Imports from Japan.	Total Imports.	Indian Mill production.
	Lbs. (1,000).	Lbs. (1,000).	Lbs. (1,000).	Lbs. (1,000).
Nos. 1-20 ... ..	1,766	4,863	6,961	469,370
" 21-25 ... ..	1,122	—	1,219	150,579
" 26-30 ... ..	2,891	1,311	4,238	52,583
" 31-40 ... ..	18,366	6,888	26,741	16,900
Above No. 40 ... ..	8,568	253	8,882	2,389
Grey and coloured two-folds (doubles).	4,546	1,125	5,746	—
Unspecified descriptions and waste.	2,815	475	3,338	492
Total ... ..	40,074	14,915	57,125	692,313

In counts below 30's, it will be observed that the Indian mills monopolise the market. It is only when one comes to 40's and upwards that competition begins.

In Appendix III, page 151, will be found a table showing the total weight of each count of yarn spun in all India during the years 1919/20, 1920/21 and 1921/22, which shows that last year the greatest weight was spun in the following counts (in order

of importance) 20's, 24's, 11's, 22's, 12's, 21's, 10's, 16's, 14's and 30's.

For very many years the imports of cotton yarns into India have been duty-free and this was the position in 1921. In March, 1922, however, a duty of 5 per cent. was imposed to meet the urgent financial needs of the country. Considerable interest was taken in the debate and the case against the duty was ably taken up by the Madras members of the Legislative Assembly on behalf of the handloom weavers. According to Mr. Seshagiri Aiyar, there are six million people engaged in the handloom weaving industry in India, of which two million are to be found in the Madras Presidency. The imported yarns used by the industry are largely the finer spinnings of 40's and upwards. It has been estimated that of the 47 million pounds of yarn imported in 1920/21, only 3 million pounds were used by the mills, and the balance presumably was absorbed by the handlooms. The Member for Commerce and Industry put the Government's case for the duty very succinctly as follows :—

“ I should always have opposed the placing of an import duty upon yarn had it not been for our financial exigencies. The production of yarn in India is about 700 million pounds per annum. The imports of yarn have never exceeded 50 million pounds per annum. (*Note.*—They reached 57 million pounds in 1921-22.) A certain part of these imports are high count yarns which do not compete in any way with the yarns produced by the Indian mills. The rest are yarns below 40s., and these yarns are imported from England or from Japan and compete only to a small extent with the yarn produced in India. But that yarn imported, though it is only a small proportion of the yarn used by the hand-loom industry, exercises an important function in that it helps to regulate the prices of Indian mill yarn. Last year I opposed the imposition on this ground of any duty on yarn. This year, as the House knows, we have a deficit of 34 crores of rupees. The hand-loom industry is, I am glad to say, flourishing, possibly owing to the non-co-operation campaign and the Khaddar campaign; and having regard to the very large deficit with which we are faced, I think myself that we are justified in placing this small impost upon imported yarn, an impost of only 5 per cent. It will yield us 50 lakhs of rupees (say ₹300,000), and having regard to all the circumstances of the case, I think that the House will see that we are justified, in spite of our pronouncements last year, in proposing this duty.”

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

Year.	Grey (unbleached).	White (bleached).	Coloured, printed or dyed.
	million yards.	million yards.	million yards.
1913-14     ...     ...	1,534·2	795·3	831·8
1920-21     ...     ...	580·2	421·8	489·3
1921-22     ...     ...	635·6	306·2	138·3

It is interesting to compare the above yardage figures with the following table showing the *value* of the three main classes of piece goods during the same period.

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

The falling-off in the yardage imported during the year is primarily due to the enormous stocks of high-priced goods which were carried over from the previous period and which have prevented any real improvement. The Calcutta Import Trade Association review the year in the following terms:—

“There has been practically no active market for imported piece goods during the past year, largely on account of the heavy value and quantity of high priced goods, left over from the high rupee exchange period, which were mentioned in the last annual report as having produced a position of unprecedented depression of extreme gravity. This depression is still with us to-day (February, 1922), and it is not yet clear when definite relief will come. To add to the exceptional difficulties under which the piece-goods import trade has been labouring a heavy enhancement of customs duty was made in the early part of the year, and the crushing weight of the increase must have largely defeated its own intended object by strangling any little revival which might have been in sight, or possible, throughout the year. Non-co-operation activities have also restricted the free movement of commodities, and must also have forcibly prevented consumption of supplies in many districts, whilst during the last three months of the year Calcutta bazaar dealers refrained from forward purchases by an agreement now expired. During the year, costs have been reduced considerably on account of reduction in wages, lowering of freights, and other causes, and it is possible that a revival in trade generally may not be far distant. If a reduction could be made in the existing injurious and hampering duty, it would be to the benefit of the country, financially, as it would also be politically, by rendering it possible for cheaper clothing to be made available for the masses.”

The reduction in sterling values is due—quite apart from the falling off in yardage—to lower c.i.f. prices and a fall in exchange from an average of 2s. to one of 1s. 4d.

The principal varieties of each of the three main classes and the quantity of each variety imported were:—

*Total Imports of Piece Goods into India (in millions of yards).*

Grey (unbleached).	1913-14 (pre-war year).	1920-21.	1921-22.
Dhuts, saris and scarves ...	806·1	291·2	383·4
Jaconets, madapollams, mulls, etc.	150·4	39·1	55·2
Longcloth and shirtings ...	545·4	181·9	129·4
Sheetings ... ..	·2	46·4	50·1
Drills and jeans ... ..	21·3	17·6	16·1
Other sorts ... ..	10·8	4·0	1·4
Total ... ..	1,534·2	580·2	635·6

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

White (bleached).	1913-14 (pre-war year).	1920-21.	1921-22.
Dhutis, saris and scarves ...	104.3	35.7	31.9
Jaconets, madapollams, mulls, etc.	307.9	105.5	144.1
Longcloth and shirtings ...	115.3	108.5	48.2
Nainsooks ... ..	20.7	121.7	67.5
Drills and jeans ... ..	5.7	6.3	2.0
Checks, spots and stripes ...	16.1	8.9	1.5
Twills ... ..	8.3	13.4	3.4
Other sorts ... ..	31.0	21.8	7.6
<b>Total ... ..</b>	<b>793.3</b>	<b>421.8</b>	<b>306.2</b>

Coloured, printed or dyed.	1913-14 (pre-war year).	1920-21.	1921-22.
Dhutis, saris and scarves ...	115.2	42.4	21.1
Cambrics, etc.... ..	113.6	54.3	17.7
Shirtings ... ..	152.6	71.6	25.0
Prints and chintz ... ..	209.7	114.7	28.7
Drills and jeans ... ..	30.0	19.3	9.6
Checks, spots and stripes ...	19.7	13.5	3.7
Twills ... ..	31.4	31.2	5.7
Other sorts ... ..	159.6	142.3	26.8
<b>Total ... ..</b>	<b>831.8</b>	<b>489.3</b>	<b>138.3</b>

The enormous reduction in printed, dyed and coloured woven goods until the imports last year were only one-sixth of those of the last pre-war year merits very careful consideration. While it is true that the reduced imports were in part due to the carry-over of heavy stocks of fancy cloths, notably prints, and also to the increased demand for grey and white goods due to the Ghandi campaign (which has also reduced the Bombay mill sales of woven coloured fabrics), the principal reason undoubtedly was the high relative cost of finished goods as compared with greys and whites. A correspondent of the "Manchester Guardian Commercial," in the issue of May 11th, 1922, puts the whole position very clearly when he states:—

"The vast populations of India and the East, who are the greatest consumers of cotton goods in the world, are very poor, and have their tastes dictated to them by the price of cloth. The cheapness of bleached and coloured goods before the war had placed the lowest qualities of these within reach of great numbers of people, and the trade in them was a steadily expanding one, which appeared likely to remain principally in the hands of Lancashire. Even in 1920, when prices were at their highest, printed and bleached goods remained relatively cheap compared with grey cloth, and at that time the general view was that this would pass more and more into the hands of the local millowners and the Japanese. Since that date, however, the high finishing charges have driven the consumer off the coloured and, to a smaller extent, off the bleached goods back on to the grey cloths. So great has been the decline in the cost of cloth that India has bought Lancashire grey cloth in large quantities at prices that have been able to compete with the Japanese and Indian made goods."

In the same article was included the following comparative table of Lancashire finishing costs in 1914 and at the present time :—

—	1914.	Highest Prices reached.	Increase over 1914.	To-day.	Increase over 1914.
	<i>s. d.</i>	<i>s. d.</i>	Per cent.	<i>s. d.</i>	Per cent.
(1) Bleaching Costs.					
High-quality shirting :					
35 in. × 40 yds. ...	1 3	4 3½	241	3 4	167
Low-quality shirting :					
32 in. × 40 yds. ...	1 3½	5 5 5-16	321	3 11 1-16	204
White mulls :					
53 in. × 20 yds. ...	0 7 3-16	1 11	220	1 6	150
Nainsooks :					
42 in. × 20 yds. ...	0 4 5-16	1 1 13-16	220	0 10 13-16	151
White scarves :					
42 × 6 yds. (per pair)	0 1 15-16	0 6	209	0 5 5-16	174
(2) Printing Costs.					
Printed sarries :					
Per yard ...	0 1 1-16	0 4½	288	0 3½	253
Printed white ground :					
Per yard ...	0 0 17-32	0 2½	348	0 1½	253
Fancy shirtings :					
Per yard ...	0 0 15-16	0 4½	353	0 2½	193
(3) Dyeing Costs.					
Dyed goods, Para Rd. :					
Per lb. ...	0 2½	1 2	387	0 9	213
Dyed shirtings :					
Piece of 39 yds. ...	1 1	5 4	392	3 0	177
(4) Yarn Dyeing Costs.					
Average per lb. ...	0 2·6	1 0·65	387	0 8·5	227
(5) Cost of Packing.					
Packing material for superficial foot average for wood and tin cases.	0 2·29	1 0 43	443	0 6·40	179

I would most strongly impress upon the parties concerned in Lancashire the imperative need for reduced finishing costs if they are to retain their valuable Indian trade in prints, dyed and fancy woven coloured goods. It is significant that during 1921, when the imports of coloured goods from the United Kingdom declined from 448½ to 121½ million yards, those from Dutch ports increased from 7,613,297 yards to 7,637,829 yards.

The total reduction in coloured goods has been fairly even, spread over the three main classes, as the following details show :—

Description.	1920-21. Yards.	1921-22. Yards.
Printed goods ...	284,336,248	84,723,124
Dyed goods ...	133,856,686	34,858,081
Woven coloured goods ...	71,062,821	18,697,124
<b>Total Imports ...</b>	<b>489,255,755</b>	<b>138,278,329</b>
<b>Fents of all descriptions ...</b>	<b>18,471,765</b>	<b>9,745,932</b>

*Sources of Imports.—(1) Grey Goods.*

Origin.	1920-21.		1921-22.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	420,287,698	1,872	526,493,158	1,838
Japan ... ..	150,428,376	717	88,490,368	337
United States ... ..	8,444,797	51	21,197,038	75
<b>Total Imports ...</b>	<b>580,208,403</b>	<b>2,645</b>	<b>635,608,133</b>	<b>2,265</b>

The United Kingdom has maintained its position fairly well in a very difficult year. The reduction in the imports from Japan by nearly one-half, notwithstanding the loud complaints made in Bombay with regard to Japanese dumping, is noteworthy, and shows that Lancashire can hold its own, even in grey goods, when prices become normal. The only reason I can adduce for the considerable increase in the imports from America is that the coarse, unsized sheetings and drills made by the mills in the Southern States approximate to the hand-spun and hand-woven "Khaddar" cloth more closely than either the British or Japanese productions.

*(2) Bleached Goods.*

Origin.	1920-21.		1921-22.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	408,560,383	2,088	299,339,523	1,227
Netherlands ... ..	5,839,025	40	4,390,956	27
Japan ... ..	3,819,617	22	1,860,766	9
<b>Total Imports ...</b>	<b>421,784,132</b>	<b>2,189</b>	<b>306,166,654</b>	<b>1,267</b>

Reduced prices account for the heavier relative fall in values than in quantities. There are no special features of interest.

*(3) Coloured Goods.*

Origin.	1920-21.		1921-22.	
	Yards.	Rs. (lakhs).	Yards.	Rs. (lakhs).
United Kingdom ...	448,598,019	3,054	121,559,458	648
Netherlands ... ..	7,613,297	79	7,637,829	53
Belgium ... ..	2,795,106	53	239,243	3
Switzerland ... ..	1,861,223	25	584,405	7
Italy ... ..	9,757,438	124	2,312,797	18
Japan ... ..	16,074,955	97	4,924,076	21
<b>Total Imports ...</b>	<b>489,255,755</b>	<b>3,457</b>	<b>138,278,329</b>	<b>759</b>

The sale of coloured goods has been affected by the non-co-operation campaign of Mr. Ghandi which set the fashion for the plainer greys and whites. Moreover, 1921 was not a lucky year for Indian marriages and this tended to lessen the demand. Large quantities of undelivered fancies of all descriptions were also carried over from the previous year, and, as already stated, the replacing costs in Europe were abnormally high. All these factors contributed to bring about the decrease in the total imports. Holland was the only supplier which maintained its position, and it is significant that, although Dutch shipments increased by over 24,000 yards, the values were reduced by 26 lakhs—a clear proof of the heavy fall in prices. The British share of the trade fell from 88 to 85 per cent. Belgian competition was virtually eliminated, while Italian and Japanese shipments declined in like proportion to those from the United Kingdom.

*Japanese Competition.*—The chequered progress of Japanese competition in the Indian piece goods market is clearly shown in the following table showing the percentage share of the United Kingdom and Japan in the trade, both pre-war and during the past two years :—

	1913-14.		1920-21.		1921-22.	
	United Kingdom.	Japan.	United Kingdom.	Japan.	United Kingdom.	Japan.
Cotton, piece-goods grey ...	98·8	·5	72·4	25·9	82·8	13·1
"    "    white	98·5	—	96·9	·9	97·7	·6
"    "    coloured	92·6	·2	91·8	8·8	88·0	8·5

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

	1913-14.	1920-21.	1921-22.
United Kingdom ... ..	97·1	85·6	87·7
Japan ... ..	·3	11·3	8·3
United States ... ..	·3	·9	1·9
Holland ... ..	·8	·9	1·1
Other Countries ... ..	1·5	1·8	1·0
Total ... ..	100·0	100·0	100·0

*Indian Mill Competition.*—In my previous reports I have dealt at some length with the various aspects of Indian mill competition. The past year, however, has brought no new features to the fore and has been a period of great prosperity for the mills, the total production of which advanced from 1,581

million yards to 1,732 million yards—i.e., approximately 9 per cent. 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.		
	1920-21.	1921-22.	
<i>Grey and bleached piece-goods—</i>			
Chadars ... ..	pounds	19,840,755	19,711,831
	yards	59,194,229	59,427,570
Dhutis ... ..	pounds	73,684,657	96,157,269
	yards	340,127,529	455,637,412
Drills and jeans ...	pounds	19,722,448	15,376,174
	yards	74,304,517	60,452,112
Cambrics and lawns	pounds	1,218,529	1,292,216
	yards	5,950,625	7,347,252
Printers ... ..	pounds	6,305,664	8,038,364
	yards	28,284,090	35,621,739
Shirtings and long-cloth ...	pounds	101,138,033	109,974,144
	yards	456,239,812	487,034,384
T-cloth, domestics, and sheetings ...	pounds	21,293,143	19,116,755
	yards	97,387,839	84,116,684
Tent cloth ... ..	pounds	3,772,426	3,246,909
	yards	7,507,785	7,255,084
Other sorts ... ..	pounds	16,588,827	27,122,681
	yards	60,886,142	87,859,466
Total ... ..	pounds	263,564,482	300,036,343
	yards	1,129,882,568	1,284,751,703
<i>Coloured piece-goods ...</i>			
	pounds	58,387,636	98,432,961
	yards	450,967,178	446,821,593
<i>Grey and coloured goods, other than piece-goods</i>			
	pounds	3,484,852	3,052,986
	dozens	707,449	629,375
<i>Hosiery ... ..</i>			
	pounds	410,784	363,099
	dozens	117,249	115,081
<i>Miscellaneous ... ..</i>			
	pounds	1,407,508	1,432,958
<i>Cotton goods mixed with silk or wool ... ..</i>			
	"	226,529	177,750
GRAND TOTAL ... ..	"	367,481,791	403,496,097
	yards	1,580,849,746	1,731,573,296
	dozens	824,698	744,456

In the plain goods section the greatest progress has been made in dhooties, which increased during the year from 340 to 455 million yards. The production of shirtings and long cloths also advanced from 456 to 487 million yards. Both of these are well established Lancashire trades and fall within the area of competition. Drills and jeans compete more particularly with Japanese and American qualities and the output of chadars and T-cloths tends to decline. The steady decline in the total Indian production of coloured goods during the past three years calls for comment. During the War the production of these goods increased by 54 per cent., and dyeing and finishing plants were ordered by a great



number of the mills. At the present moment most of the dye-houses attached to the Bombay mills are either closed or are working short time, largely on account of the change in fashion towards grey and bleached goods as a result of the political agitation. This, however, can only be a temporary phase, and all the tendencies point to a considerable extension of bleaching, dyeing, and even printing in India. It has been proved that bleaching and dyeing can be carried out satisfactorily and experts consider that there are no insuperable obstacles to the establishment of a calico-printing industry.

*Goods Calendered in Indian Mills.*—The statement below shows the quantity of cotton goods calendered and the proportion thereof to the total production in Indian mills in the twelve months, April, 1921, to March, 1922, compared with the corresponding period of 1920-21. In the twelve months, April, 1921, to March, 1922, the total quantity calendered was 254 million lbs. as against 221 million lbs. in the same months of the preceding year, an increase of 14·7 per cent. :—

	1921-22. Twelve months, April to March.	1920-21. Twelve months, April to March.
<b>BRITISH INDIA—</b>		
Quantity calendered lbs. ... ..	251,525,314	219,999,339
Ratio of calendered goods to production per cent. ... ..	67·2	64·83
<b>INDIAN STATES (excluding Hyderabad)—</b>		
Quantity calendered lbs. ... ..	2,341,003	1,320,968
Ratio of calendered goods to production per cent. ... ..	11·6	6·9
<b>TOTAL INDIA (excluding Hyderabad)—</b>		
Quantity calendered lbs. ... ..	253,866,327	221,320,307
Ratio of calendered goods to production per cent. ... ..	64·4	61·72

*Raw Cotton.*—The tendency towards the production of finer cloths in India is further evidenced by the increase in the imports of raw cotton of the American and Egyptian types. The figures are as follows :—

Country of origin.	1920-21.		1921-22.	
	tons.	Rs. (lakhs).	tons.	Rs. (lakhs).
United Kingdom ... ..	5,259	74	12,402	151
Persia ... ..	266	2	401	3
Zanzibar and Pemba	160	3	453	8
Kenya Colony ... ..	2,797	76	9,202	154
U.S.A.... ..	—	—	405	7
Other Countries ... ..	832	14	1,587	21
<b>Total ... ..</b>	<b>9,314</b>	<b>169</b>	<b>24,450</b>	<b>344</b>

The imports from the United Kingdom represent, of course, American cotton purchased in the Liverpool market, while those from Kenya Colony consist mainly of Uganda cotton of the Egyptian type. There are two or three strong Bombay companies trading with East Africa and the proportion of the Uganda crop consumed by India is likely to grow. The average value per pound of the imports from the United Kingdom was 8½ annas, while the East African cotton averages 12 annas per pound.

The following statement (taken from the Indian Trade Journal) gives the figures of the Indian cotton crop for the years 1920 and 1921. The figures represent thousands of bales of 400 lbs. each :—

	Approximate Crop.	
	Year ending 31st August.	
	1921.	1920.
Exports to United Kingdom ... ..	38	149
„ to Continent ... ..	214	364
„ to Far East ... ..	1,465	1,796
„ to other countries ... ..	509	393
	—	—
Total ... ..	2,226	2,702
	—	—
Home Consumption—		
Mills ... ..	2,078	1,913
Extra factory or local ... ..	750	750
	—	—
Total ... ..	2,828	2,663
	—	—
Grand Total ... ..	5,054	5,365
Less imports ... ..	113	22
	—	—
Approximate crop ... ..	4,941	5,343
Estimated in forecast ... ..	3,601	5,796
	—	—
Excess (+) or deficit (—) ... ..	+1,340	—453
(Neglecting “carry over”) ... ..	or 37·2 per cent.	or 7·8 per cent.

Further particulars with regard to the Indian mill industry will be found in Chapter V, page 113. The profits of the Bombay mills in 1920/21 were estimated by the then President of the Bombay Millowners' Association to be 16 crores (which, at the exchange then ruling, was the equivalent of over £16,000,000).

*The Indian Tariff on Cotton Goods.*—I have already quoted the opinion of the Calcutta Import Trade Association on the effects of the raising of the duties on piece goods to 11 per cent. in March, 1921. It is somewhat difficult, however, accurately to assess the effects of the new tariff, as the imports would have been reduced in any case owing to the heavy stocks in India and the unprecedented depression. Competent authorities, however, hold the opinion that a tariff of 10 per cent. or over is bound to have a restrictive effect on imports, particularly during periods of high prices. In the budget proposals introduced by the Finance Member on March 1st, 1922, the Government of India proposed to raise the import duty from 11 to 15 per cent. and the excise duty on Indian mill-made cloth from 3½ to 7 per cent. The Legislative Assembly, however, by a majority of 17, negatived the proposal to increase the excise and the following day voted against the increase in the import duties. The position remains therefore exactly as in 1921. The debate is most illuminating in showing the intense feeling in Indian political circles and the capacity of the Assembly for debating complex economic issues. It therefore deserves close study by Lancashire interests.

Judging by the bulk of the evidence given by Bombay mill-owners the general opinion seems to be that, while they favour protection in principle, even they have not the temerity to ask for further protection for themselves. My personal opinion is that if Lancashire interests will only accept the present position as a *fait accompli*, which is inevitable in view of the state of India's finances and of the growing control of the Legislative Assembly over financial and fiscal policy, and if they will refrain from making representations and speeches which simply irritate Indian feeling on the subject and goad the Assembly into taking further measures, then, to my mind, there is no reason why there should be any further increase in the duties and why the import trade and the mill trade should not progress side by side without friction and to the ultimate benefit of the great mass of the consumers in this country.

*The Recent Boycott of Imported Piece Goods.*—The recovery of the trade during the year 1921 was greatly handicapped by the action of the non-co-operation party in calling for a boycott of all imported cloths and the wearing of hand-spun and hand-woven "Khaddar" cloth from August 1st, 1921. Picketing on an extensive scale was resorted to in the main consuming centres throughout India and the results have been a reduction in the clearances of imported goods, a stimulation of the demand for mill goods (the supply of "Khaddar" being inadequate to meet the demand) and the deferring of forward orders as a result of agreements made by Indian merchants not to place indents abroad for a given period of time.

Economic factors, however, have been too strong for a purely political and sentimental movement of this kind ever to succeed. The fact that imported goods constituted over 50 per cent. of India's total consumption of piece goods before the war, and even in the year 1920-21 represented 30 per cent., and that some 75 per cent. of these imported goods are non-competitive and are not as yet made in India, renders an effective boycott of imported goods, in the long run, impossible. Moreover, very strong Indian vested interests have been built up in the distribution of imported fabrics and these merchants of all races and creeds are not likely to allow their livelihood to be sacrificed for an ideal, which most of them realise to be impracticable. Consequently the boycott, although still affecting deliveries in some quarters, has largely spent itself, and in a year or so's time will probably have faded into the limbo of forgotten things.

*Reply to the Boycott Movement.*—The most effective reply to the boycott movement is contained in a lucid note on the Indian Piece Goods Trade prepared by Mr. A. C. Coubrough, C.B.E., the manager in India of Messrs. Mather and Platt, Ltd., which was published by order of the Government of India.

I therefore venture to reproduce with acknowledgments to the author two of Mr. Coubrough's diagrams together with extracts illustrating the conclusions which he bases upon them. Diagram No. I shows the following particulars regarding the quantities of cotton piece goods placed on the Indian market during each of the twelve years 1909-10 to 1920-21: (A) the quantity produced in Indian mills and retained or sold on the Indian market, (B) the quantity produced by Indian hand-loom weavers, (C) the quantity of retained imports, and (D) the total obtained by adding together (A), (B) and (C). Number II shows the value, in rupees, of the cotton piece goods supplied to the Indian market: (E) from Indian mills, (F) from hand-loom weavers, (G) imported, and (H) total.

Mr. Coubrough, in his report, draws a number of interesting conclusions from his study of these diagrams. Dealing with No. I he states:—

“The year 1909-10 was a year of low consumption; this is proved by prolonging the curve over a still earlier period of years not shown on this sheet. The year 1913-14 was a boom year. The average pre-war consumption may be taken as 480 crores of yards. The war caused a steady fall in consumption from the year 1913-14 till the year 1919-20, when a low point of 300 crores of yards was reached. The average consumption during these six years was about 400 crores of yards, or 80 crores of yards below the pre-war normal. The total shortage caused by the war was, therefore, 480 crores of yards, or one year's normal pre-war supply. Since the Armistice the consumption fell for 18 months but rose considerably in the last year under review.

“It will be noted that, except during the war period, hand-loom production kept pace almost uniformly with mill production and tended in

the years following, with the exception of the famine year 1919-20, to maintain its position in this respect.

“In regard to Indian mill-made goods, it will be noted that during the war there was a marked increase in production, but that this increase took place suddenly, soon after the start of the war, and did not maintain its upward tendency. The reason for this is fairly obvious. During the war the import of new machinery was practically at a standstill; the Indian mills could, therefore, only increase production to the maximum capacity of their existing spindles and looms. It is significant to record that, whereas the number of looms in Indian mills only increased by 15 per cent. between 1914 and 1920, the increase in production of woven goods in Indian mills increased during the same period by 46 per cent.”

Turning to the value of the piece goods supplied to the Indian market, as shown in diagram No. II, Mr. Coubrough says :—

“It will be noted that the total value of imported piece goods rose from a figure of about 33 crores in 1909-10 to about 56 crores in 1913-14. The average pre-war expenditure on imported piece goods may be taken at a figure of about 44 crores of rupees. During the early years of the war the total value of imported piece goods dropped, but only to a comparatively small extent, below the normal.

“Up till the year 1919-20 it will be seen that the average amount spent on imported piece goods was practically the same as during pre-war years. Now this fact is most interesting when one compares the curve showing these increases (Curve G, Diagram II) with that showing the very rapid falling off in quantity of piece goods during the war period (Curve C, Diagram I). It indicates that the importing merchants in India are able to dispose of imported piece goods to a certain annual value, viz., an amount of about 44 crores of rupees, and that when the price of imported piece goods rose the consumption fell off practically in proportion to the rise in price.

“The figures for 1920-21 show a remarkable variation from normal. During that year India was committed to an expenditure of 80 crores of rupees in place of an expenditure during the previous year of 46 crores of rupees. The words ‘committed to an expenditure’ have been purposely used, for, as a matter of fact, this expenditure was not actually incurred. The quantity of piece goods contracted for during this year, viz., about 140 crores of yards, was duly imported, but, as is well known, large quantities of these imports are still lying in Indian ports.

“The reason for the very rapid Curve G is to be found in the fall in the value of the rupee during the year we are considering, and the reason for the equally sudden rise in the quantity of piece goods imported is, doubtless, due to the fact that, owing to the high exchange value of the rupee, a much larger quantity of goods was apparently purchasable in that year for the same total expenditure. What actually happened was that Indian merchants arranged to buy piece goods for which they expected to pay in the neighbourhood of 50 crores. Their contracts, however, were in sterling, and, owing to the fall in the value of the rupee, the equivalent in rupees of the sterling price of the goods, in place of being in the neighbourhood of 50 crores, was found to be 80 crores.

“Now, judging by the very large and almost steady increase of the value of piece goods which India was capable of purchasing from the year 1909-10 onwards, it would seem that the difficulty in disposing of imported piece goods to the value of 80 crores was not due to the inability of India to spend this 80 crores, but purely to conditions of contract which made it difficult for the Indian merchants to dispose of these goods at a profitable figure.”

*Diagram Number I.*

“ Curve A shows the nett consumption in India of piece goods produced in Indian mills. The yearly figures are obtained by deducting the exports of Indian piece goods from the figures of total production as given in the Statistics of Cotton Spinning and Weaving in Indian mills published monthly by the Department of Statistics.”

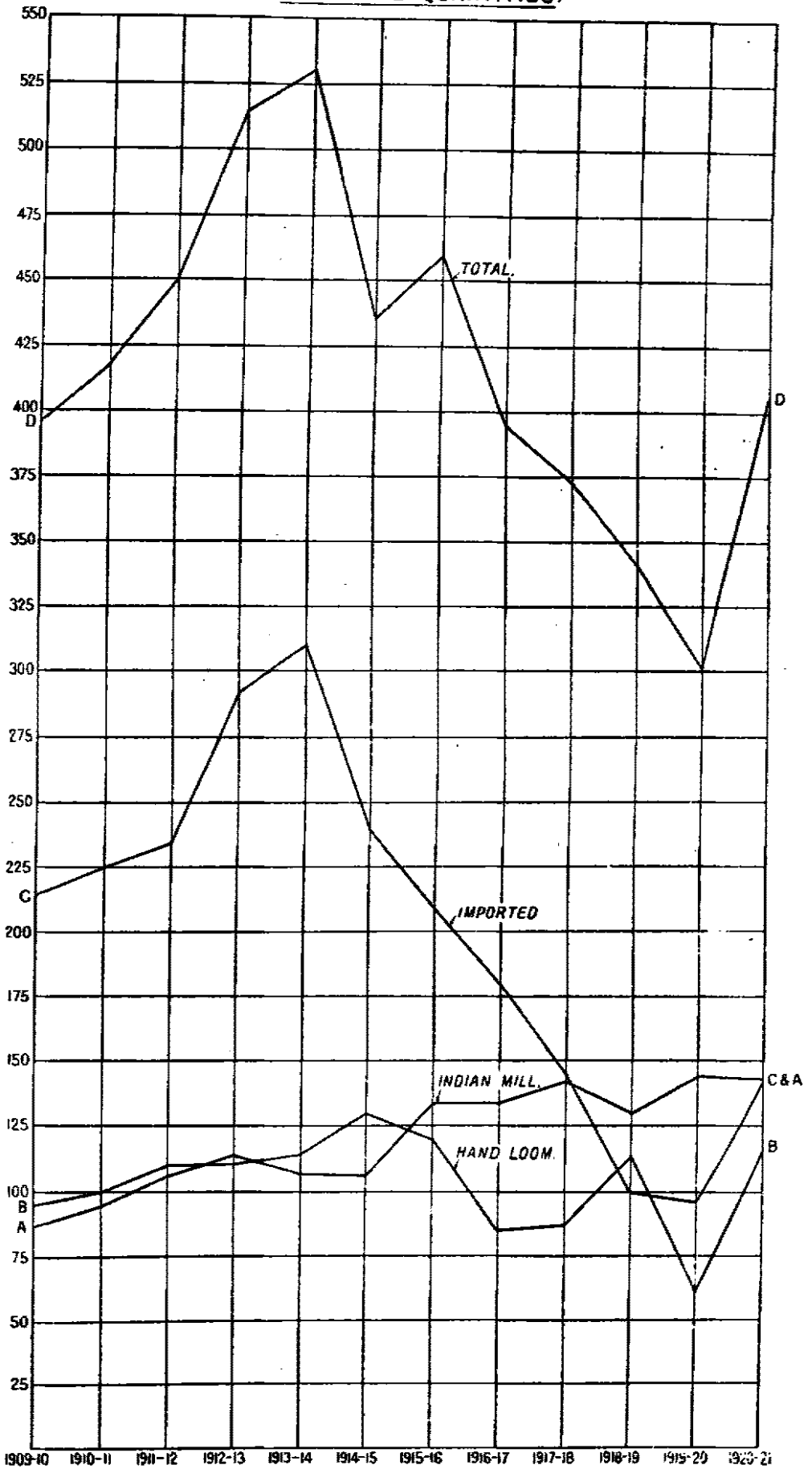
“ Curve B.—The data for this curve was obtained by estimating the amount of cotton yarn consumed by hand-loom weavers and from this, on the assumption that four yards of cloth were on the average produced per lb. of yarn, the quantity of cloth produced was calculated. The quantity of yarn consumed by hand-loom weavers was estimated by adding together the quantity of imported and home produced yarn, and deducting therefrom the quantity exported and the quantity consumed by Indian mills. The remainder it is assumed is consumed by the Indian hand-loom weavers.”

“ In connection with this figure it may be pointed out that the whole of the yarn which goes into consumption in India, other than that which the mills consume, does not go to the making of piece goods, but the amount which is otherwise used has been estimated on good authority to be not more than 10 per cent. of the total, and against this reduction has to be placed the increase due to the use of hand-spun yarn.”

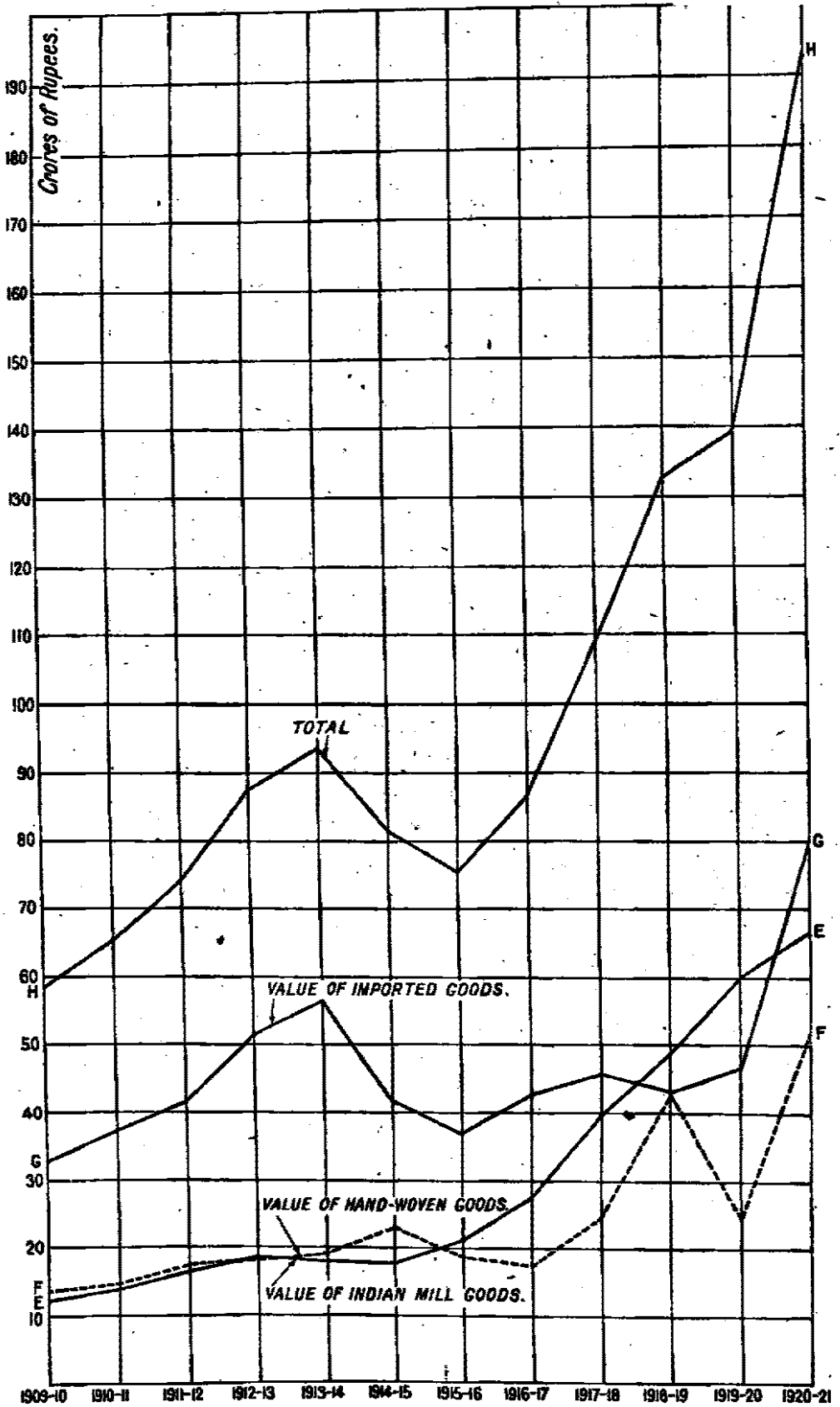
“ Curve C shows the nett consumption in crores of yards of imported piece goods. The figures for the yearly nett consumption are obtained by deducting the re-exports of piece goods from the total imports as given in the Accounts Relating to the Sea-Borne Trade and Navigation of British India.”

“ Curve D is the sum of curves A, B, and C, and represents the total annual consumption of cotton piece goods in India.

**COTTON PIECE GOODS IN INDIA.**  
**DIAGRAM I QUANTITIES.**



**COTTON PIECE GOODS IN INDIA.**  
**DIAGRAM II VALUES.**





*Diagram Number II.*

“ Curve E shows the total value of Indian mill-produced goods consumed in India. The figures in this curve are obtained by multiplying the total quantity of mill-produced goods consumed in India as shown in curve A, diagram I, by an estimated average annual value of such goods. This estimated annual value is based on the assumption that “ the true value of these goods bears a fairly close relationship to the value of imports, and is in general higher than the value based on the amount of excise duty realised.”

“ Curve F shows the total value of hand-woven goods consumed in India. The figures are arrived at by assuming that the value per yard of such goods is the same as the value of mill-produced goods.”

“ Curve G shows the total value of imported piece goods used in India. The figures on which this curve is based are obtained from the official returns of the sea-borne trade—import and re-export returns.”

“ Curve H is the sum of the three curves E, F and G, and shows the total amount, in crores of rupees, which India spends annually on piece goods.”

*The Position of the Trade in June, 1922.*—A steady all-round improvement has been the principal feature of the past two months. The huge stocks of uncleared goods, most of them on account of defaulting dealers, are now being slowly cleared, and even in Bombay, Delhi and Amritsar, where three months ago it was impossible to effect any sales, stocks are now moving, though in many cases at prices which show losses to shippers of as much as 40 to 50 per cent. Further losses remain to be faced before the enormous number of repudiated and overdue drafts, which, early in 1921, are estimated to have reached the stupendous total of £30,000,000, are cleared off. This great incubus has been steadily but slowly reduced, and the most hopeful feature—after a period of twelve months of utter stagnation—is that goods are at last moving into consumption.

There are many hopeful factors in sight. The last wheat crop in Upper India was a good one, grain prices have fallen, and although there has been a tightness of money in the Delhi market, due in a great measure to speculation in grain, there is undoubtedly a greater disposition to purchase cloth. A much easier political feeling has been noticeable throughout India since the end of March and the boycott movement is steadily losing ground. The country districts are almost denuded of cloth, and up country merchants have deferred purchases for so long that the time is imminent when they will be forced to buy. That they cannot pay the prices of 1919-20 is evident from the fact that sales of goods imported at the top of the Manchester market with an exchange of 2s. and over are showing losses of 50 per cent. If the present monsoon is a good one, following upon favourable summer and

winter rains last year, then it is reasonable to hope that buying on a more normal scale will result, and it may well be that stocks at present in the country will be cleared before the end of the year. It would appear that this view is being taken by the large importers in the ports, as purchases on a considerable scale for Calcutta and Bombay, and to a lesser extent Karachi and Madras, have been made on the Manchester Exchange during the past few weeks. India seems to have come into the market this year at the right moment, and those who were first in the field secured considerable quantities of goods at cost price or even below in view of the fact that makers wished to keep their looms going. Home prices have since stiffened, but, even now, would appear to be on a level which India can pay if only local conditions continue as they promise to do and there are no more political upheavals. The first monsoon forecast, issued by the Indian Meteorological Department on June 8th, is favourable, and it is safe to say that at no date during the past twelve months could one have written with the same hopefulness as it is possible to do at the present time. Unless any unforeseen event happens, I think that a steady improvement in the situation should take place during the next year. It is to be hoped that this improvement will be gradual, as anything in the form of a boom would probably result in a reaction which would set back that steady progress which is so urgently required by both shippers and importers alike.

**Cotton Sewing Thread.**—The imports during the year fell away by one-third in quantity. The statistics were as follows:—

Origin.	1920-21.		1921-22.	
	lbs.	Ra. (lakhs).	lbs.	Ra. (lakhs).
United Kingdom ...	1,310,720	85	949,233	70·5
Japan ...	41,396	1	32,782	·5
Other Countries ...	144,010	5	21,664	1
<b>Total ...</b>	<b>1,496,126</b>	<b>91</b>	<b>1,003,679</b>	<b>72·0</b>

British spinners have a strong hold on the Indian market, and their distributing methods leave little to be desired. Japanese competition, which became insistent during the War, has now subsided and dealers are quite satisfied to revert to their old suppliers.

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

Description.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
Twist and yarn ...	—	—
Canvas ...	39	16
Piecegoods ...	5	2
Sewing thread ...	5	3
Other sorts, including bags and sacks ...	11	9
<b>Total ...</b>	<b>60</b>	<b>30</b>

The imports of twist and yarn are negligible, amounting only to Rs.61,000 in 1920-21, and Rs.25,000 in 1921-22. Detailed statistics are not available as to the provenance of the imports. Before the War, the United Kingdom supplied almost the whole of the imports, but Japanese competition was met with during the War, and in 1919-20 Japan supplied one-fourth of the canvas imported. The imports of sewing thread are predominantly British.

**Jute Manufactures.**—Strange as it may seem, there is still a certain import of the finer qualities of jute canvas and gunny bags. The trade, however, is a declining one, as the mills on the Hooghly are constantly weaving finer and finer fabrics.

The provenance of the imports during the past two years was as follows :—

Principal Sources of Origin.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
United Kingdom ... ..	16	8
Ceylon ... ..	8	10
Japan ... ..	1	—
<b>Total imports ...</b>	<b>26</b>	<b>20</b>

**Silk Manufactures.**—This is a very valuable trade but is not one which concerns the British manufacturer to any extent, as the bulk of the demand is for Oriental fabrics, which are supplied by China and Japan. The imports of the various types were as follows :—

Description.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
Silk yarns, noils and warps ... ..	82	44
Goods of silk mixed with other materials	51	16
Silk piece goods ... ..	411	232
Sewing thread ... ..	1	5
Other kinds ... ..	14	6
<b>Total imports ...</b>	<b>559</b>	<b>298.5</b>

Of the yarns, noils and warps, 40 per cent. were obtained from Japan and the balance from China and Italy.

**Silk Mixtures.**—The trade in silk mixtures is the only one in which British makers have any appreciable interest. The imports of mixtures were drawn as follows :—

Origin.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
United Kingdom ... ..	10	5
Germany ... ..	16	2
France ... ..	8	3
Italy ... ..	11	5
Other countries ... ..	7	1
<b>Total ...</b>	<b>52</b>	<b>16</b>

**Silk Piece Goods.**—The imports of silk piece goods are on a large scale as they are particularly suited, on account of their light weight, coolness and durability, for wear in a hot climate such as India. The imports were derived as follows :—

Country of Origin.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
United Kingdom ... ..	11	4
France ... ..	5	2
China (including Hong Kong) ... ..	165	101
Japan ... ..	220	122
Other countries ... ..	10	4
<b>Total</b> ... ..	<b>411</b>	<b>233</b>

Switzerland and the Straits Settlements supply small quantities. The principal port of entry is Bombay. The imports consist, in the main, of light pongee's for men's wear. The average value per yard imported last year was Rs. 1/8. The classing of silk piece goods under the "luxury" heading of the tariff with a duty of 30 per cent. *ad valorem* is likely to restrict the imports to some extent.

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

Description.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
Yarns and knitting wool ... ..	25	19
Blankets ... ..	6	2
Braids ... ..	68	62
Carpets and rugs ... ..	20	12
Hosiery ... ..	32	5
Piece goods ... ..	461	79
Shawls ... ..	1	2
Other sorts ... ..	7	4
<b>Total imports</b> ... ..	<b>552-68</b>	<b>123-62</b>

Half the imports of woollens are imported *via* Bombay for the Punjab, United Provinces and Upper India generally. Karachi also does a large trade with the Punjab, Afghanistan, Baluchistan and North-West Frontier Province. These are the parts of India which enjoy a cold winter climate. Fair quantities enter Rangoon for distribution in the hill tracts of Burma and in Western China.

**Woollen Piece Goods.**—Woollen piece goods constitute by far the most important item, and this is predominantly a Bradford trade. The figures are as follows :—

Principal Countries of Consignment.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
United Kingdom ... ..	412	63
Netherlands ... ..	9	1
France ... ..	11	7
Japan ... ..	20	1
Other countries ... ..	9	7
<b>Total</b> ... ..	<b>461</b>	<b>79</b>

The serious decline in the trade during the past year is almost entirely attributable to the very heavy stocks in Bombay, Karachi, Delhi and Amritsar. Although these stocks will probably be worked off during the coming autumn season, it is likely that the imports in 1922 will also be on a very small scale. It is satisfactory to note that Japanese competition, which became serious in the lower qualities during the war, is now almost eliminated. The Indian woollen mills in Cawnpore, Bombay and Dhariwal (Punjab) are beginning to compete even in the finer serges, &c.

*Woollen Shawls.*—The trade in imported cashmere shawls has never been a British trade. Before the war, Germany and Austria supplied the bulk of India's requirements, and the following statistics show that Germany is regaining her position :—

Origin.	1920-21.		1921-22.	
	Number.	Value (Rs.).	Number.	Value (Rs.).
United Kingdom ...	11,622	76,188	2,666	22,388
Other countries ...	4,650	42,088	41,471	146,078
Total ...	16,272	118,276	44,137	168,466

Although imports from Germany are not separately classified, they form the greater portion of the shipments from other countries. Some idea of the character of the trade can be gained from the average value per shawl, which, last year was Rs. 3/8 (say, 4s. 8d.).

*Carpets and Rugs.*—The trade before the war was worth £150,000, of which the United Kingdom supplied £99,000. Imports, however, have not attained to pre-war values, and there was a considerable shrinkage in imports during the past year :—

Principal Countries of Consignment.	1920-21.	1921-22.
	Rupees.	Rupees.
United Kingdom ...	13,26,758	5,52,563
Belgium ...	66,819	2,223
France ...	53,090	25,385
Asiatic Turkey (including Mesopotamia) ...	67,327	1,23,937
Persia ...	4,09,519	4,36,753
Other countries ...	83,211	33,787
Total ...	20,06,724	11,74,698

British manufacturers continue to hold the market in the good quality carpets for the European and the best Indian demand. 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. The imports from France and Belgium (and also from Germany before the war) consisted mainly of printed tapestry carpets for the bazaar demand. There is a fair trade in sealskin rugs, which is largely in British hands.

**Machinery and Millwork.**—The outstanding feature of the year has been the prodigious import of machinery of all kinds, and this item now takes third place in the import trade, being exceeded only by cotton textiles and sugar. The following table shows the origin of the imports of machinery and millwork during the past two years :—

Countries of consignment.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
United Kingdom ... ..	17,53	28,32
Germany ... ..	17	55
Switzerland ... ..	3	11
Japan ... ..	12	4
United States... ..	4,02	4,51
Other countries ... ..	50	72
<b>Total ... ..</b>	<b>22,37</b>	<b>34,25</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.	1920-21.	1921-22.
	Per cent.	Per cent.	Per cent.
United Kingdom ... ..	90·0	79	82·5
United States... ..	3·0	17	13
Germany ... ..	5·5	·75	1·5
Other Countries ... ..	1·5	3·25	3
	100·0	100·00	100·00

It is most satisfactory to note that, although the United Kingdom has not yet attained her pre-war position, she bids fair to do so in a few years' time and is recovering ground lost during the war in a remarkable way. Although American shipments have steadily declined in the aggregate, United States competition is still serious in many branches, such as electrical plant, sawmilling and woodworking machinery, agricultural machinery, machine tools and industrial plant of all kinds. Moreover, by dint of active representation on the spot she is obtaining a footing in very many lines which have hitherto been supplied by British makers. This question is treated at greater length in Chapters III. and IV. when dealing with the purchase of Government stores and methods

of representation respectively. The increase in the imports of German machinery consists principally of rice mills for Burma and a certain amount of oil mill and sugar machinery. The great advantage of the depreciated mark exchange which resulted in many orders being placed in Germany during the early part of 1921 is now offset by rising prices and uncertain deliveries.

The steady increase in the imports of machinery into India, which have more than trebled in value during the past three years, despite falling prices, is partly due to the renewals to plant which had depreciated during five years of war, but mainly to the important industrial revival in India which reached its apogee in the industrial boom of 1919. Although a setback has been experienced during the past year of world-wide depression, and there has been a pruning of the less sound concerns, the cotton and jute industries have taken very large quantities of plant which was ordered after the close of the war. In view of the number of sound industrial propositions which are merely awaiting a favourable money market before they are floated, it would appear that the Indian market for machinery and plant of all kinds is likely to expand still further, and I look forward to an increasing off-take of British machinery in the future.

The following table shows the principal types of machinery imported during the past two years:—

Description.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
Prime movers (other than electrical) ...	2,44	2,89
Electrical machinery ... ..	2,19	3,90
Boilers ... ..	1,59	2,55
Boot and shoe manufacturing machinery...	5	2
Leather tanning and curing machinery ...	8	6
Machine tools ... ..	1,38	84
Metal working machinery ... ..	17	40
Mining machinery ... ..	30	62
Oil crushing and refining machinery ...	8	55
Paper mill machinery ... ..	32	34
Refrigerating machinery ... ..	23	16
Rice and flour mill machinery ... ..	55	64
Saw mill and wood working machinery ...	18	29
Sewing and knitting machines, and parts thereof ... ..	68	29
Sugar machinery ... ..	18	88
Tea machinery ... ..	39	27
Textile machinery—		
Cotton—		
Spinning machinery ... ..	151	458
Weaving machinery ... ..	150	226
Bleaching and dyeing machinery ...	5	18
Printing machinery ... ..	—	—
Other sorts ... ..	60	62
Jute machinery ... ..	278	432
Shuttles (excluding those for sewing machines) ... ..	14	17
Other sorts ... ..	13	69
Typewriters ... ..	36	16
Typewriter parts and accessories ... ..	4	2
Other sorts of machinery ... ..	414	640

It is not yet possible to give detailed figures of the origin of the imports of each specific type of plant. The subjoined figures relating to electrical plant show that British makers are steadily improving their position :—

Countries of Consignment.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
United Kingdom ... ..	149	296
United States of America ... ..	67	81
Other countries ... ..	3	13
Total ... ..	<u>219</u>	<u>390</u>

As usual, Bengal stood first among the provinces importing machinery, followed closely by Bombay and then Burma, Madras and Sind.

**Iron and Steel.**—During the past year, for the first time, iron and steel was displaced from its position and now takes fourth place in order of importance in the import trade, the total imports amounting to 21 crores of rupees. The year was a most difficult one for importers as prices fell continuously. Early in 1921 the f.o.b. price of British structural steel was £22-23 per ton, whilst at the end of the year it was below £9. Freights within the same period fell over 50 per cent. The lower rates of exchange that prevailed towards the end of 1921 in a small measure neutralised the fall in the f.o.b. price, but, generally speaking, the c.i.f. cost of iron and steel may be taken as having fallen 50 per cent. during the year. The Calcutta Import Trade Association, in their Annual Review of 1921, state that—

“The position of stockholders has been an unenviable one. In the earlier months of 1921, large shipments arrived, the indents for which were placed some months previously. In the interim the demand had fallen off. The principal consumers, Railways and Government Departments, (as a result of financial stringency), ceased buying except on a very limited scale. On account of the general trade depression, there was but little call for structural steel for new mills and other industrial concerns. The already difficult position of stockholders became aggravated by forced sales made by banks, and by large quantities of war material offered by the Indian Munitions Board. It is believed that substantial losses have been faced by most firms engaged in the metal side of the import trade.

“The coal strike that took place in Great Britain in April caused the business that was then offering to be diverted to the Continent. At the end of the year British makers showed a disposition to meet Continental competition, but, on account of the existing stocks in the different Indian ports and the absence of demand, no orders of any importance have been placed.

“The trade on the whole may be congratulated on having survived a very trying period. It is said that, on account of the failure of a number of bazaar importers to keep their engagements, there has been a strong reaction on the part of many British exporting houses, who have hitherto done direct business, against further dealing with the bazaar. This, however, is not likely to become a prominent issue until conditions again become normal.”



Turning now to the statistical side, the following shows the sources of origin in pre-war and recent years.

Year.	From the United Kingdom.	From Germany.	From Belgium.	From United States of America.	From Japan.	From other countries.	Total.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
1913-14	609,200	200,100	173,000	22,000	—	13,900	1,018,200
1919-20	269,300	900	13,200	134,500	2,200	6,800	426,900
1920-21	498,300	15,100	68,900	113,000	800	15,800	711,900

The statistics available for 1921-22 do not permit of classification in this way, so I propose to show the origin of the imports last year according to the class of iron and steel imported, which will be useful as showing where foreign competition is most serious.

Description.	From the U.K.	From U.S.A.	From Belgium.	From Germany.	Total Imports.
	Tons.	Tons.	Tons.	Tons.	Tons.
Iron—Bar and Channel ...	7,433	151	7,902	*	16,919
Iron or Steel—					
Beams, pillars, girders and bridgework.	21,720	2,357	*	*	58,037
Bolts and nuts ... ..	2,293	389	*	*	4,219
Hoops and strips ... ..	12,055	2,632	*	*	17,825
Nails, rivets and washers (other than wire nails).	3,470	143	1,367	876	7,117
Cast pipes and fittings ...	12,976	4,019	*	*	17,395
Galvanized sheets and plates	83,272	4,016	*	*	88,341
Tinned plates ... ..	24,207	535	*	*	24,747
Plates not galvanized or tinned.	26,802	1,907	16,010	14,733	61,056
Wrought tubes, pipes and fittings.	10,114	25,910	514	2,795	40,779
Wire nails ... ..	295	70	3,570	3,179	7,254
Steel bars and channel ...	17,616	12,803	73,124	19,770	136,704

\* Not separately distinguished.

The total imports of iron and steel and manufactures thereof fell from 31 crores of rupees in 1920-21 to 21 crores in the year under review. This is principally due to the fact that the heavy purchases made at the close of the war were mainly shipped by the end of the first half of the year and buyers hesitated to undertake further commitments at a time of falling prices. While the United Kingdom and the United States have both been affected by the reduction of the trade, it is satisfactory to note that British shipments have not declined to the same extent as American. The most remarkable feature of the year has been the recovery by the Continent of its position in the Indian steel

trade. Belgian and German suppliers are largely regaining their pre-war position and the former now lead the way in the import trade in steel bars and channels. Dealing with the various articles in turn for 1921-22 as compared with the previous year and confining ourselves to quantities, which is the safest criterion, we find that in beams, pillars and bridgework the share of the United Kingdom and the United States of America each fell by two-thirds, while that of "other countries"—mainly Belgium and Germany—increased from 8,000 to nearly 34,000 tons. The total trade in bolts and nuts fell away by one half, and here again, while British and American supplies were heavily reduced, the Continent's share rose by nearly 1,000 tons. The trade in hoops and strips has hitherto been largely a British trade, but in the year under review British shipments fell from 19,000 to 12,000 tons, American from 3,746 to 2,632 tons, while other countries advanced from 635 to 3,138 tons. The total imports of nails, rivets and washers (other than wire nails) fell from 13,000 to 7,000 tons. British shipments were reduced from 7,450 to 3,470 tons, American from 1,022 to 143 tons, while Belgian supplies advanced from 719 to 1,367 tons and German from 110 to 876 tons. As regards cast pipes and fittings, the British share fell from 20,536 to 12,976 tons and the American from 4,288 to 4,019 tons in a total trade reduced from 25,116 to 17,395 tons.

The trade in galvanised sheets and plates has always been one of the most important items. In 1913-14 the total imports into India amounted to no less than 277,595 tons, of which the United Kingdom supplied 274,759. During the war the trade was reduced to very small proportions, but has since steadily increased from 58,000 tons in 1919-20 to 67,000 tons in 1920-21 and 88,000 tons in the year under review. Of this last total, the United Kingdom furnished 83,272 tons valued at over 3 crores of rupees, America 4,016 tons value 17 lakhs, and other countries 1,053 tons value 4 lakhs. British suppliers are steadily regaining their hold of this valuable trade. The imports of tinned plates fell from 49,934 to 24,747 tons, of which 24,207 tons were derived from the United Kingdom and 535 tons from the United States. Plain steel plates and sheets is a valuable item of import. The total trade fell from 98,791 tons to 61,056 tons. Supplies from the United Kingdom dropped from 67,000 to 27,000 tons and American shipments from 20,000 to 2,000 tons. On the other hand, Belgian shipments increased from 7,588 tons to 16,010 tons and German supplies from 1,710 tons to 14,733 tons. In wrought tubes, pipes and fittings, the United States continues to maintain her predominant position. The total trade remained steady at 40,779 tons, of which 25,910 were drawn from America, 10,114 from the United Kingdom, 2,795 from Germany, and 1,034 from Holland. The trade in wire nails is now almost entirely a Continental trade. Of a total import of 7,254 tons, Germany supplied 3,179 tons and Belgium 3,570 tons. British

shipments only amounted to 295 tons. It is unfortunate that details are not yet available with regard to the sources of origin of imported wire rope. The total imports fell from 2,965 tons in 1920-21 to 2,145 tons in 1921-22, of which 619 tons was galvanised and 1,526 tons black wire rope.

Finally, we come to the large trade in bars and channels, of which, normally, steel bars account for over 96 per cent. The total trade fell from the relatively high level of 148,000 tons in 1920-21 to 136,704 tons, valued at 2.9 crores, in the year under review. The principal supplier was Belgium with 73,124 tons (53 per cent.); then Germany with 19,770 tons (14 per cent.); the United Kingdom, 17,616 tons (13 per cent.); United States, 12,803 tons (9 per cent.); and other countries 13,391 tons.

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

	1920-21.			1921-22.		
	Private.	Govt.	Total.	Private.	Govt.	Total.
	Rs. (lakhs)	Rs. (lakhs)	Rs. (lakhs)	Rs. (lakhs)	Rs. (lakhs)	Rs. (lakhs)
Carriages and wagons ...	6,54	1,00	7,54	8,90	1,51	10,41
Locomotive engines and tenders.	4,33	1,25	5,58	5,91	77	6,68
Bridge work ... ..	23	—	23	80	—	80
Bails, chairs, and fish plates of steel or iron.	1,29	8	1,37	1,50	5	1,55
Sleepers and keys of steel or iron.	78	—	78	92	1	93
Sleepers of wood ... ..	48	—	48	23	—	23
Other kinds ... ..	48	2	50	65	8	73
<b>Total ... ..</b>	<b>14,13</b>	<b>2,35</b>	<b>16,48</b>	<b>18,91</b>	<b>2,42</b>	<b>21,33</b>

Details are not yet available with regard to the origin of railway material imported on Government account, but it is safe to assume that at least 95 per cent. was obtained from the United Kingdom. The following table shows the source of the imports on private account.

Country of Consignment.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
United Kingdom ... ..	13,48	18,40
Canada ... ..	21	2
United States ... ..	22	13
Australia and New Zealand ... ..	12	20
Other Countries ... ..	10	16
<b>Total Imports ... ..</b>	<b>14,13</b>	<b>18,91</b>

The position of the United Kingdom in supplying 97 per cent. of the requirements of company-worked lines in India is eminently satisfactory and now that the Government of India are committed to a capital expenditure programme of 150 crores of rupees (say, £100,000,000) during the next five years it is practically certain that the imports will continue to expand. Competition, both from Indian and foreign sources, is likely to be much more serious in the future and this question is of such vital interest to British suppliers of railway rolling stock and plant that I am devoting special consideration to it in Chapter III, page 89, when treating of Government stores.

**Motor Vehicles.—Motor Cars.**—Number of motor cars imported :—

Year.	From United Kingdom.	From United States.	From Canada.	From France.	From Italy.	Total.
1913-14 (pre-war)	1,669	868	—	111	7	2,880
1920-21 ... ..	2,541	10,120	1,938	192	218	15,432
1921-22 ... ..	790	802	576	158	222	2,995

The last year has been a most difficult one in the motor trade. Very heavy stocks at high prices were brought over from the preceding year when a great deal of overtrading took place. Shipments were further checked by the heavy import duty of 20 per cent., which has been raised still further to 30 per cent. in the present financial year. There is little doubt that this high impost will tend to check the import of cars into India and it is feared that it will fall particularly heavily on the more expensive British cars and will bring their cost beyond the means of most buyers, thus tending to encourage the sale of the cheaper American car. While it will be seen from the above table that the United States shipments were greater in quantity than those from the United Kingdom, a study of the values shows that the United Kingdom led with 84 lakhs of rupees and the American shipments were only valued at 38 lakhs, showing conclusively that the average value of the British car is more than double that of the American. The imports from Canada consisted mainly of Ford cars, the Ford Company having allotted the Indian market to their Canadian factory. Calcutta headed the list of ports of entry with a total of 1,005 cars, Bombay 968, Madras 425, Rangoon 318 and Karachi 179.

The following statement shows the number of the various kinds of motor vehicles registered in the different provinces of British India up to 31st March, 1922 :—

## Statement of Motor Vehicles Registered up to 31st March, 1922.

	Motor Cars.	Motor cycles including Scooters.	Heavy Motor Lorries, &c.	Total.
Bengal ... ..	8,834	2,111	693	11,638
Madras City* ... ..	570	88	29	687
Madras Presidency ... ..	1,492	1,022	328	2,842
Delhi <sup>o</sup> ... ..	152	68	20	240
Central Provinces ... ..	933	506	34	1,473
Karachi ... ..	756	434	114	1,304
United Provinces ... ..	3,250	1,503	577	5,330
Bombay ... ..	7,430	1,893	642	9,965
Punjab ... ..	2,675	1,663	552	4,890
Bihar and Orissa† ... ..	1,758	507	126	2,391
Burma ... ..	3,915	1,734	347	5,996
Ajmer-Merwara ... ..		Not yet available.		
North-West Frontier Province* ... ..	110	93	20	223
Assam ... ..	340	110	23	473
<b>Total‡ ... ..</b>	<b>32,215</b>	<b>11,732</b>	<b>3,505</b>	<b>47,452</b>

\* Relates to financial year 1921-22.

† Relates to the period up to 31st December 1921.

‡ Excludes Ajmer-Merwara.

*Motor Cycles.*—Although there was a considerable falling-off in the trade, British makes held their own as against foreign competition, as the following figures show:—

Origin.	1920-21.		1921-22.	
	Number.	Rs.	Number.	Rs.
United Kingdom ... ..	3,744	40,03,992	542	6,95,630
United States... ..	1,236	11,87,394	97	1,27,020
Other Countries ... ..	199	1,58,624	95	64,533
<b>Total Imports ... ..</b>	<b>5,179</b>	<b>53,50,010</b>	<b>734</b>	<b>8,87,183</b>

*Motor Lorries.*—Imports fell from 2,885 vehicles valued at Rs.223 lakhs in 1920-1921, to 580 vehicles valued at Rs.29½ lakhs in the year under review. The progress of motor transport for goods in India is very slow, and although a few transport companies in the large ports are making great efforts and are doing valuable pioneer work, there is a great deal of conservatism to be overcome. A good beginning, however, has been made, and it is likely that when trade improves and money becomes available for extensions, we shall see a considerable expansion of motor transport both for passengers and goods.

**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.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
United Kingdom ... ..	179	119
Netherlands ... ..	12	26
Straits Settlements ... ..	42	43
Australasia ... ..	22	21
Japan ... ..	3	2
United States ... ..	71	35
Imports from all sources ...	361	270

The most important articles imported are the following :—

Principal articles.	Average of 5 years 1909-10 to 1913-14.	1920-21.	1921-22.
	Cwts.	Cwts.	Cwts.
Farinaceous and patent foods ...	255,900	254,974	273,772
Canned and Bottled Provisions ...	86,100	134,325	80,826
Biscuits and Cakes ... ..	72,900	41,861	13,923
Milk (condensed and preserved), including Milk Cream.	103,300	61,759	81,536
Jams and Jellies ... ..	17,400	16,658	11,064
Bacon and Hams ... ..	14,500	8,216	10,136
Cocoa and Chocolate ... ..	4,600	7,154	3,482
Cheese ... ..	11,700	10,558	7,711

Although the total trade showed a considerable decline during the year, it is noteworthy that British supplies maintained their position, and that American shipments were reduced to a much greater extent. The trade is suffering from the increased import duties, which now amount to 15 per cent. on all general provisions, and 30 per cent. on confectionery. The large British trade in sweetmeats and confectionery is already being seriously curtailed and the enhanced duties give a strong protection to the few Indian factories which produce sweets. The leading British shippers will do well to consider the desirability of establishing depots and factories in India for the manufacture of those articles for which raw materials can be readily obtained.

**Liquors.**—*Ale, Beer, and Stout.*—The subjoined table shows the imports in lakhs of rupees during the past two years :—

Country of Consignment.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
United Kingdom ... ..	80	65
Netherlands ... ..	5	8
Japan ... ..	7	8
Other Countries ... ..	8	16
Total ... ..	100	97

Before the war, the United Kingdom supplied 86 per cent., her only serious competitor being Germany with 11 per cent. During the war, when British supplies were cut off, light Japanese beers invaded the market, but these have now been largely ousted. The outstanding feature of the past year has been the entry of German beers into India, the greater part of the imports under the heading "other countries" being of German origin.

*Spirits.*—The following table shows the quantity and value of the total imports of spirits during the past two years :—

Origin.	1920-21.		1921-22.	
	Gals. (1,000).	Rs. (lakhs).	Gals. (1,000).	Rs. (lakhs).
United Kingdom ...	1,063	203	708	159
France... ..	421	77	204	46
Java ... ..	572	11	438	10
United States... ..	35	12	20	9
Germany ... ..	4	1	20	3
<b>Total Imports ...</b>	<b>2,223</b>	<b>316</b>	<b>1,478</b>	<b>235</b>

The United Kingdom supplies practically the whole of the whisky imported, and France the greater portion of the brandy. Imports from Java consisted mainly of cheap rum, while American imports were largely of spirit present in drugs, medicines or chemicals and of perfumed spirit.

*Wines.*—The imports of wines declined heavily during the year, the figures being :—

1919-20	1920-21	1921-22
45 lakhs.	64 lakhs.	38 lakhs.

*Paper and Pasteboard.*—After a very great expansion in 1920-21 the total imports under this heading have fallen considerably.

1920-21	1921-22
Rs. (lakhs).	Rs. (lakhs).
730	234

#### *Printing Paper.*

Principal Countries of Consignment.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
United Kingdom ... ..	116	23
Sweden ... ..	39	12
Norway ... ..	76	19
Germany ... ..	6	7
Belgium ... ..	9	4
United States ... ..	16	2
<b>Imports from all sources ...</b>	<b>285</b>	<b>73</b>

It is noteworthy that Japanese competition is now practically eliminated, the imports from Japan last year being Rs.38,860 American competition also is less insistent.

*Writing Paper and Envelopes.*—In this item, the United Kingdom has improved its relative position, although in a greatly reduced trade. Here again American competition, which at the close of the war was considerable, is now a minor factor. The imports were as follows :—

Principal Countries of Consignment.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
United Kingdom ... ..	111	32
Sweden ... ..	13	2
Norway ... ..	27	2
Germany ... ..	4	3
Japan ... ..	9	1
United States ... ..	29	2
<b>Total imports ...</b>	<b>204</b>	<b>48</b>

*Packing Paper.*—The imports declined by nearly two-thirds during the year.

Country of Origin.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
United Kingdom ... ..	16	9
Sweden ... ..	7	3
Norway ... ..	12	1
United States ... ..	9	1
<b>Total imports ...</b>	<b>53</b>	<b>19</b>

As I stated in my last report, the most effective competition which will have to be met in the future will be that from the Indian mills. The production of the Indian paper mills in 1920 amounted to 29,400 tons, as compared with 31,000 tons in 1919, and 31,400 tons in 1918. The leading concerns continue to distribute good dividends.

*Chemicals and Chemical Preparations.*—The offtake of chemicals and chemical preparations during the past two years has been as follows :—

1920-21 Rs. (lakhs).	1921-22 Rs. (lakhs).
266	191

The following table showing the percentage share of the principal countries of consignment for the years 1913-14, 1920-21



and 1921-22 indicates that the United Kingdom is holding its position in the trade.

		Pre-war. 1913-14.	1920-21	1921-22
		per cent	per cent.	per cent.
United Kingdom	... ..	74·7	75·6	71·4
Japan	... ..	1·5	5·1	1·5
Italy	... ..	5·2	8·8	2·2
United States	... ..	·3	8·2	5·5
Germany	... ..	12·4	2·8	11·9
Other Countries	... ..	5·9	4·5	7·5
		100·0	100·0	100·0

The total imports of chemicals and chemical preparations (excluding chemical manures and medicines) during the past two years have been as follows :—

Principal Countries of Consignment.		1920-21. £	1921-22. £*
United Kingdom	... ..	2,011,502	909,133
Germany	... ..	75,372	151,600
Italy	... ..	101,204	28,333
Japan	... ..	135,263	19,466
United States	... ..	218,094	70,800
Total Imports		2,661,420	1,273,000

\* Converted at an approximate exchange of 1s. 4d.

**Dyeing and Tanning Substances.**—The total imports of dyes obtained from coal tar were as follows :—

Origin	1920-21.		1921-22.	
	lbs. (1,000).	Rs. (lakhs).	lbs. (1,000).	Rs. (lakhs).
United Kingdom	3,467	94	2,960	78
Germany	3,653	117	5,855	138
Belgium	391	13	372	7
Switzerland	317	15	696	22
United States	2,013	76	756	26
Total Imports	10,630	336	11,614	292

Of these, aniline dyes are the most important, although India provides one of the most valuable overseas markets for alizarines. The imports of each were as follows :—

Description.	1920-21.		1921-22.	
	lbs. (1,000).	Rs. (lakhs).	lbs. (1,000).	Rs. (lakhs).
Alizarine dyes	3,883	73	5,723	75
Aniline dyes	6,738	263	5,870	217
Others	9	—	21	—
Total	10,630	336	11,614	292

German competition has greatly increased during the past year, and the British makers are faced with a very serious position in India. After perfecting their distributing organisation throughout the country, they are now confronted with heavy German shipments which, owing to the depreciated value of the mark, are being sold at extraordinarily low rupee prices. The German producers have appointed mercantile agents in Bombay and other centres, and are steadily reviving their pre-war organisation. Even the reduced British imports of the past year can not be taken as representing the true position, unless one mentions that they include large quantities of reparation dyestuffs imported for account of the Government of India. American competition is less insistent, but it will be noted that the imports from Switzerland have more than doubled in quantity.

**Soap.**—The imports show a large reduction during the year owing to depressed trade and a large carry-over of stocks from 1920. It is gratifying to observe that, thanks to their excellent organisation, the trade in household and laundry soap is almost exclusively in the hands of the leading British makers. There is some American competition in high-grade toilet soaps, and in shaving soaps American brands find a ready sale. There is also some import of the cheaper toilet soaps from Japan. On the whole, however, British interests in this trade are well looked after. An Indian company has recently been floated by one of the largest British makers for the manufacture of bar soap in Bengal. Imports are classified by the Customs under three main headings—household and laundry soap, toilet soap, and other sorts. The quantities and values of each imported in 1920-21 and 1921-22 were as follows:—

Description.	1920-21.		1921-22.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
Household and laundry soap in bars or tablets.	252,318	77	216,262	73
Toilet soap ... ..	49,695	59	11,258	13
Other sorts ... ..	11,403	5	5,162	3
<b>Total ... ..</b>	<b>313,416</b>	<b>141</b>	<b>232,682</b>	<b>89</b>

The origins of the total imports were as follows:—

Origin.	1920-21.		1921-22.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
From United Kingdom ...	302,042	131	229,511	86·5
“ other Countries ... ..	11,374	10	3,171	2·5
<b>Total ... ..</b>	<b>313,416</b>	<b>141</b>	<b>232,682</b>	<b>89</b>

**Paints and Painters' Materials.—Paints and Colours.**—After the abnormally heavy imports of 1920-21, the total trade last year was reduced by one-third from 152 to 103 lakhs of rupees. The position is as follows :—

Principal Countries of consignment.	1920-21.		1921-22.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
From United Kingdom	292,930	126	208,275	79
" Japan ... ..	5,250	2	9,308	3·5
" U.S.A. ... ..	22,291	14	6,891	6·5
" other Countries	26,612	10	39,492	14
<b>Total ...</b>	<b>347,083</b>	<b>152</b>	<b>263,966</b>	<b>103</b>

The reduction in American imports is worthy of note, and also the fact that certain shipments from Germany were included in the heading "other countries."

**Painters' Materials.**—These comprise :—

Description.	1920-21.		1921-22.	
	Cwts.	Rs. (lakhs).	Cwts.	Rs. (lakhs).
Genuine turpentine ...	6,804	6	3,241	3
Turpentine substitute	2,811	1	2,172	1
Varnish ... ..	33,003	31	12,907	13
Other kinds ... ..	Not available.	5	Not available.	4
<b>Total ...</b>	<b>—</b>	<b>43</b>	<b>—</b>	<b>21</b>

Particulars are not yet available with regard to countries of origin in 1921-22, but in 1920-21 the United Kingdom supplied 85 per cent. of the genuine turpentine, 48 per cent. of the reduced turpentine, and 87 per cent. of all varnishes.

**Drugs and Medicines (excluding Chemicals and Narcotics).**—This valuable trade showed steady progress over a long series of years until 1920-21, but the slump of last year is reflected by decreased quantities and values. The following table indicates the present position :—

Description.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
Camphor ... ..	27	21
Cassia Lignea ... ..	13	13
Proprietary and patent medicines ...	28	20
Quinine Salts ... ..	35	28
Other sorts ... ..	108	76
<b>Total ... ..</b>	<b>211</b>	<b>158</b>

Sixty per cent. of the camphor imports were drawn from Japan. Very severe competition is encountered from Java in quinine salts, and American competition in proprietary and patent medicines is growing.

The total imports of drugs and medicines have been derived as follows :—

Country of origin.	1920-21. £	1921-22. £*
United Kingdom ... ..	1,082,121	482,866
China (exclusive of Hong Kong) ... ..	74,144	68,800
Japan ... ..	285,697	137,866
Java ... ..	97,143	463,266
United States ... ..	187,503	74,200
<b>Total Imports ... ..</b>	<b>2,112,827</b>	<b>1,055,800</b>

The enormous increase in the imports of quinine from Java is somewhat disconcerting from the British point of view, particularly as the importers of British quinine were under-cut in price throughout the year by a wide margin.

**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.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
Apparel (including drapery, uniforms and accoutrements) ... ..	182	60
Gold and silver thread ... ..	72	23
Hats, caps, bonnets and hatters' wear... ..	43	15
Lametta ... ..	12	7
Second-hand clothing ... ..	15	6
Waterproofed clothing ... ..	2	2
<b>Total Imports ... ..</b>	<b>326</b>	<b>113</b>

The provenance of the imports was as follows :—

Origin.	1920-21. Rupees (lakhs).	1920-22. Rupees (lakhs).
United Kingdom ... ..	161	53
France ... ..	77	22
Italy ... ..	14	4
Japan ... ..	31	11
U.S.A. ... ..	10	2
Other Countries ... ..	33	21
<b>Total ... ..</b>	<b>326</b>	<b>113</b>

There are very few comments to make on what was a colourless year in this trade. Heavy stocks were brought over from the previous period and trade was very slack throughout 1921. Moreover, the import duty was raised from  $7\frac{1}{2}$  per cent. to 11 per cent in March, 1921, and further to 15 per cent. in March, 1922, and this may tend to discourage imports of the more expensive classes of apparel. The fall in French imports is due to a reduced off-take of gold and silver thread and lametta.

\* Converted at an approximate rate of 1s. 4d.

**Hosiery.—Cotton Hosiery.**—The Indian market is a valuable one with great prospects for expansion. The trade, however, fell away by two-thirds during the past year. The following were the types of hosiery imported :—

Article.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
Underwear ... ..	109	39
Other sorts ... ..	82	24
<b>Total Imports</b> ... ..	<b>191</b>	<b>63</b>

The following table shows the provenance of the imports :—

Origin.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
United Kingdom ... ..	18	4
Japan ... ..	139	45
United States ... ..	22	1
Other Countries ... ..	12	13
<b>Total</b> ... ..	<b>191</b>	<b>63</b>

This is a trade in which British hosiery manufacturers have never been able to compete, consisting as it does mainly of the cheapest types of singlets, socks, etc., for the bazaar trade. The United States competes principally in the better qualities, but during the past year her place has largely been taken by Germany which country, before the war, supplied nearly 20 per cent. of the total trade.

**Woollen Hosiery.**—Here again, the slump in trade has curtailed imports very considerably, the total imports being :—

1920-21	1921-22
Rs3,204,903	Rs.548,300

Detailed statistics as regards the origin of the imports are not yet available.

**Haberdashery and Millinery.**—The principal headings are :—

Article.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
Lace and embroidery ... ..	83	11
Towels not in the piece ... ..	13	1
Other sorts ... ..	205	51
<b>Total Imports</b> ... ..	<b>301</b>	<b>63</b>

and the imports were from the following sources :—

Principal Countries of Consignment.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
United Kingdom ... ..	128	30
France ... ..	15	5
Switzerland ... ..	84	5
Italy ... ..	17	2
Japan ... ..	30	7
Other Countries ... ..	27	14
<b>Total</b> ... ..	<b>301</b>	<b>63</b>

The great reduction in Swiss embroideries is noticeable.

**Boots and Shoes.**—The figures show a very serious contraction in the trade.

Country of Origin.	1920-21.		1921-22.	
	Pairs.	£	Pairs.	£*
United Kingdom ...	710,623	569,548	110,945	66,933
United States ...	259,019	432,272	25,151	24,066
<b>Total imports ...</b>	<b>1,071,029</b>	<b>1,058,324</b>	<b>171,912</b>	<b>102,733</b>

\* Converted at an approximate exchange of 1s. 4d.

This reduction in the total imports is primarily due to the heavy stocks brought forward from the previous year, and the disorganisation and depression in the bazaar trade which delayed the settlement of overdue accounts, and consequently the clearance of the goods. In my last report I dealt at some length with the developments which are going on in the local manufacture of boots and shoes in India. Since then I have despatched to the Department of Overseas Trade 22 sample pairs of boots and shoes manufactured at the modern factory of the India Leather Manufacturing Co., Ltd., Calcutta, and firms interested would do well to examine these specimens of what India can produce. The samples were purchased in the Calcutta market, and ex-factory wholesale prices are attached. The goods were manufactured in a factory equipped with the latest plant provided by the United Shoe Machinery Co., and under the supervision of expert boot makers from the United Kingdom. A glance at the quality, shapes and styles will show that these locally made boots and shoes are likely to be a serious competing factor in the future. India produces the leather required. The machinery is the latest and best that the world can provide, and the supervision and designing are in the hands of experts. It is to be feared that our trade in the ordinary type of cheap footwear will tend to decline in future.

**Leather.**—The import statistics may be summarised as follows :—

Description.	1920-21.		1921-22.	
	Rupees (lakhs).	Rupees (lakhs).	Rupees (lakhs).	Rupees (lakhs).
Hides, tanned or dressed ...	...	12	...	3
Skins, tanned or dressed ...	...	9	...	3
Unwrought leather ...	...	12	...	4
Leather cloth ...	...	6	...	4
Artificial leather ...	...	3	...	-24
<b>Total imports ...</b>	...	<b>42</b>	...	<b>14-24</b>

Far more important, however, are the imports of leather manufactures, which (excluding boots and shoes and belting for machinery) comprise the following main items :—

Description.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
Bags and trunks ... ..	7	1
Pickers ... ..	12	12
Picking bands and straps ... ..	19	8
Roller skins ... ..	16	17
Saddlery and harness ... ..	7	2
Other sorts ... ..	25	12
Total imports ... ..	86	52

It will be observed that while the trade in industrial leather goods used in the cotton and jute mills remained on the whole stationary, those items which depended on the public demand showed a heavy decline. The following table shows the origin of the total imports of leather and leather goods.

Principal Countries of Consignment.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
United Kingdom ... ..	107	59
Ceylon ... ..	2	1
Australia (including New Zealand) ... ..	2	1
Japan ... ..	4	1
United States ... ..	11	2
Other countries ... ..	3	3
Total ... ..	129	67

The United Kingdom has more than maintained her relative position largely because the slump took place in those articles, such as bags and trunks and fancy leathers, where there is normally the keenest competition. The trade in the supplies for the textile industries is still a solidly British trade.

### Belting for Machinery.

Principal Countries of Consignment.	1920-21.	1921-22.
	£	£*
United Kingdom ... ..	1,310,532	590,000
United States ... ..	107,108	62,000
Germany ... ..	57	6,800
Total imports ... ..	1,460,962	672,533

It will be observed that, while British makers have the lion's share of the trade, alike in leather, hair and balata belting, American competition is rapidly growing, especially in leather belting. In 1920-21, nearly 75 per cent. of the imports from the

\* Converted at an approximate exchange of 1s. 4d.

United States consisted of leather belting and the leading combine of American manufacturers have recently had a representative in India, who has placed agencies for each of the constituent firms in the hands of active local merchants. We may therefore expect to see much more active competition than hitherto, particularly as it is understood that the American makers are granting very favourable terms to their agents with a view to stimulating an active selling organisation. The re-entry of Germany into this trade is noteworthy.

**Books and Printed Matter.**—This has always been an almost exclusively British trade. The most recent figures are :—

1920-21.	1921-22.
Rupees.	Rupees.
65,99,989	54,47,735

**Stationery (excluding Paper).**—There were large imports of stationery for Government account. The following figures give the imports on private account.

Principal Countries of Consignment.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
United Kingdom ... ..	127	66
Japan ... ..	14	5
United States ... ..	28	7
Other countries ... ..	13	13
Total imports ... ..	182	91

It is satisfactory to note that American and Japanese shipments, which had been steadily increasing, have received relatively a greater setback than British supplies. As I stated last year, inasmuch as most of the European commercial houses purchase their stationery requirements through their head offices in London and elsewhere, it would appear that, apart from the wants of the slightly increasing number of American firms in India, the greater portion of the American imports must be for the bazaar trade. We know that the whole of the Japanese imports are for the bazaar demand.

**Tobacco.**—The imports of all forms of manufactured tobacco show a serious falling-off. The statistics are as follows :—

Description.	1920-21.	1921-22.
	lbs.	lbs.
Unmanufactured tobacco ... ..	712,216	1,050,414
Cigars ... ..	69,016	22,024
Cigarettes ... ..	6,205,562	2,738,897
Total imports ... ..	7,609,683	4,063,395



The serious decline in the imports of tobacco is probably due to the increased import duties levied in the budget of 1921. This would seem to be proved by the increase in the imports of unmanufactured tobacco at the lower rate of duty, which are then manufactured in India. The Finance Member stated clearly, in introducing the budget on March 1st, 1922: "As regards tobacco, we do not think that for the present, having regard to the great decrease in consumption, any further increase in duty is possible without actual detriment to the revenue." The present duties are:—

Unmanufactured Tobacco	... ..	Rs.1 per lb.
Cigars and Cigarettes	... ..	75 per cent. <i>ad valorem</i> .
All other sorts of manufactured Tobacco	... ..	Rs. 2-4 per lb.

Cigarettes account for the greater portion of the imports and the subjoined table shows their provenance.

Principal Countries of Consignment.	1920-21.		1921-22.	
	Lbs.	Rs. (lakhs).	Lbs.	Rs. (lakhs).
United Kingdom ... ..	2,864,032	135	2,299,849	116
Aden and Dependencies ... ..	34,683	1	8,467	4
Egypt ... ..	19,089	2	17,054	1
United States ... ..	2,940,445	106	361,068	12
Other Countries ... ..	347,313	12	52,459	1.6
<b>Total</b> ... ..	<b>6,205,562</b>	<b>256</b>	<b>2,738,897</b>	<b>131</b>

As I intimated last year, the increase in the import of American cigarettes in 1920-21 was due to a temporary transfer of manufacture from the British to the American factories owing to the former being fully engaged in dealing with a vast accumulation of orders. This has now been righted and the United Kingdom has regained her former position. If the high duties at present in force are retained, a very great fillip will be given to the Indian factories, which will import such grades of tobacco as cannot be grown in India, at the low rate of duty and so be in a position to undersell the imported article.

**Rubber Manufactures.**—The reduction in the total trade has been appreciable as will be seen from the subjoined table.

Article.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
Tyres for motor cars and motor cycles ...	141	96
Tubes for motor tyres ... ..	29	14
Other manufactures (except apparel and boots and shoes) ... ..	82	44
<b>Total Imports</b> ...	<b>252</b>	<b>154</b>

The statistics relating to rubber tyres are as follows :—

Principal Countries of Consignment.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
United Kingdom ... ..	35	26
Straits Settlements ... ..	4	4
France ... ..	15	22
Italy ... ..	44	12
Ceylon ... ..	1	2
United States ... ..	37	21
Other Countries ... ..	5	9
<b>Total ... ..</b>	<b>141</b>	<b>96</b>

It is satisfactory to be able to record that the United Kingdom has regained her position as the principal supplier of rubber tyres although she is still far behind her pre-war percentage of 50 per cent.

**Instruments, Apparatus, Appliances, &c.**—This is a most important heading and is one of the few trades which have not been seriously affected by the trade depression. The total imports in 1921-22 totalled 515 lakhs of rupees as compared with 581 lakhs in 1920-21. The classification is a very wide one, and it will perhaps be illuminating to examine each of the main items in turn. The totals for the past two years are as follows :—

Description.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
Electrical instruments ... ..	418	406
Musical ... ..	37	18
Optical ... ..	17	7
Photographic ... ..	30	26
Scientific and Philosophical ... ..	44	35
Surgical ... ..	24	15
Other kinds ... ..	11	8
<b>Total Imports ... ..</b>	<b>581</b>	<b>515</b>

By far the most important item is that of electrical instruments and appliances. One of the satisfactory features of the year is the way in which British makers have recently improved their relative position. In 1919-20, the United Kingdom supplied 51 per cent. and the United States 36 per cent. Last year the respective shares were, the United Kingdom 69·2 per cent., the United States 22·7 per cent., Japan 3 per cent., Italy 2 per cent. and Holland 1½ per cent. The imports of electrical instruments and appliances were derived as follows.

Origin.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
United Kingdom ... ..	289	284
Netherlands ... ..	7	7
Italy ... ..	8	16
Japan ... ..	13	4
United States ... ..	95	80
Other Countries ... ..	7	15
<b>Total Imports ... ..</b>	<b>419</b>	<b>406</b>

Taking the various types, item by item, we find that of a total of 55 lakhs worth of electric fans imported, the United Kingdom supplied 18 lakhs, America 21 lakhs and Italy 14 lakhs. It is encouraging to observe that British makers are making progress in this trade, which during the war was largely in the hands of our American rivals.

In electric wires and cables of a total import of 108 lakhs, the United Kingdom furnished no less than 93 lakhs and America 12 lakhs. Both in rubber insulated cables and in insulations other than rubber British makers were supreme, although imports from the States are increasing. America supplies 33½ per cent. of the bare copper wire (electrolytic). So far as electric glow lamps are concerned, the United Kingdom sent 12 lakhs, Holland 6 lakhs, and other countries 6 lakhs of a total of 24 lakhs worth. The competition of the Dutch lamps made by Philips is still keen. In electric lamps, other sorts, the United Kingdom supplied two-thirds of a total import of 3½ lakhs worth.

The trade in accumulators fell from 15 to 8 lakhs, of which the United Kingdom supplied 7·82 lakhs. As regards lighting accessories and fittings, the total trade remained stationary at 30 lakhs, of which 25½ lakhs came from the United Kingdom and 2½ lakhs from America. Similarly, the imports of meters were slightly reduced to 7½ lakhs, of which 6 lakhs came from the United Kingdom and 1½ lakhs from other countries. Thirteen and a half lakhs worth of switchboards (other than telegraph and telephone) were imported, of which 11 came from Great Britain and 2 from the United States. Finally, a total of 145 lakhs worth of unenumerated electrical goods and apparatus remains to be accounted for, and of this 100 lakhs worth was obtained from the United Kingdom and 37 lakhs from America.

**Earthenware and Porcelain.**—In common with most other "bazaar" trades, the market for earthenware has been very depressed during the year, and this state of affairs is reflected by decreased import figures.

Country of Origin.	1920-21. £	1921-22. £*
United Kingdom ... ..	564,163	290,933
Japan ... ..	184,550	140,266
Germany ... ..	11,686	13,666
Netherlands ... ..	33,613	19,333
Belgium ... ..	26,689	9,466
Total Imports ... ..	880,277	513,333

The Japanese share of the trade has considerably receded from the position at the close of the war. Germany, however, is likely to increase her trade, but it is probable that it will be at the expense of Japan rather than of the United Kingdom.

\* Converted at an approximate exchange of 1s. 4d.

**Glass and Glassware.**—The following table shows the variety of glass and glassware imported:—

Description,	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
Bangles ... ..	96	61
Beads and false pearls ... ..	45	33
Bottles and phials ... ..	55	34
Funnels, globes, and glass parts of lamps	18	17
Scientific glassware ... ..	2	2
Sheet and plate glass ... ..	71	38
Tableware (including decanters) ... ..	15	17
Other glassware ... ..	35	21
<b>Total imports ...</b>	<b>337</b>	<b>223</b>

The sources of the supplies were as follows:—

Principal Countries of Consignment.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
United Kingdom ... ..	67	44
Germany ... ..	20	31
Belgium ... ..	47	24
Austria-Hungary ... ..	43	6 (Austria only)
Czecho-Slovakia ... ..	—	15
Italy ... ..	10	5
Japan ... ..	131	86
Other Countries ... ..	19	12
<b>Total ...</b>	<b>337</b>	<b>223</b>

It is interesting to remark that Czecho-Slovakia appears for the first time in the trade returns and that Germany is steadily regaining her position.

**Cycles (other than Motor Cycles and parts thereof) and Accessories:—**

Country of Origin.	1920-21.	1921-22.
	£	£*
United Kingdom ... ..	847,766	90,000
Germany ... ..	15,483	13,800
Japan ... ..	19,408	3,733
United States ... ..	22,839	1,400
<b>Total Imports ...</b>	<b>914,292</b>	<b>112,200</b>

Prior to the war, British makers supplied 98 per cent. of the trade in cycles, parts and accessories, but during the war Japanese competition in parts and accessories became noticeable. It is interesting to remark that when British supplies became available, importers were only too glad to revert to their old qualities, and the imports from Japan have steadily declined.

\* Converted at an approximate exchange of 1s. 4d.

**Building and Engineering Materials, other than Iron, Steel, or Wood.**—This trade has been fairly well maintained during the year, as the following figures clearly show :—

Description	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
Asphalt ... ..	9	9
Bricks, other than firebricks ... ..	2	1
Firebricks ... ..	10	12
Cement ... ..	139	139
Tiles ... ..	50	28
<b>Total Imports ... ..</b>	<b>226</b>	<b>201</b>

It will be remarked that the only decrease of any account was in tiles. This was largely due to the heavy carry-over of stocks and also to the depressed condition of the Bombay market. Details in connection with the provenance of the imports are only available in the case of cement, the shipments of which were obtained as follows :—

Principal Countries of Consignment.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
United Kingdom ... ..	132	97
China (including Hong Kong) ... ..	3	8
Japan ... ..	—	17
Other Countries ... ..	4	17
<b>Total Imports ... ..</b>	<b>139</b>	<b>139</b>

The increases in the imports from Japan and other countries (including Germany and Belgium) are noteworthy, particularly as they were made at the expense of the British trade. The most formidable competition in the future, however, is likely to be met with from the dozen or so large cement factories which are either producing or are being erected in India with modern plant and expert management. It is anticipated that by December, 1923, most of these factories will be competing in the market. It is computed that the total annual output will be between 500,000 and 700,000 tons as compared with a total import last year of 125,000 tons. It is only natural to assume, therefore, that the import trade is likely to decline and one of the largest British firms is already putting up a large plant in India.

**Hardware (excluding Cutlery and Electro-plated Ware).**—As might be expected in a year of almost unparalleled depression, the trade declined by one-third as compared with 1920-21. The heading covers a very great variety of articles, the sum total of which amounted last year to 592 lakhs (say, £3,900,000)

The principal items were as follows:—

Principal Countries of Consignment.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
Agricultural implements ... ..	43	26
Buckets of tinned or galvanised iron ...	4	1
Builders' hardware ... ..	67	33
Domestic hardware, other than enamelled ironware ... ..	27	12
Enamelled ironware ... ..	43	20
Gas mantles ... ..	7	7
Implements and tools, other than agricultural implements and machine tools	118	74
Lamps, metal ... ..	71	38
Lamps, glass ... ..	1	—
Parts of lamps, other than glass ... ..	18	10
Safes and string boxes of metal ... ..	8	5
Stoves ... ..	10	5
Other sorts ... ..	491	361
<b>Total Imports ...</b>	<b>908</b>	<b>592</b>

This valuable trade was derived as follows:—

Principal Countries of Consignment.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
United Kingdom ... ..	525	368
Germany ... ..	29	61
Belgium ... ..	4	2
Austria-Hungary ... ..	4	3*
Japan ... ..	76	21
United States ... ..	226	103
Other Countries ... ..	44	34
<b>Total Imports ...</b>	<b>908</b>	<b>592</b>

The relative position of the various suppliers is perhaps shown most clearly in the following table of percentages:—

	1913-14 (pre-war year).	1920-21.	1921-22.
	Per cent.	Per cent.	Per cent.
United Kingdom ... ..	57	58	62
United States ... ..	10	25	17
Japan ... ..	1	8	3
Germany ... ..	18	3	10
Other countries ... ..	14	6	8
<b>Total ...</b>	<b>100</b>	<b>100</b>	<b>100</b>

This is a most satisfactory showing, as it indicates that the United Kingdom, in spite of enhanced competition, is able to increase her share of the trade, even as compared with pre-war years. We will now give brief consideration to each of the items in turn.

\* Austria only.

*Agricultural Implements.*—Ninety per cent. of the imports before the war were of British origin, and although American competition has recently increased, the United Kingdom still controls this trade. Mention should be made, however, of a company recently floated by Bombay capitalists and styled The Agricultural Implements Company of India, Ltd., which is erecting works at Jamshedpur, in close proximity to the Tata Steelworks, with the object of manufacturing implements in most common demand, such as kodallies, pickaxes, sledge hammers, etc. The management and plant are American, and it is hoped to commence producing by the end of the year. The capacity of the works is stated to be about 3,000 tons of finished products per annum.

*Galvanised Iron or Tinned Buckets.*—This is only a very small trade, which has hitherto been in British hands.

*Builders' Hardware, such as locks, hinges, door bolts, etc.*—The imports last year were reduced by half owing partly to the imports of the previous year not having been taken up and also to the slump in trade reducing building activities in the country. In 1919-20 the trade was fairly equally divided between the United Kingdom, United States and Japan, but during the past year imports from Germany have entered on a considerable scale and it is likely that the cheaper German articles for the bazaar trade will continue to be imported in increasing quantities. Before the war, no less than 43 per cent. of the imports were drawn from this source.

*Domestic Hardware (other than enamelled ironware).*—Detailed figures are not available, but it is only reasonable to suppose that British makers have held their own in this trade, of which, in 1919-20, they supplied 48 per cent.

*Enamelled Ironware.*—German and Austrian productions are again appearing on this market, and there has been a corresponding falling-off in imports from Japan, which monopolised the market during and immediately after the war. In my last Report, I referred to the works which are being erected near the Tata steelworks, at Jamshedpur, by Enamelled Ironware, Ltd. This is a company registered in India, in which one of the leading British makers is interested. The buildings are completed but the trade depression and financial stringency have somewhat delayed progress. As a beginning, an output of 10 tons per week is contemplated, and this will probably consist mainly of rice bowls and tumblers. It is satisfactory to observe that, even though United Kingdom goods find it difficult to compete, the market will be supplied by articles made in the Empire with British capital and management.

*Implements and Tools (other than agricultural implements and machine tools).*—After record imports in 1920-21 the trade declined to a total of 74 lakhs (say, £450,000) last year. Competition from the United States is very keen in every branch and German articles are reappearing in increasing quantities.

*Metal Lamps.*—This trade has, of late years, been almost entirely in the hands of America, although certain Birmingham makes have a very good name. The Indian market for hurricane lamps is a valuable one, but American makes, such as the Dietz, have obtained a firm footing. One of the leading British firms have, however, recently transferred their Indian business to a company registered in Calcutta, which will not only develop a widespread selling organisation for imported lamps, but will probably manufacture in India in the near future.

*Safes and Strong Boxes of Metal.*—British makers have hitherto supplied 75 per cent. of the imports, and are actively represented in the country. Before the war competition from Austria-Hungary was met with, and of recent years the United States have increased their share. The market for the cheapest forms of coarse safes, cash boxes, &c., is catered for by Indian firms in Multan and elsewhere.

*Cutlery.*—The total imports were as follows :—

Origin.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
United Kingdom ... ..	23	9
Germany ... ..	8	5
Japan ... ..	5	2
United States ... ..	17	1
<b>Total Imports ... ..</b>	<b>55</b>	<b>17</b>

The trade fell away by more than 50 per cent. owing to the heavy uncleared stocks from last year. It is interesting to note that American competition has been practically eliminated and that Japanese cutlery is no longer in such demand. The cheap Solingen products, however, are regaining their position in the bazaars, and although Sheffield makers hold their own in the higher grades, it is only by mass production and consequent low prices coupled with an active selling organisation that they can hope to compete for the native trade.

*Polishes.*—The imports have fallen by nearly two-thirds from the record figures of 1920-21 :—

Article.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
Leather polish ... ..	32	5
Metal polish ... ..	9	9
Wood polish ... ..	1	1
<b>Total Imports ... ..</b>	<b>42</b>	<b>15</b>

One of the leading importers informs me that the falling-off in the imports of leather polishes was due chiefly to the abnormally heavy stocks which were imported during the year 1920, and a very large proportion of which went to supply the trade requirements in 1921. They do not ascribe the falling-off to any largely increased use of country-made polishes.



**Arms, Ammunition, and Military Stores.**—This is a very wide classification which includes such diversified articles as shot guns and rifles, ammunition, explosives for mining use, and gunpowder. The imports were as follows :—

Description.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
Cartridge cases ... ..	15	13
Explosives ... ..	17	19
Firearms and parts thereof ... ..	24	31
Gunpowder ... ..	2	2
<b>Total Imports</b> ... ..	<b>64</b>	<b>70</b>

The expansion is noteworthy, but it is a pity that details are not obtainable as yet.

### Brushes and Brooms.

Description.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
Paint and varnish brushes ... ..	4	3
Toilet brushes ... ..	5	61
Other brushes ... ..	7	3
Brooms ... ..	42	35
<b>Total Imports</b> ... ..	<b>17-31</b>	<b>7-27</b>

In paint and varnish brushes there is a certain amount of American competition but the trade is predominantly British. In the cheap types of toilet brushes, Japan holds the field, while in the better types, America is competing more and more. Brush-ware Ltd., the Cawnpore firm, continues to do well.

**Toys and Requisites for Games and Sports.**—The total trade fell considerably during the year. The total imports amounted to :—

1920-21.	1921-22.
Rupees.	Rupees.
59,09,752	34,25,635

I have no comments to make on this trade during the past year. It has suffered, in common with most others, by the trade slump. British interest is mainly confined to the requisites for European sports such as tennis racquets, golf clubs, footballs, and requisites for cricket, hockey and polo. Japan supplies the great bulk of the cheap toys, although German competition is returning in the higher grades. Playing cards are virtually an American monopoly.

### Tea Chests (entire or in sections).

Country of Origin.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
United Kingdom ... ..	77	53
Russia ... ..	14	4
Japan ... ..	5	1
<b>Total Imports</b> ... ..	<b>102</b>	<b>59</b>

**Umbrellas and Umbrella Fittings.**—The imports of complete umbrellas, including parasols and sunshades, were as follows :—

Origin.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
United Kingdom ... ..	15	10
Japan ... ..	2	—
Other Countries ... ..	2	2
	—	—
Total ... ..	19	12
	—	—

The position is satisfactory. The imports from unenumerated countries consisted mainly of oiled paper and other Oriental umbrellas, which do not compete.

The position, however, is not so satisfactory in respect of umbrella fittings, the imports of which were as follows :—

1920-21.	1921-22.
Rupees.	Rupees.
20,34,843	19,80,664

More than 50 per cent. of this trade is in the hands of Japan. The umbrella cloth for the covers of these umbrellas is almost entirely obtained from the United Kingdom.

**Jewellery and Plate of Gold and Silver (excluding Imitation Jewellery, Precious Stones and Pearls, Unset).**—The total imports were reduced by one half as might be expected in such a year of depression. The figures were :—

Article.	1920-21.	1921-22.
	Rupees (lakhs).	Rupees (lakhs).
Jewellery ... ..	13	5
Plate of gold and silver ... ..	13	8
	—	—
Total Imports ... ..	26	13
	—	—

**Electro-plated Ware.**—The imports were :—

1920-21.	1921-22.
Rupees.	Rupees.
15,66,899	11,67,636

This is almost entirely a British trade.

**Carriages and Carts (excluding Railway Carriages) and parts thereof.**—This trade has expanded rapidly of recent years, but received a setback in 1921-22. The total imports were :—

1920-21.	1921-22.
Rupees.	Rupees.
82,32,273	63,33,941

**Bobbins.**—The figures of values imported during the past two years are as follows:—

Principal Countries of Consignment.	1920-21. £	1921-22. £*
United Kingdom ... ..	516,560	665,666
Japan ... ..	96,969	88,066
Germany ... ..	1,344	27,200
Sweden ... ..	46	11,266
<b>Total Imports ...</b>	<b>618,757</b>	<b>799,200</b>

The United Kingdom is retaining its firm hold of this trade, and the decreasing imports of Japanese bobbins show that the local mills are reverting to their old supplies. The increase in German and Swedish imports deserves some notice. As I stated last year, attempts are being made to manufacture bobbins in India, but it is doubtful whether these can be successful unless handled by a firm with experience of the details of the industry. Should the leading British firm be prepared to consider the erection of a factory, progress might be made, but it is doubtful whether they would have anything to gain by manufacturing on a relatively small scale in India when their British works can economically meet the requirements of not only India, but the other markets of the world.

**Oil Cloth and Floor Cloth.**—This trade received a great setback during the year owing to the heavy imports of the preceding year not having been absorbed. The figures were:—

1920-21. Rupees.	1921-22. Rupees.
28,48,891	6,29,675

**Furniture and Cabinetware.**

	1920-21. Rupees.	1921-22. Rupees.
<b>Total Imports ... ..</b>	<b>54,53,715</b>	<b>25,53,901</b>

**Packing (Engine and Boiler, of all kinds, including asbestos).**—This is almost exclusively a British trade.

	1920-21. Rupees.	1921-22. Rupees.
<b>Total Imports ... ..</b>	<b>5,46,918</b>	<b>4,02,094</b>

**Toilet Requisites.**—This heading includes all toilet requisites not specially enumerated elsewhere.

	1920-21. Rupees.	1921-22. Rupees.
<b>Total Imports ... ..</b>	<b>54,49,854</b>	<b>24,38,751</b>

**Articles imported by post.**—The imports by parcel post into India show a considerable falling off.

	1920-21. Rupees.	1921-22. Rupees.
<b>Total Imports ... ..</b>	<b>7,13,50,029</b>	<b>4,09,80,173</b>

\* Converted at an approximate rate of 1s. 4d.

### 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 or the employment of British capital.

**Coal, Coke, and Patent Fuel.**—One of the most remarkable events of the year which furnishes an eloquent commentary on the state of the Indian coal industry and transport services is the great expansion of the trade in imported coal. The statistics of the imports of coal are as follow :—

Principal Countries of Consignment.	1920-21.		1921-22.	
	Tons.	Rs. (lakhs).	Tons.	Rs. (lakhs).
United Kingdom ... ..	9,209	5	705,353	292
Natal ... ..	6,900	2	339,631	125
Portuguese East Africa ...	18,430	6	268,272	101
Australia (including New Zealand).	33,678	11	88,375	29
Other Countries ... ..	17,776	5	87,651	31
<b>Total Imports ...</b>	<b>85,993</b>	<b>29</b>	<b>1,469,282</b>	<b>578</b>

The shipments of coal, coke and patent fuel were distributed among the principal provinces as follows :—Bombay 1,121,232 tons, Burma 214,040 tons, Madras 87,451 tons, Sind 64,152 tons, and Bengal 14,312 tons.

The imports last year constitute a record and were the result of the high price of Indian coal due to labour costs and reduced output, coupled with the shortage of wagons and consequent high rates of freight on Indian railways. The imports were mainly for consumption by Indian railways, the Bombay mills and for bunkering purposes. Freights from Cardiff to Bombay have remained about 20s. per ton during the year, and it is somewhat anomalous that British coal at present export prices can be transported 6,000 miles and can undersell Indian coal with a haul of only some 1,500 miles.

One of the leading millowners of Bombay at the annual meeting of the Bombay Millowners' Association on March 27th, 1922, made the following very pertinent comments on the coal position in Bombay. He said :—

“I should like to bring to your notice one or two facts about the unsatisfactory and wholly illogical coal position in Bombay. At present Bengal coal, second-class good quality, costs us c.i.f. Rs.25/8 via Calcutta. If the same coal is railed, it costs us ex station now Rs.27, and as there will be a 25 per cent. rise in railway freight from April 1st, after that it will cost us over Rs.31. Now these are absurd and unnatural figures, to my mind, if you take into consideration the following facts: (1) Such coal before the war used to cost us between Rs.12 and Rs.15 per ton.

(2) The quality of the coal was better before the war than it is now. (3) The steamer companies' charge is Rs.10 to 11 per ton for freight (from Calcutta), whereas before the war such freight was only Rs.4 to 5, whilst the freight from Cardiff is only 21 or 22 shillings per ton, which is about the same as the freight before the war. (4) In consequence of this absurd price Bombay is now mainly supplied with either Natal or Cardiff coal. This necessitates vast sums of money being sent out of the country and helps to lower the exchange, and therefore affects not only the coal trade but every other business in India and the cost of every article that is imported. Surely here is room for enquiry and action."

A further reference to this question is made in Chapter V, page 115, when dealing with the Indian cotton industry.

The imports of coke and patent fuel are on a smaller scale, but show considerable expansion.

—	1920-21.		1921-22.	
	Tons.	Rs.	Tons.	Rs.
Coke ... ..	1,003	118,871	11,894	700,562
Patent Fuel ... ..	—	—	11	2,502

**Mineral Oils.**—The following are the figures of this valuable trade :—

*Kerosene.*

Principal Countries of Consignment.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
Persia ... ..	26	—
Straits Settlements (including Labuan)	19	—
Borneo ... ..	64	33
United States ... ..	317	313
Other Countries ... ..	4	—
<b>Total Imports ...</b>	<b>430</b>	<b>346</b>

**Fuel Oils.**—The imports were :—

Country of Origin.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
Persia ... ..	41	109
Straits Settlements (including Labuan)	21	11
Borneo ... ..	61	8
Other Countries ... ..	—	5
<b>Total Imports ...</b>	<b>123</b>	<b>133</b>

**Lubricating Oils.**—Details are not available as to the provenance of the imports, but the total figures are as follows :—

Description.	1920-21. Rupees (lakhs).	1921-22. Rupees (lakhs).
Batching oils ... ..	65	72
Other lubricating oils ... ..	198	161
<b>Total Imports ...</b>	<b>263</b>	<b>233</b>

**Salt.**—The total imports declined considerably.

Principal Countries of Consignment.	1920-21.		1921-22.	
	Tons.	Ra. (lakhs)	Tons.	Ra. (lakhs)
United Kingdom ... ..	93,088	36	71,896	26
Germany ... ..	101,165	35	41,002	13
Spain ... ..	67,646	25	61,635	21
Aden and Dependencies ...	182,852	67	149,334	47
Egypt ... ..	117,348	44	109,953	33
Italian East Africa ... ..	54,316	19	38,672	12
Other Countries ... ..	4,549	2	58	—
<b>Total Imports ...</b>	<b>620,964</b>	<b>228</b>	<b>472,550</b>	<b>152</b>

**Sugar.**—The imports of sugar continue to grow, but in spite of this expansion, they fell from second to third place in India's imports last year, having been displaced by the phenomenal imports of machinery. The imports of sugar (excluding molasses and confectionery) were as follows :—

—	1913-14 (pre-war year).	1920-21.	1921-22.
	Tons.	Tons.	Tons.
Java ... ..	583,000	201,600	623,000
Mauritius ... ..	139,600	11,600	61,600
Straits Settlements... ..	2,900	9,000	5,100
China (including Hong Kong) ...	1,500	5,900	4,400
Egypt ... ..	100	4,200	200
Japan ... ..	100	100	700
Germany ... ..	700	100	*
Austria-Hungary ... ..	74,000	—	*
Other Countries ... ..	1,100	4,400	22,600
<b>Total (all Countries) ... Tons</b>	<b>803,000</b>	<b>236,900</b>	<b>717,600</b>
<b>Value Rs. (lakhs)</b>	<b>14.29</b>	<b>16.99</b>	<b>26.76</b>

\* Not separately distinguished : if any, included in "Other Countries."

A noticeable feature is the import of 13,679 tons of beet sugar, most of which was obtained from Belgium and the Netherlands and was imported into Bombay and Karachi.

**Parts of Ships (including Launches and Boats).**—This is one of the few trades showing an expansion last year. The total imports were :—

Rupees.	Rupees.
1920-21.	1921-22.
22,20,458	89,63,358

## IMPORT TRADE, APRIL-JUNE, 1922.

The total imports of merchandise into India for the three months April-June declined from 66 crores of rupees in 1921 to 53 crores in the corresponding period of the present year. It is satisfactory to note that the United Kingdom increased its share from 58 per cent. to 62 per cent. as contrasted with a reduction in the share of the United States from 11·6 per cent to 7 per cent., and in the case of Japan from 6·7 per cent. to 5 per cent. German shipments, however, rose from 1·9 to 5·7 and those from Belgium from 2·2 to 3 per cent.

## TEXTILES.

*Cotton Yarns.*—The total imports advanced from 2½ to 2¾ crores. Imports of British yarns show a considerable increase from 1·2 to 2 crores, while those from Japan were reduced from 99 to 64 lakhs. A minor increase from 1½ to 6 lakhs is noticeable in the case of Switzerland.

*Piece Goods (unbleached).*—The total trade fell from 5·89 to 4·67 crores, and this decrease in the trade was felt by all suppliers, although the reduction in the case of Japan and the United States of America was much greater than in the case of the United Kingdom. British shipments fell from 4·45 to 4·08 crores, Japanese from 1·23 to ·52 crores, and American from 14 to 4 lakhs.

*Bleached Goods.*—The total imports advanced from 1·69 to 2·39 crores, and it is satisfactory to observe that this increase was entirely in British goods. Imports from the United Kingdom advanced from 1·61 to 2·34 crores, while the imports from Holland were reduced from 4 to 3 lakhs, those from Japan from 2 to ·6 lakhs, imports from the remaining countries being on a negligible scale.

*Coloured, Printed and Dyed Goods.*—Notwithstanding the fact that there was a very serious shrinkage in the trade last year, a further reduction must be recorded for the first quarter of the present year. The total imports fell from 2·46 to 1·58 crores. Supplies from the United Kingdom were reduced from 2·18 to 1·27 crores, and those from the Netherlands from 14 to 13 lakhs. Swiss imports, however, advanced from 2 to 4 lakhs, and those from Japan from 6 to 9 lakhs.

*Sewing Cotton.*—The total trade advanced from 12 to 15 lakhs, and the British contribution from 11½ to 14½ lakhs—a most satisfactory showing.

*Haberdashery and Millinery.*—Although this trade suffered a considerable contraction last year, the imports during the three months under review fell still further from 17 to 16 lakhs. There was an increase in imports from the United Kingdom from 6 to 8 lakhs, and arrivals from Switzerland advanced from 1·47 to 1·66 lakhs. France's share fell from 2 lakhs to Rs. 66,000.

*Woollen Piece Goods.*—Notwithstanding the considerable reduction last year, the total imports show a further decline from 24 to 16 lakhs. The contraction is particularly noticeable in the case of British supplies, which shrank from 18 to 11 lakhs, those from France from 2·23 to 1·93 lakhs, and those from Holland from 1 lakh to a negligible quantity.

## MACHINERY AND MILLWORK.

It is not surprising that the prodigious imports of machinery and millwork of last year have not been maintained. The total imports in the first quarter fell from 10 to 6·4 crores. The British share was reduced from 8 to 5½ crores, and that of America from 1½ to ½ a crore, but German

imports increased from 9 to 19 lakhs. The total imports under the various classifications of machinery were as follows:—

	April-June, 1921.	April-June, 1922.
	Rupees (lakhs).	Rupees (lakhs).
Cotton machinery ... ..	185	207
Jute machinery ... ..	128	51
Electrical machinery... ..	112	94
Boilers ... ..	78	32
Mining machinery ... ..	15	11
Oil crushing and refining machinery	12	1½
Paper mill machinery ... ..	6	3
Refrigerating machinery ... ..	9	2
Rice and flour mill machinery ...	29	16
Saw mill and wood working machinery ... ..	9	3
Sewing and knitting machines ...	9	7
Sugar machinery ... ..	30	11
Tea machinery ... ..	6	3

Although German shipments are increasing, the only serious competition in machinery at the present time is that from the United States, and it will be observed with some satisfaction that the imports from America have declined to a very much greater extent than those from the United Kingdom. In the case of electrical machinery, the British share increased from 71 to 74 lakhs in contrast to the decline in American imports from 36 to 12½ lakhs.

#### RAILWAY PLANT AND ROLLING STOCK.

The imports for the three months were reduced from 6½ to 4½ crores. Of the latter figure, the United Kingdom supplied no less than 4.06 crores. The remaining imports consisted mainly of non-competing lines, such as wooden sleepers, etc.

#### IRON AND STEEL.

*Iron Bars and Channels.*—There was a slight increase in the total trade from 11 to 13 lakhs, but this is largely accounted for by increased imports from Belgium, from 3 to 7 lakhs, and from unclassified countries (probably Germany) from a negligible quantity to 1½ lakhs. The British share fell from 8 to 2½ lakhs.

*Iron or Steel Beams, Pillars, Girders, and Bridgwork.*—The total trade was reduced from 52 to 40 lakhs; the British share declined from 33 to 27 lakhs, and the American from 8 lakhs to a negligible quantity. Belgium, however, increased her shipments from 8½ to 10 lakhs and the supplies from other countries (probably Germany) increased slightly.

*Bolts and Nuts.*—The total trade advanced from 8½ to 11½ lakhs owing to increased shipments from the United States and the Continent. The British share fell from 7½ to 4.8 lakhs.

*Hoops and Strips.*—The total trade advanced from 9 to 12 lakhs. British imports declined from 7.3 to 6.4 lakhs, but American shipments increased from half a lakh to 3 lakhs, and those from the Continent from 1 to 3 lakhs.

*Nails, Rivets, and Washers.*—A very considerable increase in the trade is to be recorded, the total figures rising from 7½ to 20 lakhs. Although the British share advanced from 4½ to 6½ lakhs, that of our principal competitors increased in even greater proportion. Imports from Belgium advanced from 1.3 to 2 lakhs, those from Germany from Rs. 21,000 to 1.4 lakhs, those from Sweden from Rs. 21,000 to 4.5 lakhs, and those from Norway from Rs. 39,000 to 4.2 lakhs.



*Cast Pipes and Fittings.*—The trade during the three months fell from 33 to 13½ lakhs. The British share decreased from 24 to 10 lakhs, the American from 9 to 2 lakhs, but other countries increased their proportion from ½ a lakh to 1½ lakhs.

*Galvanized Sheets and Plates.*—There was a very material increase in the total imports from 41 to 118 lakhs, and this was almost entirely caused by heavier shipments from the United Kingdom, which increased its share from 31 to 111 lakhs; American shipments declined from 9 to 6½ lakhs. There is practically no Continental competition in this line.

*Tin Plates.*—The total trade advanced from 35 to 44½ lakhs and of the latter value the United Kingdom supplied practically the whole.

*Sheets and Plates (not galvanized or tinned).*—Here again there was an increase, from 43 to 56 lakhs. While the shares of the United Kingdom and Belgium remained fairly constant, that of Germany increased from half a lakh to 14 lakhs, and Germany is now second only to the United Kingdom in the trade.

*Wrought Tubes, Pipes and Fittings.*—A contraction from 105 to 48 lakhs is to be recorded. The British share fell from 27 to 22½ lakhs, while that of America was reduced from 75 to 16 lakhs. Germany, however, increased her proportion from half a lakh to 7½ lakhs, and Belgium from half a lakh to 1 lakh.

*Wire Nails.*—There was a slight increase in the total trade, from 7 to 8 lakhs. The British share was negligible amounting only to Rs. 36,000. While the Belgian share declined from 4½ to 4 lakhs, that of Germany advanced from 1½ to 2·8 lakhs.

*Wire Rope.*—This is almost entirely a British trade. The total imports fell from 7½ to 5·8 lakhs; this is mainly accounted for by a reduction in American imports from 2 lakhs to Rs. 24,000. The British share showed a slight advance from 5·2 to 5·5 lakhs.

*Steel Bars and Channels.*—This valuable trade is gradually becoming almost a Continental preserve. The total imports increased from 77 to 83 lakhs. British shipments declined from 13·2 to 12·9 lakhs, Belgian from 47 to 40 lakhs, and American from 11 to 5 lakhs, but German imports advanced from 4·7 to 16·5 lakhs; those from Luxemburg from Rs. 22,000 to 3½ lakhs, those from France from Rs. 20,000 to 2 lakhs, and those from unenumerated countries from Rs. 60,000 to 2½ lakhs.

#### HARDWARE.

The total trade declined from 196 to 139 lakhs. This reduction is mainly accounted for by the fall in the British share from 126 to 72 lakhs and in that of America from 43 to 21 lakhs. In contrast, German shipments advanced from 11 to 28½ lakhs and Belgian supplies from Rs. 31,000 to 1½ lakhs.

#### ELECTRICAL INSTRUMENTS AND APPARATUS.

The very heavy imports of last year have not been maintained and the figures are reduced from 159 to 66 lakhs. The British share fell from 113 to 46 lakhs, that of the United States of America from 35 to 7 lakhs and that of the Netherlands from 2 to 1 lakhs. Italy increased her proportion from 4·9 to 5·6 lakhs, and the share of unclassified countries increased slightly from 3 to 4½ lakhs.

#### MOTOR CARS.

In spite of the depression in trade and the considerably increased import duty, the total number of cars imported advanced from 632 to 894, the respective values being 45·7 and 35 lakhs. It is noteworthy that while the number of British cars fell from 155 to 75, the American imports increased from 176 to 405, and those from Canada from 105 to 301. British, French, and Italian cars have all been seriously affected, and it is extremely

probable that this is owing to the fact that they are the better grade and higher priced vehicles which cannot stand an import duty of 30 per cent. in competition with cheap American and Canadian cars. These figures largely go to show that the increased duty is, in effect, giving a preference to the American type of vehicles.

The number of motor buses, vans, and lorries advanced from 144 to 148, but as their value declined from 11 to 7·8 lakhs, it may be assumed that they were mainly of cheaper American types.

There was a reduction in the number of motor cycles imported from 185 to 148. The British share of these declined from 121 to 110, that of America from 34 to 26, and that of other countries from 30 to 12.

#### RUBBER TYRES FOR MOTOR VEHICLES.

The total trade increased from 11½ to 26½ lakhs. The British share rose from 3 to 6 lakhs, the American from 5 to 8 lakhs, the French from 1 to 7 lakhs, and the Italian from ½ to 2 lakhs. It should be observed that the United Kingdom took third place in the three months, having been passed by France.

#### PAPER AND PASTEBOARD.

The total imports fell from 61 to 55 lakhs. This loss was largely suffered by the United Kingdom as the share of our principal competitors, viz., Sweden, Norway, and Germany increased considerably.

#### PROVISIONS.

The trade was well maintained and rose from 53½ to 55½ lakhs. Imports from the United Kingdom rose from 20 to 25 lakhs, those from Holland fell from 4½ to 2½ lakhs, those from the United States of America from 7·7 to 5·3 lakhs, while Australia increased its share from 5 to 6·3 lakhs.

#### DYESTUFFS OBTAINED FROM COAL TAR.

The total imports fell from 99 to 62 lakhs. British shipments were reduced from 39 to 7, American from 18 to 2, Swiss from 2 to ½ lakhs. Imports from Germany advanced from 34 to 49 lakhs.

#### COAL.

The total imports during the quarter amounted to no less than 333,000 tons as compared with 171,000 tons in the corresponding period of last year. The United Kingdom contributed 203,000, Natal 71,000, Portuguese East Africa 25,000, and Japan 21,000 tons in the period under review.

### CHAPTER III.

#### NOTES ON THE PROPOSED REVISION OF THE METHOD OF PURCHASE OF GOVERNMENT STORES FOR INDIA AND ITS BEARING ON THE POSITION OF BRITISH MANUFACTURERS.

In my last report I dealt at some considerable length with the position of the Government of India as regards the purchase of stores and outlined the gradual change in attitude resulting from the war, the report of the Indian Industrial Commission, the investigations of the Stores Purchase Committee and the quickening of national consciousness which made itself felt with the

opening of the Legislative Assembly. The subject is such a vital one to British manufacturing interests and the proposed changes in the procedure of purchase are likely to be so far-reaching in their effects that I feel confident that it is in the public interest that the developments of the past year should be treated with some care and in detail. While it is true that the definite policy of Government has not yet been announced, it is likely that a statement will be made before this report is published and, in any case, the events of the past year show so clearly the trend of Indian public opinion that I consider it is most important that British interests should be informed of the forces they will have to face and the intense feeling which is shown on all sides in India, so that they may frame their future policy and organisation with a full knowledge of the facts.

If readers will refer to Chapter V., pp. 165 to 189, of my report for 1920-21, they will find that the progress of events is described in detail up to and including the despatch, dated March 29th, 1921, which was addressed by the Government of India to Provincial Governments and Administrations. This despatch embodied the views and provisional decisions of the Government of India after considering the report of the Stores Purchase Committee. The opinions of the local Governments were invited both with regard to it and to the revised stores rules which were also circulated. During the year these reports have been received by the Government of India, but a final announcement of policy has not yet been made owing to a series of events, which can best be followed by a careful study of the debates of the Indian Legislative Assembly.

**Evidence of the High Commissioner for India in London before the Indian Railway Committee.**—In June, 1921, the High Commissioner for India was examined by the Indian Railway Committee on the question of the purchase of railway stores and in reply to a question arising out of a complaint which had been made in India that preference had been given to England although goods might be bought cheaper and equally well in America or in Germany and that thereby the Indian taxpayer had suffered, he made the following statement :—

“ I cannot say what the companies do, but I can tell you as regards my own department, which includes the purchases for State Railways, one is rather between Scylla and Charybdis in these matters. You have got the Indian opinion demanding, from their point of view quite reasonably, that you should purchase absolutely in the cheapest market. I have had a good deal of pressure put on me on various sides in England to deal with British firms and companies; they say it is very hard that they should be penalised by the abnormal advantage obtained by Germany through the rate of exchange and so on; that they have served India well in times past and that if they have to shut up shop things will be worse for us in the future. I have always taken up the position that it is not the business of the Indian taxpayer to subsidise British industries or British labour, but that within certain limits one might give a bit of a preference, especially to people who have formerly dealt with us. The

Director-General of Stores deals with the mass of contracts, but, at present, cases in which it is proposed to deal with a foreign firm come up to me. The general principle I have laid down (it is subject to specific and possibly different applications in particular cases) is that if the lowest British tender is within 10 per cent., say, of the German or Belgian tender, I give it to the British firm. Of course, time is sometimes of the essence of the contract. Sometimes the British firm can turn out the goods required within the time that the Government of India or the Department that requires the goods, specifies, and the foreigner cannot. I also adopt the principle on occasion that if the lowest German tender, say, is considerably lower than the lowest British tender, I communicate confidentially the terms of the German tender to the Britisher, and ask him if he will come down. Sometimes he comes down to an extent that justifies me in giving the business to him; sometimes he does not. Of course, as you understand, the Secretary of State is subject to various questions in Parliament about these matters, and, although I am subordinate to the Government of India and not to him, I have explained my policy to him, and he so much approved of it that he said he thought of asking the companies to follow it also."

**Resolution in the Indian Legislative Assembly re Purchase of Stores by the High Commissioner for India.**—At the September, 1921, Session of the Assembly, the following resolution was passed on the motion of Sir Vithaldas Thackersey, the Bombay industrialist :—

"This Assembly recommends to the Governor-General in Council that the High Commissioner for India in London should be instructed by the Government of India to buy ordinarily the stores required for India in the cheapest market consistently with quality and delivery, and every case, when this rule has not been followed, should be communicated to the Government of India with full reasons for the information of the Legislative Assembly."

Sir Vithaldas quoted the evidence of the High Commissioner for India in London, cited above, and strongly opposed both the payment of higher prices to British manufacturers and also the practice of showing the lowest tender to other tenderers. He also advocated that when placing large orders the High Commissioner should insist that the contracting parties, if required, should give every facility for admitting as apprentices in their works Indian students to acquire practical knowledge of the manufactures. The Government of India accepted the resolution in its final form, quoted above, on the understanding that the cheapest market does not necessarily mean the acceptance of the lowest tender for individual items, that abnormal circumstances have to be allowed for, and that questions regarding quality, time of delivery, facility for inspection and similar conditions are fully allowed for. They also agreed to ask the High Commissioner to furnish an annual or a half-yearly statement for the information of the House. While sympathising with the objects of the proposal relating to the admission of Indian students into British works, Government did not consider it right to insist on such terms being added to contracts for stores as they considered they would thereby lose the advantage of the cheapest market. This portion of the original resolution was accordingly withdrawn.

**Action taken by the Government of India on the above Resolution.**—On December 22nd, 1921, the officiating Secretary to Government of India, Department of Industries, addressed a despatch to the High Commissioner in London. In this despatch the Department clearly state their views as follows :—

1. They desire that the register of firms eligible for "limited tender" (see page 167 of my last report) should be periodically overhauled and should be framed as to include the names of foreign firms of known reliability, which can be trusted to execute contracts satisfactorily.

2. They are willing to be guided by the High Commissioner as to whether "open tenders" should not be advertised in the important newspapers and technical journals of continental countries and America. They ask, however, that the question should be periodically examined in the light of statistics of tenders received annually from foreign manufacturers, and with reference to the principles that where time permits, tenders should ordinarily be called for openly and generally and that the widest possible publicity should be given to such calls.

3. They accept the principle that the lowest "satisfactory" tender should be accepted, and cordially agree that where a British and a foreign tender are equally satisfactory and equally cheap, preference should be given to the former.

4. Criticism has turned mainly on the fact that admittedly the policy which has been prescribed as the correct policy for the Department to follow permanently has temporarily been abandoned in the present abnormal circumstances. In particular, objection has been taken to Sir William Meyer's statement that, purely as a temporary measure and so long as the present abnormal conditions last, he is "willing to accept a satisfactory British tender in preference to a foreign tender when the gap between the two is not excessive," and that, "as a starting point, he has laid down that the gap should not exceed 10 per cent." Moreover, exception has been taken to Sir William Meyer's practice of communicating foreign tenders confidentially to British manufacturers, in order to give the latter an opportunity of submitting a revised tender.

5. As regards the former point, the Government of India recognise that some misconception prevails in India. They are aware that Sir William Meyer has not laid down a hard-and-fast rule that a 10 per cent. preference may legitimately be allowed in favour of British tenders over foreign tenders. On the contrary, they understand that every case in which it is proposed to set aside a lower foreign tender in favour of a British tender is submitted for the High Commissioner's personal decision, and that each such case is decided on its merits. At the same time, the principle of preferential treatment for British firms in special cases has been admitted, and the lowest satisfactory tender is not always accepted. And, since the Government of India are most anxious that the operations of the Stores Department should be conducted purely on business principles, and should be free from any suspicion that British industries are being subsidised, even as a temporary measure, at the expense of the Indian taxpayer, they have thought it necessary to examine the whole basis of the temporary deviations from the accepted policy of the Stores Department to which reference has been made above.

6. There is no room for doubt that, at present, in cases where tenders are called for in the open market, there is ordinarily a very wide margin of difference between the lowest British tender and tenders from countries such as Belgium and Germany. In a recent case which has been brought to the notice of the Government of India, the margin of difference between the five successful Belgian tenders and the lowest British tenders varied from 43 to 91 per cent. The high cost of production in England no doubt accounts largely for the high British tenders, and the increase in the cost of production is believed to be due mainly to the increase in

wages. In this matter, however, as the High Commission will realise, the Government of India can do nothing to help. Much as they regret the unemployment in England, they are quite clear that they cannot allow orders to be placed in England at preferential rates merely to enable wages to be maintained at an uneconomic level. Such action on their part would be unfair to the Indian taxpayer, and, moreover, it would do nothing to solve the problem of the British manufacturer. For that problem there is only one solution, and that is for employers and employees to come to such adjustments as will enable the British manufacturers again to compete in the world's markets.

7. A more serious difficulty is that of foreign exchanges, since this factor, over which British manufacturers have no control, is mainly responsible for the margin between the British and foreign tenders. In the case of the five tenders already referred to, the successful Belgian tenders, with one exception, would have been well above the lowest British tenders had Belgian exchange been normal. The difficulty is even more pronounced in the case of Germany, and the point is one which cannot be ignored in deciding what policy should be followed.

8. As regards Belgium, the Government of India have decided that the exchange difficulty constitutes no bar to the immediate enforcement of the permanent policy of the Stores Department. The capacity of Belgian manufacturers is strictly limited and, this being so, the Government of India see no reason why full advantage should not be taken of favourable tenders from this country. The case of Germany is more difficult, but the Government of India consider that lower tenders received from Germany should be accepted if reliance can be placed on delivery up to time, up to sample and at the price agreed upon, and if they are otherwise satisfactory.

9. *The Government of India have arrived at the conclusion that "all temporary expedients designed to meet an abnormal and transitory state of affairs should now be abandoned, and that the Stores Department, in placing contracts for stores and materials required for Government Departments in India, should revert to the ordinary business principle of accepting the lowest satisfactory tender. They desire, also, that the practice of disclosing foreign tenders to English manufacturers should be discontinued as being inconsistent with accepted business principles. The Government of India have no desire at all to fetter the discretion of the High Commissioner in deciding between tenders on the principle laid down, and, in making such decision, he will of course take fully into account such considerations as quality, reliability, ease of inspection, time of delivery and the like. In regard to locomotives, wagons and similar railway material, the High Commissioner in placing orders will, of course, bear in mind the importance of strict adherence to British standard specifications and Indian standard drawings. Deviations from the standard drawings, especially in respect of renewable parts, may cause great inconvenience in India. The Government of India consider, however, that no preference should be given to British firms merely because they are British, except in the case referred to at the end of paragraph 3 of this letter (clause 3 above), and they are of opinion that departure from the principle of accepting the lowest satisfactory tender can be justified only in cases when the placing of an order with a foreign firm, though temporarily securing a cheaper article, might have the result of depriving the High Commissioner in future of a source of supply on which he might have to rely for completing further orders."*

10. They desire that a half-yearly statement for the periods ended 30th June and 31st December respectively should be submitted by the High Commissioner in future, indicating the cases in which the lowest tender has not been accepted, and that steps may be taken for the preparation and submission of these statements, beginning with the statement for the period ending the 31st December, 1921.

11. Finally, the Government of India ask that the High Commissioner should consider the suggestion that when placing large orders he should

insist on the contracting parties, if required by him to do so, granting facilities for the admission of Indian students as apprentices in their works, so as to afford them opportunities to acquire practical knowledge of manufacturing processes, and that he should furnish his views on the subject.

In a despatch dated January 25th, 1922, the High Commissioner agrees to carry out the general instructions given and adds that since he was apprised of the acceptance by the Government of India of the resolutions of the Indian Legislature bearing on the subject, he had put a stop to the special temporary practice of allowing some preference to British manufacturers, including the communication to them of competing foreign tenders. The High Commissioner further states that the register of firms eligible for limited tenders is constantly being extended and is at present being completely overhauled and that the inclusion of suitable foreign firms will receive particular attention.

The High Commissioner mentions that the instructions of the Government of India that the question of advertising in foreign newspapers, etc., should be periodically examined will be borne in mind, but adds that experience goes to show that notifications in the leading British papers are watched by foreign firms. In occasional cases, advertisement of requirements is avoided because of the risk of such publicity producing an unfavourable effect upon the market concerned. Sir William Meyer promises to submit half-yearly statements showing all cases in which tenders other than the lowest have been accepted. These statements will be drawn up in two parts, one dealing with cases in which a lower foreign tender has been set aside wholly or partially in favour of a British offer, the other with cases in which such discrimination is made as between British firms.

In conclusion, the High Commissioner, referring to the question of Indian apprentices, explains that some months previously, on his own initiative, he gave instructions that when the two lowest tenders are fairly close together, and where the lowest is that of a firm which has declined to admit Indian students, preference should be given to the other. He does not consider that it would be advisable to go beyond this, as otherwise the Indian taxpayer would be burdened unduly.

**Formation of the Indian Stores Department.\***—In concluding my remarks on the Stores question in my last report, I stated that the decisions of the Government of India and the amended stores rules which were put forward for the consideration of local governments were not to be taken to be in final form, as objections might be raised and, in any case, final sanction for them had not been granted, although a whole year has passed, we have not yet received any definite pronouncement of the policy to be adopted in future, but it is hoped that a statement will be made before many months are past and, I hope, before this report is published. In the meantime a good deal of preliminary work has been carried out and the question has been threshed out in the Indian Legislature. In order to enable my readers accurately

---

\* The new Indian Stores Department, which is being set up in India, should not be confused with the existing India Store Department of the Office of the High Commissioner for India, in London.

to gauge Indian opinion on the subject, I propose briefly to deal with the progress that has been made.

*Office of the Chief Controller of Stores in India.*—In order to avoid delay in the establishment of an organisation for the purchase of stores in India, the sanction of the Secretary of State was obtained in 1921, for the appointment, on a temporary basis, of the three chief departmental officers, viz., the Chief Controller and the heads of the purchasing and inspection branches. Early in the present year, Mr. J. S. Pitkeathly, C.I.E., C.B.E., D.S.O., was appointed Chief Controller of Stores on a two years agreement. Mr. Pitkeathly was originally in the employ of a leading British electrical engineering firm, but subsequently joined the Indian Public Works Department, and during the war rose to be Deputy Director of Works in Mesopotamia. Since the armistice he has also held very important posts in the Afghanistan campaign and in Delhi. His wide knowledge of engineering and the extensive experience he has had both in purchasing stores and material and in organising and administering important enterprises render him eminently suitable for the arduous and responsible duties which he has now undertaken. Appointments have also been made, on a temporary basis, of a Director of Purchases and Intelligence and of a Chief Inspector.

The Chief Controller of Stores is now established in the Industries Department of the Government of India and can be addressed at the Secretariat in Delhi from October to April and in Simla for the remainder of the year. Although, for urgent reasons of public economy, the grant for his Office in the present year was reduced by the Indian Legislature from R.767,600 to R.383,800, i.e., by half, a good deal of preliminary organisation work is being carried out. In the first place, the section of the Indian Munitions Board which was used for the purchase of textiles during the war and which had continued to purchase Army requirements since the armistice, has been taken over with its Chief, Lieut.-Col. H. M. Alexander, O.B.E., D.S.O., who has been appointed Director of Purchases and Intelligence in the new organisation, and who proceeded on deputation to the High Commissioner's Office in March last in order to study the system employed in London. The textile branch forms the nucleus of the organization and is already being used in those cases where textiles can be purchased in India—its purchases for the Army alone last year amounted to R.130 lakhs. To this will be added as funds become available and the services of experienced officers can be obtained, other sections dealing with oils and paints, cement, leather and so on until finally it is hoped to open a section dealing with engineering stores which of course will be the most complex of all branches, it requires a highly-trained technical staff. Each section will be self-contained with its own inspectors and its own purchasing officers. The metallurgical Inspectorate at the Tata Iron and



Steelworks, Jamshedpur, has been taken over by the Chief Controller, whose inspectors are now passing 100,000 tons of steel rails and fishplates per annum. The Government Test House at Alipore, near Calcutta, has also been brought under the control of the Stores Department and it is proposed to extend it almost immediately. Some idea can be obtained of the expansion which has already taken place when it is realised that tests are now being made at Alipore against contracts amounting to R.366 lakhs as compared with contracts of a value of only R.16 lakhs five years ago.

All these efforts, however, can only be tentative and provisional until the Committee on Retrenchment which will sit this cold weather under the chairmanship of Lord Incheape, has pronounced its verdict as to whether India can afford the funds for the department, and—more important still—until the Government of India has made a pronouncement of its policy as regards the purchase both of local and imported stores and has issued revised stores rules laying down the conditions on which these purchases will be made.

**The Stores Rules.**—In my last report, pages 302-310, I gave in extenso the proposed rules governing the supply of articles for the public service which the Government of India circulated to local governments and administrations on March 29th, 1921. The opinions of the provincial authorities have now been received and a communiqué would probably have been issued but for the fact that the question has been complicated by a resolution of the Legislative Assembly in March following upon the decision of the Government of India to allot 150 crores of capital expenditure to railways during the next five years in accordance with the recommendations of the Acworth Committee.

*Resolution of the Assembly with regard to the establishment of Railway Industries.*—On March 2nd, 1922, the Legislative Assembly on the motion of Sir Vithaldas Thackersey, the Bombay Millowner, who, it will be remembered, moved the resolution, previously cited, with regard to the purchase of stores by the High Commissioner in London, adopted the following resolution.

“ 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 R. 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.”

The debate is so illuminating, showing, as it does, both the strength of public feeling in India and also the attitude of the Government of India, that I have thought it worth while to reproduce extracts from the principal speeches which I would

earnestly commend to the careful attention of British manufacturers of Government stores and in particular of railway rolling stock and plant.

Sir Vithaldas Thackersey in proposing the resolution said :—

“ During the discussion of the Financial Committee, figures were also placed showing the probable expenditure over the Railways during the next ten years, and there also it was seen that a further Rs. 30 crores a year would probably be required during the subsequent five years. That means that during the next ten years we would be spending about Rs. 300 crores for our railway purposes alone. The Committee, however, thought that it was quite enough to look ahead for five years and, at the end of three years, the future programme might be considered by a Finance Committee. Now, my object in moving this Resolution in this House is that we should try to see if we cannot spend as far as possible and as much as possible out of this Rs. 300 crores in the country by special efforts taken in the direction of the development of industries manufacturing railway materials. I am sure, no one in this House will disagree with the policy I am enunciating. The only question is what active steps can be taken so that we can get an immediate result. It is true that Government have framed rules by which articles of Indian manufacture may be brought for the requirements of Government provided the quality is good and the price is not unfavourable. It is also true that Government have given more than once an indication that they are willing to encourage the establishment of industries in India. Government may take credit that they appointed an Industrial Commission in the years 1916 under the presidency of Sir Thomas Holland. That Committee took two years to report; they went very thoroughly into the several problems of industrial development and reported in 1918. I want to know what steps have been taken to bring into effect the recommendations of that Committee. Government appointed in December, 1919, the Stores Purchase Committee. That Committee took 7 months to report and made an excellent report by the majority, the minority, however, differing in many respects from the majority. One year and nine months have passed since this Committee has reported. We know the Government have taken action in appointing an officer as Chief Stores Purchase Officer in India; but, so far as actual steps taken to encourage industries are concerned, I maintain that nothing has been done.

“ If Government wanted to take immediate action for the encouragement of Indian industries, the Report of the Stores Purchase Committee is full of valuable suggestions, and they could have taken the necessary action. I will not take up the time of this House by going through the several recommendations made by that Committee, but I will read to you one most important recommendation that could have at once been accepted by the Government and given immediate effect to in the interests of India. The recommendation runs thus :

“ We consider that, in addition to providing in this manner for the full utilisation of existing industries in India, Government must further give them practical encouragement specially in the initial stages of their enterprise and must assure them of a reasonable measure of protection against outside competition. The measures advocated by us, subject to appropriate restrictions and safeguards are :

- (1) Guaranteeing of orders for a limited period;
- (2) Placing of orders at favourable rates for a limited period;
- (3) Favourable railway rates;
- (4) Revision of the fiscal policy of Government with a view to protection of local industries.’ ”

" At the end of the paragraph, the Committee add :

" We consider that the conditions under which contracts are placed in India should be assimilated to those attached to contracts entered into by the Director General of Stores at the India Office which at present are in some respects more favourable to the British manufacturer.' "

" Now, I seriously ask Government whether the condition No. (1), in regard to guaranteeing of orders to the Indian manufacturers, and condition No. (2), in regard to the placing of orders at favourable rates, have been adopted, although the Report has been before the Government for the last one year and nine months? Are we to go on considering the general aspects of the question, the rules and regulations, and appointing officers, while orders worth crores and crores of rupees are being daily and regularly sent to England in spite of the recommendations of the Stores Purchase Committee and the Indian Industrial Commission that the railway stores should be purchased in India? I submit, Sir, we must take immediate steps, so far as the orders worth crores and crores of rupees for railway purposes are concerned, to place them with Indian manufacturers. Moreover, Sir, how many industries would be required to supply railway stores to the value of crores and crores of rupees? We can count them on the fingers of one hand. I will give the House a few instances from the figures placed before us by Government about the requirements of the railways during the five years, and if you want to take the figures for ten years you have practically to duplicate the amount that I am mentioning. Goods wagons will be required to the extent of Rs. 31 crores during the next five years, or 62 crores of rupees will be spent for wagons during the next ten years. Coaching vehicles will be required to the extent of 18 crores during the next five years, bridges, girders, etc., four crores during the next five years, and much more during the next ten years. Then, again, rails would be required—I do not wish to go through the whole list, but these are, I think, sufficient instances to show that one kind of industry, that is the industry for manufacturing goods wagons, if properly encouraged and supported, will keep in the country 62 crores of rupees during the next ten years. If we support the coaching vehicle industry, it would give us 36 crores of rupees in ten years. If we support the bridge industry, it would give us eight crores of rupees in ten years. So let us sit together and consider what can be done immediately to enable Government to place these orders worth some crores of rupees in the country. I am leaving aside for the moment a thousand and one things like pens, pencils, and other small and big items that are required for our Stores Department. I do not attach less importance to those articles, but let us attach greater importance to these really important articles which will retain in the country some crores and crores of rupees."

" After all, the suggestions I have made and the suggestions which the Stores Committee have made are not new. Government have followed that policy in the past. I will give one typical instance and I think it is a great credit to Government for what they did at the time. When the first Steel Industry was to be started by the Tatas, Government came forward liberally and guaranteed the purchase of 20,000 tons of rails every year for ten years at a price equivalent to the rate which would cost Government to import rails from England. That system works splendidly, and I firmly believe that steel industry could not have been started in those days without such a guarantee, and the result was that, during the war, we were independent of the foreign import of rails, and other steel products."

" What we ask the Government is to follow a similar policy to a greater extent. It was a great thing in those days to say that Government would buy 20,000 tons of rails from the new Steel Company. I would say that if new industries were started, Government would be perfectly justified in

saying that they would purchase all their requirements from such companies. In regard to the Tata Steel Company, out of probably 150,000 tons of rails that were required for Railways in India, Government were liberal enough to say that they would buy only 20,000 tons from the Tata Steel Company. The question whether any preference should be given in point of prices, that is, whether any higher prices should be given to the new industries that we start, is one which I will not take up to-day. The question will solve itself with the recommendations that we may receive in the report of the Fiscal Commission. If the Fiscal Commission decides that protection up to a certain extent should be given to certain industries, then, under my proposal, those industries will automatically get higher prices to that extent. We hope it will not be very long before the fiscal policy is brought up for consideration before this House and I do not wish to touch at great length now on the relative advantages of protection and free trade in regard to the starting of new industries. Of course, one thing Government will have to consider and must consider, and that is, the protection of Indian industries against dumping. There has already been going on a little of dumping, and I am informed that because there are certain new industries of wagon-making starting in India, a very strong ring of English manufacturers have now resolved to dump wagons for the time being. If they dump wagons at a lower rate than that at which they can be manufactured, I think that in the interests of the country it will be entitled to the same protection which Great Britain has given to England, and which Canada has given to the Canadians, by the anti-dumping laws. You may not give special preference, but surely you are not going to kill your industries by the dumping process of foreign manufacturers or the strong rings that may be formed to kill you, and after killing you to exploit you in future.

"Sir, it may be asked whether we can manufacture any or all of the articles required for the railways if we give this encouragement. I made several inquiries of high officials connected with the management of railways, including my honourable friend Colonel Waghorn, who is taking such a keen interest in the matter, and I am sure that in time, if proper encouragement is given, if economic plants are introduced and up-to-date methods are followed, India can supply most of her requirements, if not all. Take, for instance, the manufacture of wagons. I am told that most of the materials required for the manufacture of wagons can be made in India, or will be made in India during the next year or this year. The only things required to be imported would be wheels and axles. The cost of wheels and axles, I am told, would come to about Rs. 1,000 per wagon, that is, about 10 to 12 per cent. of the cost of a wagon. If you calculate on these figures, you will find that out of the Rs. 31 crores, you can spend in India about Rs. 25 or Rs. 27 crores for the wagons alone, and send out of the country only Rs. 3 or Rs. 3½ crores. The same remark applies, in a greater or less degree, to other articles of requirements. Now, Sir, this shows that the larger part of our expenditure can be incurred in India. And, after all, what is this expenditure that we spend in India? How does it help? It helps first and foremost the working classes. What do you require in a wagon? You require steel. How is steel manufactured? You have to dig the ore. It goes into the furnace and is smelted with coal and flux, which in their turn are products of labour. If we calculate the amount of labour required, 75 per cent. of the whole cost is labour, one way or the other. Workmen will get more employment, and the money will remain in the country."

The original motion dealt only with the first part of the resolution as finally passed and left out of account the revision of the Stores Rules. Mr. C. A. Innes, the Honourable Member for Commerce and Industry, in a very telling speech pointed out that the early revision and publication of the Stores Rules lies at the heart of the problem. His exposition of the situation is so clear

and concise that I would emphasise it by including the following extract. Mr. Innes said :—

“ If the Indian Stores Department is established, it will purchase for the State railways all railway materials which can be procured in India. Further, if that Indian Stores Department is properly organised, if we have proper machinery and intelligence, and, above all, inspection, if that Department acquires the confidence of other great consuming Departments, especially the company railways, then the Stores Department would be mainly occupied in buying railway material not only for State railways, but for company railways also. Any industries which we will be able to start, therefore, will have to deal with the Indian Stores Department. My point is this: *This Stores Department works in accordance with certain formulæ or principles. These formulæ or principles, when they have been finally settled, will be published, and private firms who desire to set up in this country will be guided in deciding whether to do so or not mainly by these formulæ or rules. Therefore I say that the best thing we can do at present is to get our formulæ or rules into proper shape, to get them into such a shape that we shall give all legitimate encouragement to private firms which wish to set up in India the business of supplying railway material.*”

The Hon. Member then proceeds to deal with the difficulties of the manufacturing position in India with particular reference to railways. He adds :—

“ The two main things which we require to make in India at present in order to carry out the objects which Sir Vithaldas Thackersey has in view are, firstly, railway wagons and, secondly, locomotives. We have three firms making railway wagons at this present moment, but they only make a portion of the wagons. They import certain parts from Europe, they make other parts in India, and they assemble them together. They import from home such things as axles, wheels, springs and the like. Similarly, I may mention that there is a large important firm which has already got under consideration the idea of starting the manufacture of locomotives in India. Here again, this firm will not be able to manufacture for some years to come the complete locomotive. As in the case of wagons, it will have to import some parts from England, and other parts they can make out here. What is the difficulty, what is it that prevents us from making the complete wagon or the complete locomotive in India? It is the lack, in the first place, of open-hearth acid steel. Secondly, we have not got in this country, at present, any manufacture of high-grade iron. Thirdly, we do not manufacture in this country rivet steel. Therefore, for the next few years, we must content ourselves with a partial manufacture in this country. What we can hope for is that firms will be attracted to come out to this country and manufacture such parts as are at present possible of railway wagons and locomotives.

“ Now, how will they be attracted? These firms come to me and tell me their difficulties, and their difficulties are always associated with these Stores Rules. We have these Rules in a provisional form at present. They deal largely with the question of price; what our price formulæ should be in regard to articles wholly or partially made in India. The difficulty lies in getting these formulæ right. My suggestion to the House is this: That, instead of appointing a committee *ad hoc* for the purpose of considering how railway industries should be started in India, they should allow me to appoint a small committee of this Legislature to consider, in consultation with the Chief Controller of Stores and with myself, these price formulæ, and I am perfectly certain that that is the right way of going ahead.”

Sir Vithaldas Thackersey had strongly advocated that, if new industries were started in India, Government should guarantee

to purchase their requirements or a certain portion of their requirements from such companies, as was done in the case of the Tata steelworks. To this point, the Hon. Member for Commerce and Industries replied as follows :—

“ I have no objection at all to this Committee taking up the further question within what limits and on what principles we can adopt this expedient of giving guarantees of orders to firms. Sir Vithaldas Thackersey spoke as if it was the easiest possible thing extending assistance to every firm that came to us and said: ‘ I am going to start an industry; give me a guarantee of orders.’ Well, I am perfectly certain that we cannot advance in that heroic way. We have already adopted this measure once. We have adopted it in the case of the Tata Iron and Steel Works as regards steel rails and now we are taking for our railways all the steel rails that Messrs. Tata, Sons, & Company can supply. We have adopted it in another case. In 1917, we offered a guarantee of orders to Messrs. Tata, Sons, & Company for steel plates. Unfortunately, they have not been able to build up their rolling mills and they are not yet making any steel plates. That device may be a very legitimate device if you start a big industry on a large scale and put a lot of capital into it, but it cannot be applied to every firm. Supposing I want 5,000 railway wagons and I have a large capitalist firm which satisfies me that it is going to put down proper workshops and invest a large amount of capital in the business, then I should be perfectly justified in giving it a guarantee of orders. But, supposing half-a-dozen, 10 or 15 workshops all over the country came to me and say, ‘ I am prepared to make wagons: give me a guarantee of orders ’ and I split up a guarantee, say, for 5,000 wagons among ten firms, the result would be that none of these ten firms could make a living. It would not be an economic proposition. Then there are other difficulties. Guaranteeing of orders is not enough. In the case of Tata, Sons, & Company, we guaranteed them, as far as I remember, c.i.f. English price landed at Calcutta. That seems a reasonable proposition, but in these difficult times it may or may not be enough. Sir Vithaldas Thackersey has put his finger on one of the difficulties.

“ He alluded to the danger of dumping. He suggested that English firms were now dumping wagons in India. I have no reason to suppose that that is a true statement of the case, but we know that Germany and Belgium can dump by reason of their depreciated exchanges. They can land iron and steel in this country at the present time at very low prices. If we guarantee orders at c.i.f. English price Calcutta, that might be no use to a firm. That is merely one instance of the difficulty of this particular device.”

One of the most important points in this illuminating debate was the declaration made by the Secretary to the Government of India in the Industries Department as to the fixed policy of Government in regard to industrial concessions in India. Mr. Chatterjee said :—

“ Munshi Iswar Saran asked for a declaration that Indians and Indian firms will be encouraged to start industries. There is no difficulty, Sir, in making that declaration. *The settled policy of the Government of India, as I think we have mentioned more than once in this Assembly, is that no concession should be given to any firms in regard to industries in India, unless such firms have a rupee capital, unless such firms have a proportion, at any rate, of Indian directors, and unless such firms allow facilities for Indian apprentices to be trained in their works. This has been mentioned more than once, and I can only repeat this declaration.*”

This point cannot be too strongly impressed on British manufacturers, who may be considering the erection of works in India.

It is one of the most eloquent proofs which can be adduced of the changed attitude of Government as a result of the Reforms scheme.

*Committee of the Indian Legislature to consider the Stores Rules.*—In accordance with the resolution cited above the Government of India appointed this spring a Committee, with the terms of the resolution as its terms of reference, comprising the following gentlemen :—

The Hon. Mr. C. A. Innes, C.S.I., C.I.E. (Member for Commerce and Industries)—Chairman.

Col. W. D. Waghorn, C.B., C.M.G. (President of the Railway Board).

Mr. A. C. Chatterjee, C.I.E., I.C.S. (Secretary to the Government of India in the Department of Industries).

Rai Bahadur Lala Ram Saran Das, C.I.E. (Council of State).

Mr. Lalubhai Samaldas (Council of State).

Sir Vithaldas Thackersey (Legislative Assembly).

Mr. B. S. Kamat (Legislative Assembly).

Mr. C. W. Rhodes, C.B.E. (Legislative Assembly).

This Committee are now (June, 1922) sitting, but it is not expected that their report will be issued for some months, and until their deliberations are ended no definite action can be taken by Government on the stores rules:

**The Purchase of Imported Stores.**—The crux of the whole Stores question from the point of view of the British manufacturer of stores and plant for Indian Government requirements is the method of purchasing imported stores. It is a foregone conclusion that preference will be given to goods manufactured in India and also for some time, to goods assembled or partly-manufactured in India from imported materials. This preference should be a great incentive to British firms to erect works in the country, particularly if Government is prepared—as in the case of the Tata Steel works—to guarantee to take a certain fixed quantity of the output. One leading British manufacturer of locomotives has already floated an Indian company with Indian directors on the board and is erecting a plant in the vicinity of the steel works at Jamshedpur. A leading Canadian car and waggon company has recently despatched a representative to India who has been negotiating with Government for the establishment of a rolling stock works. Many other prominent British manufacturers of railway and other types of plant have been in close touch with the State authorities, but in most cases consider it premature to make definite plans until Government formulates and announces its policy, which will probably be towards the end of this year. There seems to be no doubt that, in those cases where the Indian Government normally takes a large share of a company's productions and where manufacture in India shows a reasonable chance of success, British manufacturers would be well advised seriously to consider the establishment of works in this

country. The present tendency is all towards the protection and development of India's industries, and with the transfer of more and more power into Indian hands, this tendency will be accentuated. Moreover, there is a danger that unless British makers take their opportunities and move with the times, they will find that their foreign competitors may steal a march on them. India is determined to develop its industries and would welcome foreign enterprise if British capital and energy are not available. This would mean the introduction of foreign standards and practice and would do incalculable harm to our interests. The future position with regard to imported stores is not so clear and depends entirely upon the attitude of Government after receipt of the report from the Committee of the Legislature already referred to. The present procedure of purchasing all imported stores through the medium of the India Store Department has worked smoothly and satisfactorily for many years. The heads of the large purchasing departments in India are quite satisfied with it and it certainly suits the British manufacturer, who can deal with an organisation in London which understands the needs of India. Moreover he is in a position to give the most favourable quotations as he is not burdened with heavy representation expenses and receives cash on the spot. Vested mercantile interests in the ports of India who are engaged in the import trade have always been opposed to this system of purchases in London and now find themselves in agreement with the Indian politician, who wishes to see the conduct of this great volume of purchases (which in 1921-22 amounted to 14 crores of rupees) removed to India. The first definite step taken to voice this view was by the majority of the Stores Purchase Committee 1919-20, who stated their views unequivocally. Their conclusions were given on pp. 184-5 of the previous Report; the observation of the Government of India, which were in general agreement with the minority proposals of Messrs. Collier and Ryan, will also be found on p. 185 of that Report.

There is a very strong desire among many Indian politicians to abolish the India Store Department in London so that the Stores Department should be free to call for all tenders locally on a rupee basis and to place all contracts for Government requirements, whether locally manufactured or imported. It is possible that the Committee now sitting may make some such recommendation. Such a course would be a great blow to British manufacturing interests and would, in the opinion of competent judges, not be conducive either to economy or efficiency.

Whatever may be the outcome of the present enquiry, the British manufacturer will be forced to revise and improve his methods of representation in the country, and in those cases where his interests are important, he should either open his own branch or appoint a resident employé in India. It is likely that the new Stores Department will be given very great latitude in the purchase from stocks in India and this will render it imperative in many cases for makers to establish their own depôts



and to carry stocks of articles of the type usually purchased by Government. In those cases where the trade is not sufficient to warrant the expense of establishing a branch office, then the British maker should appoint mercantile agents who would stock his goods and promote his interests, always bearing in mind that even the most active merchant holds very many agencies which sometimes clash. In order to obtain satisfactory results from this method, it is desirable to attach a resident employé to the Agent's staff, to conduct the demonstration and active selling work, to watch his principal's interests, and generally to insure that everything possible is being done to further them.

It is to be hoped that, if the Government of India decides to alter the method of purchasing imported stores, it will allow adequate time for its old suppliers to adapt themselves to new conditions and establish their organisations in India.

## CHAPTER IV.

### METHODS OF REPRESENTATION AND DISTRIBUTION IN INDIA.

It is now three years since I dealt with this question at considerable length in the Report on the Conditions and Prospects of British Trade in India at the close of the War, published in 1919. The trend of events in the meantime has largely confirmed the opinions expressed and the advice given in that report, and those British exporters who may wish to read a treatment of the subject in detail cannot do better than secure a copy of it from H.M. Stationery Office. In the following remarks, I propose briefly to touch upon those changes which have occurred during the past three years, and which call for some modification of our agency and distribution methods. For the sake of clarity and ready reference I will deal individually with the special requirements of the principal trades.

**The Textile Trades.**—The textile trade in India, just as in the United Kingdom, is the best organised of all trades. The largest and most powerful import merchants, both European and Indian, possess special piece-goods departments with a trained staff, and in many cases devote their whole energies to the trade. The Indian guarantee brokers and dealers in the principal ports are the wealthiest and soundest of their class, and a highly specialised organisation has been built up extending from the purchase of the goods in Manchester and elsewhere to the final distribution in the villages of India. Broadly speaking, therefore, the selling organisation which has been evolved is probably the one best suited to India's requirements.

The recent slump with its concomitant in India of wholesale repudiation of liabilities and dishonouring of drafts has, however, most seriously affected the direct trade between British shippers and Indian importers which had been growing steadily for some

years, and the inevitable result is a strong reaction on the part of many British exporting houses against direct dealings with the bazaar and a tendency towards reverting to the large importers at the ports.

As I stated last year, I am convinced that this direct business has contributed materially to the expansion of British trade, notably in Bombay and the inland distributing centres of Delhi, Amritsar and Cawnpore. If carefully conducted on sound lines and with responsible Indian dealers, it is—in normal times—a reasonably safe trade, particularly in those cases where the home shipper employs a resident representative in India to safeguard his interests. At all events it is known that those firms who have conducted it, in some cases for the last 25 years, have found it to be a lucrative one and have made very few bad debts. Moreover, the records of the exchange banks would show that in normal times their overdue bills represented a very small proportion, and these were almost always met after an extension. On the other hand the European merchants at the ports are—for obvious reasons—opposed to this direct business. The wholesale repudiation of contracts and the apparent collapse of Indian commercial morality during the past two years has been most evident in those centres, such as Bombay and Delhi, where the most liberal trading facilities had been granted to Indian importers and bazaar dealers. As a result, British shippers have in some instances been forced into liquidation, in others are financially crippled for some years to come, and, in almost every case, have suffered very severe losses through no fault of their own. It is not to be wondered at, therefore, that many of them aver that they will close their mofussil accounts in future and will trade only with old-established houses in the ports; while others will only accept new business from a very few approved firms with a 25 per cent. margin with the order.

We are still too near the recent crisis to be able to consider it calmly and dispassionately. It will be admitted, however, that the upheaval cannot be classed with any other previous trade slump. Although no one could describe the action of the Indian dealers as following the accepted principles of commercial morality and good faith, it must be conceded that a great many of them could not possibly have met the loss of some 60 to 70 per cent. on their goods with which they were faced owing to the slump both in the market value and in exchange. The great mistake they made was that instead of placing their position candidly before their suppliers and asking for assistance—whether in the form of compassionate allowances or extended credit—they were led away into passing resolutions refusing to pay their bills at a rate below 2s., and clutching at any political straw which they thought might help them to evade their responsibilities. On the other hand, Manchester shippers at first did not clearly grasp the desperate nature of the recent slump and hoped that, by showing a determined front and insisting on the fulfilment of engagements

and the honouring of drafts, they would force the dealers into a more reasonable frame of mind. The Chairman of the Delhi Piece Goods Association voiced the feelings of the importers in Delhi when in a recent speech, he said :—

“It is unfortunate that our appeals and warnings fell altogether flat on Indian dealers on the one side and Manchester shippers on the other. If they had listened to us in time, matters would not have led to such a mess. Last year when we entreated, requested, urged and cajoled our constituents at either end ours was a cry in the wilderness. Hard facts with all their grim realities have borne us out. Although our efforts did not bring about the desired effect immediately, yet it is satisfactory to find our friends acting up to our suggestions, are settling their differences amicably.”

After commenting on the improved conditions and expressing the opinion that, given a good monsoon and no further political upheaval, it should be possible to clear up all outstanding accounts within the next months, he adds :—

“I think everyone will admit that shippers on the whole have acted in a very magnanimous way towards importers here by making large concessions and helping in every possible manner, their object being not to break anyone.”

The prospects for a steady improvement are undoubtedly brighter, the first monsoon forecast is a favourable one, and—given a continuation of the present slightly more settled political situation—it is quite likely that by the end of the year the old outstandings will have been liquidated. For the present, however, it would be unwise to accept forward indents from other than selected dealers of proved honesty except against a 25 per cent. margin with the order and on D/P terms.

**Iron and Steel.**—The recommendations made in 1919 still hold good, and may be summarised as follows :—

(a) British steel producers who have in the past conducted a large and steady trade with India in the staple lines of steel rails, sheets and plates, bars and channels, angles and springs, beams, tubes, hoops and strips, cast pipes and fittings, &c., &c., whether for the use of Government works or for the industrial requirements of the country, should take steps to form one or more export selling organisations of non-competing manufacturers, and should open their own offices in Calcutta and Bombay for the sale of their products, from stock in the case of articles in constant demand. Only by this means will they be able to meet the enhanced competition from the United States, and also secure their fair share of Government orders. Combinations and amalgamations among steel producers are the order of the day throughout the world, and a necessary corollary is the forming of such organisations for selling purposes. For instance, it would almost certainly pay a large manufacturer of galvanised steel sheets (of which, in 1913, no less than 275,000 tons of a total import of 278,000 tons were obtained from the United Kingdom) to combine with manufacturers of steel rails, tubes, hoops, tinned plates, and other products in steady demand, to provide for specialisation of manufacture in the group and a rigid allocation of orders, and then to open their offices in India, staffed with expert salesmen, combining, if possible, a knowledge of the works with acquaintance with local conditions.

(b) The smaller manufacturer of standardised lines such as tees and angles, bars and channels, spring steel, &c., would probably be well advised to continue to deal with the many old-established London and Glasgow metal exporters, who usually have connections in the principal Indian centres and who would be able to amalgamate the multiplicity of small bazaar indents into one substantial order, and would furnish cash against documents in London.

(c) The British metal export merchant with an established trade with the Indian bazaars would do well to maintain a resident representative on the spot. The tendency all over India is for the buyer to prefer to have personal dealings with the actual seller rather than to conduct his business by letter or cable with a buying agent in the United Kingdom. This tendency is particularly marked in Bombay. The representative should be kept posted by cable with current prices, market conditions, &c., &c., and should be authorised to make direct sales in the bazaar.

(d) The higher-grade Sheffield specialities such as high-speed and tool steels, files, &c. require special treatment. In this case, inasmuch as most Sheffield makers produce the whole range of these articles, group-selling would be found to present difficulties. The best method would be to appoint an active firm of import merchants to act as sole agents in each of the following territories: Calcutta, to cover Bengal, Bihar and Orissa, United Provinces and Assam; Bombay, to work the Bombay Presidency, Sind and the Punjab; Madras, to cover Southern India; and Rangoon, for the whole of Burma. There are one or two progressive merchant firms who have branches in all or most of these centres, and maintain an active selling organisation with travelling salesmen throughout the whole of India. In these cases, where manufacturers can satisfy themselves that their goods will be actively pushed, they would probably be well advised to appoint a sole agent for India. Distributors with the necessary staff and organisation adequately to cover the whole of India are, however, few and far between. Their names, and also the names of the leading steel importers at the various ports, together with particulars as to their standing, organisation, agencies held and agencies desired, usual terms, &c., &c., may be obtained from the Department of Overseas Trade, 35, Old Queen Street, S.W.1. In addition to appointing agents, it would be well for a representative of the firm to visit India at least every second year, and preferably each cold weather, so that the manufacturer should be *au courant* with the conditions of the market. The frequent visits of a representative would also probably prevent any relaxation of effort on the part of the agents and would tend to keep their organisation up to the mark.

The advantages to a large manufacturer of merchant steel of all kinds of allying with a firm of engineers on the spot has been proved during the past year in the case of more than one large steel contract which has been secured by the United Kingdom in face of most severe competition. By this means the steelmaster has had the advantage of the experience and influence of an established firm in India, which has also been able to undertake erection and quote for the whole contract.

**Machinery.**—In view of the value of the Indian market for machinery and plant, the question of representation is a most vital one for the British manufacturer. The imports last year reached a total of £23,000,000, of which nearly £19,000,000 worth was obtained from the United Kingdom. In my 1919 report, I gave specific advice under each heading of machinery, but on this occasion I will merely reiterate my opinion that those British engineering manufacturers who already have a large interest in

the market should open their own office and selling organisation on the field in those cases where the trade to be gained warrants the expense, and in other cases they should form group-selling organisations in conjunction with other manufacturers of non-competing lines, and the group association should open its own offices in Calcutta and/or Bombay as circumstances direct. The following are a few of the reasons on which this opinion is based :—

(a) The firms of mercantile agents in India, who have in the past held many of the leading machinery agencies, are usually houses of standing who hold the agency of some 10 to 30 British manufacturers of various lines. They frequently act as piece-goods importers, shipping and insurance agents, exporters of all kinds of produce, managing agents of local industries, and conduct a general merchant's business. The numerous machinery agencies are, therefore, relegated to an engineering department staffed by two or three European assistants, with sometimes a qualified mechanical engineer in charge. It is obvious that, with the best will in the world, it is impossible for such a firm to do adequate justice to each of the agencies held. Active selling campaigns by travelling salesmen covering the whole territory are practically unknown and, in a great many cases, catalogues of principals are merely filed for reference and, whenever an inquiry is received for the specific machine, attention is given to the matter. It should not be thought that I under-rate the value of a merchant's experience and connections, or that I do not realise that our trade in India has been largely built up by the fine old houses in the ports. I do contend, however, that in the case of machinery in general demand in India the ideal method of representation, from the British Manufacturers' point of view, is to have his own office staffed with competent engineers and salesman and—in the case of heavy plant—provided with an expert staff of erectors. There are, of course, a few firms who specialise in conducting machinery business and who give their principals good service. In these cases, I would recommend that the British manufacturing engineer should attach one of his own men to his agents, to assist them by travelling the country, demonstrating the value of the machines, putting right defects in previous deliveries, advising probable purchasers, and generally promoting his employers' interests.

(b) The tendency of government towards the purchase of plant in India is dealt with at length in Chapter III pages 88 to 103. The Government of India is anxious to encourage manufacturers to erect branch works in India and has already decided to call for simultaneous tenders in India and Europe. In these circumstances, firms can no longer rely on securing all orders from the India Office Stores Department and although it may not be practicable in many cases to manufacture in the country, the fact that they have a branch office will not debar them from tendering locally—in fact will give them a decided advantage with the Indian Stores Department. Moreover, it is likely that much wider powers will be exercised by the Government of India as regards purchasing from stocks in the country, and many British machinists have found it to be imperative that they should hold large stocks of, say, machine tools which they find little difficulty in disposing of to railway workshops and other bodies, who usually come into the market towards the close of the financial year.

(c) The Indian industrialist to-day, however, is branching out into many highly complex industries, and is determined to have the most highly scientific advice and to purchase the latest and most improved forms of plant which are obtainable. There are very few firms of consulting engineers in India to-day. The trained managers of the branch offices of home engineering and machinery firms have, in the past, filled this gap and have rendered, gratuitously, invaluable services to Indian industrialists. This help will be required more than ever in the future,

and the manufacturer who is prepared to advise his client on the spot as to the layout of a scheme, to draw up specifications, and to furnish the fullest technical information, will have, as a rule, the first call on an order, irrespective of whether that order is placed locally with him, or in London direct with the works. The leading industrial houses particularly in Calcutta, usually employ a trained engineer to look after this side of their development, but he cannot possibly have first-rate knowledge on all the branches of industrial engineering, and I have frequently been requested by these gentlemen to bring to the attention of British manufacturing engineers the great advantages they would gain by maintaining a technical staff in India who would be in a position to give prospective buyers the benefit of the most modern and scientific knowledge with regard to processes and plant, and who could provide them with the necessary drawings and specifications. The firm which is prepared to render these services and secure the friendship and goodwill of the buyer's engineer, will be placed in an impregnable position compared with their competitors who either remain in England or are represented in India by mercantile agents with little or no technical knowledge of the specific plant or machinery. Government Officers have frequently complained to me that they have purchased plant from mercantile agents, and then, when it has got out of order, they have applied to the agents for assistance, but have not received any satisfaction, with the result that their future indents have been placed elsewhere.

(d) In the case of large plant, such as watertube boilers, waterworks and pumping installations, electrical and steam-power plants, pipelines, electric cables, and complete installations of industrial machinery such as flour-mills, rice-mills, oil-mills, sugar-refineries, chemical works and by-products plants, etc., the necessity for economical and efficient erection is paramount in a country with peculiar climatic and other conditions such as India. Considerable waste of money and dissatisfaction has been caused in the past in cases where machinery has been purchased in London by officials and merchants with little knowledge of local conditions and where mistakes have been made both in the design of the plant and also in the erection of it. It must always be remembered that, speaking generally, engineers in this country, whether they be in Government, municipal or private employ, are mainly occupied with administration and maintenance work, and are, therefore, usually out of touch with the latest home engineering practice. Indian labour is also, comparatively speaking, unskilled, and requires constant and expert supervision. The British manufacturer, therefore, who is prepared to maintain an erecting staff in conjunction with his selling and technical organisation in India will not only be placed in a strong position *vis-à-vis* his competitors in the securing of orders, but will be able to effect considerable economy and give satisfaction to the purchaser by quoting for the complete plant, erected and in running order, thereby making an efficient job and establishing his position for renewals and further extensions.

(e) Foreign competition has to be considered much more carefully to-day than before the War. Last year the United States supplied 13 per cent. and Germany 1½ per cent. of India's imports of machinery and millwork. American firms, having secured a footing during the war, are leaving no stone unturned in their efforts to build up a business, particularly in those lines in which they specialise, such as logging plant and sawmilling machinery, sugar machinery, electric plant and equipment of all kinds, agricultural machinery and implements, steel rolling mill plant, mining machinery and tools, excavating and oil-crushing plant and machine tools. American firms in many instances are not only sending salesmen to India, but I have met several instances where highly experienced engineers have spent months in advising Government officers and private purchasers as to how to overcome their difficulties and in helping them to decide the type of plant they really require. Moreover, Parsee and Indian buyers, owing to our enforced inactivity during the war, are now looking more

and more to the United States to supply their requirements and are, in some cases, apt to imagine that America leads the world in machinery production—an erroneous idea which the American engineers and travelling salesmen are only too anxious to foster. The influence of the American consulting engineers to the Tata industrial group has been enormous. Not only the steel works plant at Jemshedpur but also the machinery required for the surrounding subsidiaries such as the tin plate mills, steel wire drawing plant, and agricultural implement factory is almost entirely of American origin, as also is a very large proportion of the hydro-electric plant on the Bombay side and the oil-crushing machinery at Ernakulam near Cochin.

(f) Lastly, we have the unquestionable fact that at least a score of the leading British manufacturing engineers have had their own branches in India for many years, and, having tried both the agency and the branch systems, have decided that the latter is by far the most satisfactory. In more than one case, I have seen the actual figures of annual turnover both during the agency period and since the work was done by a branch office, and in more than one case the turnover has been quadrupled in the short space of three years and the nett profit has been in close proportion.

Of course, in a very great many instances, the demand in India for a particular type of machine would neither justify the expense of opening a branch office nor the appointment of a specialist to be attached to the mercantile agents. In such cases home firms would do well to consider the appointment as their agents of another firm of British manufacturing engineers who have a branch in the country. Most of these branches know exactly what is wanted; their time is not taken up with extraneous matters as in the case of many merchant firms, and they are constantly covering the country with salesmen, who are themselves engineers, rather than waiting until orders come to them. Many of them would be willing to negotiate for agencies of non-competing and complementary lines, and I would strongly recommend firms, who may be interested in this suggestion, to communicate with me and I shall be glad to place them in touch with suitable people.

**Mill and Engineering Stores.**—The trade in mill and engineering stores for the jute and cotton mills, engineering works, collieries, and the various other industries of all kinds which are springing up in India is already of considerable dimensions, and is certain to increase materially in future. A very large proportion of the requirements of these industries, particularly in Bengal, where the firms of managing agents are usually British, is purchased through the London and Glasgow offices of the managing agents, and this largely accounts for the predominant position of British suppliers in the trade before the war. During the war years, however, when priority certificates were difficult to obtain for the supply of these articles from the United Kingdom, buyers have been obliged to indent from the United States and Japan, with the result that there has been a tendency to purchase in Calcutta, Bombay, and other large centres, from local merchants who specialise on this type of business and are able to sell from stock. Several new merchant houses of good standing have been established in India during the past few years, with the express object of catering for this trade. As a rule, agencies for manufacturers of such articles as paints, belting of all kinds, wire ropes, packings, high-speed steel and Sheffield specialities, tools, oils, chemicals, &c., are held by them. They frequently buy outright for their own account and resell from stock, the trade being financed either by cash against documents in London, or by 30, 60 or 90 days' sight drafts, documents against payment. The

trade is a well-organised and satisfactory one, and it is hoped that British manufacturers who have not already done so, will take steps to place themselves in touch with reliable merchant firms engaged in this trade in India. Suitable names, together with further particulars, may be obtained from the Department of Overseas Trade.

**Liquors and Provisions.**—The distribution of both liquors and provisions is largely in the hands of powerful merchant importers in the principal ports who buy outright for their own account, and, in addition, frequently hold agencies for leading British, French and American firms. They act as catering contractors to railways, hotels, clubs, and messes, supply retail to the European community, and wholesale to the bazaar dealers for the Indian demand.

In addition, there are one or two firms of commission indent merchants in each port, who specialise on the bazaar trade. Indents are collected by their brokers and are then sent home for execution, the importing merchant usually retaining a commission of 2½ per cent. for his services. The drafts are either drawn on him direct or else on the bazaar dealer with the importer as a "case of need." These merchants also accept agencies for British manufacturers and well-known exporters, usually on a 5 per cent. commission basis.

One or two of the leading distillers and wine and spirit factors also have their own depôts in Calcutta and Bombay, from whence they supply the wholesale trade only. Other exporters, both of liquors and provisions, whose brands are well-known in the market, do not confine their sales to any one firm of agents, but accept indents from all sources and are often willing to draw on the leading bazaar dealers as well as on the European firms. In the case of small Indian dealers, however, they find it safer to insist on their indents being transmitted through a reputable European house, who will act as a "case of need." Travellers are sent out to India each cold weather, who visit all purchasers, effect sales, investigate complaints and such questions as infringements of trade marks, show new brands, and return home in the summer to report to their principals on the state of the market, changes in demand, and the financial status of their various clients. This is, undoubtedly, the most satisfactory form of representation in the case of established and well-known brands.

My advice to British exporters of wines, spirits and provisions, who have hitherto not had experience of the market, would be, firstly, to place themselves in touch with the London houses of the leading importing firms in India in order to learn whether their goods are saleable in this market. This should be followed up by sending out ranges of samples with full information and c.i.f. prices in sterling, the goods being made up and packed in accordance with the views of the importers. A detailed report having been received from India, the exporter could then consider whether he should appoint importing firms as his sole agents for the different markets, or whether he should sell in the open market and rely upon his own travellers to look after his interests. If the goods are novelties or are articles which are likely to find a very wide sale, the latter method would probably be the more advantageous. On the other hand, if the line is an ordinary one, he would probably be well-advised to appoint leading importers in each centre as sole agents. He will also find that the larger and more influential importers will naturally not go to the trouble and expense of introducing new brands unless they are recompensed by a sole agency agreement for a term of years. In the case of manufacturers of well-known brands, who produce both the high qualities for the European demand and also the lower-priced grades for bazaar requirements, it may be desirable to divide the agency on these lines, and to appoint a leading firm of European retailers for the superior brands, and a commission indent house for the bazaar trade. In any case, it is always advisable, after the goods have been placed on the market, to send out a travelling representative to report on the conditions and to conduct general propaganda work.



**Hardware.**—In considering the methods of representation best suited to a widely-diversified trade, such as hardware, it should be borne in mind that in India there are two separate and distinct types of demand. There is firstly the demand from the relatively small European and wealthy Indian communities, the large industries, railways, collieries and estates, which usually consume the higher grade articles. Secondly, there is the enormous demand from Indian dealers for distribution throughout the bazaars and villages of India known as the "bazaar" trade. In this trade cheapness and a showy outside appearance are generally far more important than quality and durability, and consequently the demand is usually for the lower qualities.

The purchases of the first class of goods are usually made in London and Birmingham by the home offices of the managing agents of industries, railways, collieries, and estates, by the home offices of the large hardware stores in Calcutta, Bombay, Madras, and elsewhere and by the home offices of the several departmental stores which are to be found in the larger Indian towns with a European population. British manufacturers should place themselves in touch with these concerns in London, Birmingham, and elsewhere, and a list of the principal of them can be obtained from the Department of Overseas Trade, 35, Old Queen Street, London, S.W.1, or by consulting any general work of reference such as the *Mercantile Year Book*. In the case of specialities, they would do well to appoint one of the firms of hardware merchants in India as their agents, and in those instances where the expense would be warranted, they would be well advised to send a travelling representative to India each cold weather.

The bazaar trade is catered for firstly by the commission indent merchants, whose head offices are usually in London, Glasgow, Liverpool or Birmingham, and who operate branches in Calcutta, Bombay, and other leading centres. I dealt with this type of trade so fully three years ago that I cannot do better than quote my previous remarks.

"It is a notable fact that there are in India remarkably few British merchant houses who devote their attention to the bazaar trade. This is largely due to the fact that the wealthier and more powerful houses have found their managing agency, shipping, insurance and piece-goods business so profitable that they have not cared to spend time and trouble over a trade which involves such an immense amount of detail work. The result is that, with one or two exceptions, the business is in the hands of smaller firms. The method adopted is to canvass the bazaars daily by means of Indian brokers and, in the case of one or two of the more enterprising firms, by European representatives. Indents are collected for a variety of articles, usually on a 2½, 3½ or 5 per cent. commission basis, according to the class of goods and the risk involved. These indents are then forwarded either to the firm's London, Liverpool, or Glasgow house, or else to their buying agents in the United Kingdom. The home firm then makes contracts with British manufacturers, pays cash for the goods, and either draws on its Indian branch or client for the value, or else finances the shipment by direct drafts on the Indian dealer with its own branch or clients as a 'case of need.' There is, in addition, a large and growing direct

trade between home export merchants and bazaar dealers, the only intermediary being an individual agent or travelling representative in India of the shipper. In some cases, British export merchants ship direct to the bazaar dealers against their indents without any intermediary at all, the drafts being negotiated by, and the goods consigned through, the medium of the exchange banks. There is, however, considerable risk attaching to this business, except in the case of the best dealers, and, therefore, it is not a method to be recommended unless the greatest caution be exercised. Manufacturers desirous of entering the business are advised to place themselves in touch with the home offices or buying agents of the importing houses in Calcutta, Bombay, Karachi, Madras and Rangoon, or they may prefer to correspond direct with the importer on the field in those cases where they are prepared to draw on him. They should be prepared to sample freely, and to follow the desires of the market where reasonably possible. Very small orders will frequently have to be accepted at first; but, once a trade is established, the aggregate of these should amount to a considerable value. Once a name has been established for his goods, the manufacturer should follow this up by sending a travelling representative to India each cold weather, who would visit all clients, whether European or bazaar firms, would investigate complaints and claims, would show new ranges of specialities and book orders on them, on the understanding that the indents should be passed through the usual importing houses on the usual terms, and who would be able to advise his principal each year of any changes in styles, designs, fashions or make-up, and also of financial conditions in the market. Severe foreign competition will be met from America in hardware, provisions, &c., and from Japan in practically every line of trade; but a steady and lucrative business awaits the firm which manufactures the right article at a competitive price, which is willing to take trouble, and is prepared to wait until the results of its missionary efforts are apparent."

**Crisis in the Bazaar Trade.**—The upheaval in credit conditions on account of the repudiation of liabilities by Indian dealers applies to this miscellaneous trade just as much as to the textile trades, the conditions in which have already been described. The principal commission indent houses in India have received a blow from which it will take them some time to recover. Other London export merchants, who have carried on a large direct trade with the bazaars have been forced into liquidation and most shippers are—as one of them recently expressed it—"licking their wounds."

As in the case of piece goods, the result is a strong aversion from accepting new business on the old terms and general shippers are only taking indents from approved dealers and even then are, in many cases, insisting upon a margin with the order. The weakening of the position of many of the old commission indent-houses and the elimination of a few of them is greatly to be regretted. They performed a very useful function and relieved the British manufacturer of a great deal of risk and trouble. It is to be hoped that more of the London export merchants, who have, in the past, specialised on the Indian market and understand its conditions and requirements, will open branches of their own in India and so conduct their business with the advantage of an organisation in close touch with the buyers, which can watch credit conditions and minimise the risks attendant on this trade. A few of them have been established in

India for some years and have conducted a steady lucrative trade. In view of the present position, I hope that more will follow their example as I feel sure that, carefully conducted, with experienced men on the spot, the bazaar trade can be made profitable alike to the merchant and to the manufacturer, who caters for it.

## CHAPTER V.

### GENERAL SURVEY OF INDUSTRIAL CONDITIONS IN INDIA WITH SOME ACCOUNT OF GOVERNMENT ACTIVITIES IN STIMULATING INDUSTRY.

**General Remarks.**—The past year has been a very difficult one for most Indian industries, which have suffered acutely from the world-wide depression. With the exception of the cotton industry, which has enjoyed an unparalleled period of prosperity owing to the increasing demand for swadeshi goods as a result of the Gandhi boycott, and the high prices of imported fabrics, most of the concerns which were floated in India during the boom of 1919/20 have had a very poor year, and there have been many liquidations. On the whole, however, it must be admitted that Indian industries have stood the strain fairly well. The number of joint stock companies which have been liquidated during the twelve months April 1921 to March 1922 was 254, with an aggregate authorised capital of 25,36 lakhs (say, £16,900,000), and of this total about 10,00 lakhs consisted of banking, insurance and navigation companies, whose future was doubtful from the outset. As I stated last year, it will probably be found that the recent setback has been merely a temporary one, and that after the recent drastic pruning of the less sound and efficiently-managed companies, the majority of the new industries will go ahead with profit to themselves and great advantage to the country as a whole. We will now briefly consider the position and prospects of each of the main groups.

**The Cotton Industry.**—The period of general prosperity which set in towards the close of the War continued during 1921. As the Chairman of the Bombay Millowners' Association stated in his annual address on March 27th, 1922 :—

“ From a manufacturing point of view the period has been one of continued prosperity, both spinning and weaving having been fully engaged, though bleaching and dyeing, following the popular clamour for plain goods consequent upon ‘Swadeshi’ and other political circles, has had but a poor trading time. I estimate the profits of the Bombay cotton mills to be about 30 per cent. to 35 per cent. less than they were for the previous year, when margins reached their zenith. On these results I think we can congratulate ourselves, especially as the textile industry in almost every other country in the world has been passing through a period of acute depression. We are, of course, sure to have our cycles of bad times, but I am fully confident that we are now in a position to cope with them, and though indications are, at the moment, not wanting that margins of profit may not be so large as before, I consider that the industry will more than hold its own for years to come and still show a reasonable return to those who have faith to invest and work in it. Little or no expansion

of factories has taken place, due to the continued high cost of machinery and the difficulty of housing labour, and, as you will see from our report, only some 60,000 spindles and 2,000 looms have been added in Bombay island. Our average hands employed daily total some 147,000, and when we consider their dependents one must realise how much the progress and prosperity of Bombay is bound up with the success of the textile industry."

One must agree with the Chairman that the present strength of the Indian textile industry is largely attributable to the careful and conservative policy adopted during the past few years. Re-capitalisation, which was resorted to in Lancashire on such a large scale, has, with one or two exceptions been absent. On the other hand, substantial reserves have been built up and renewals of machinery and improvements in housing and welfare work have been made out of the profits realised during the boom period. I would refer my readers to the pages of "Capital" for a complete record of the position of practically every mill in India. *An analysis of the dividends paid by 35 leading Bombay mills in 1921 shows an average rate of distribution of 59 per cent.*

*Labour Conditions.*—While there were isolated strikes and disputes in Madras and other centres in India, labour on the whole appears to have settled down during the year and there was no general strike of operatives in Bombay. Rates of wages were maintained at about 100 per cent. above pre-war levels, while statistics, compiled by the Director of the Bombay Labour Bureau, show that the cost of living fluctuated between 60 and 85 per cent. above the figures for July, 1914. Much more is now being done to improve the conditions of life of the operatives. The housing problem is being taken in hand by the Bombay Government with characteristic energy, and 95 chawls of 80 tenements (or 7,600 tenements in all) are reported to be in course of construction. The new Indian Factories Amendment Bill comes into force on July 1st, 1922, and provides for an eleven hours day and sixty hours week. The Millowners' Association passed a resolution last year only to work one shift per day on account of the present housing shortage in Bombay: this has been loyally adhered to by the mills.

There were no violent fluctuations in cloth rates during the year. Quotations for grey longcloth were Rs.1/12 per lb. at the commencement of 1921. They declined in sympathy with cotton and yarn rates until the lowest point of Rs.1/7 was reached in March. Thereafter conditions improved and at the close of the year the price was Rs.1/10 per lb.

Mention should be made of the effects of the boycott of imported and mill-made piece goods inaugurated by Mr. Gandhi in August, 1921. A strong movement towards the use of "swadeshi" cloth had been in existence for some time, but Mr. Gandhi's activities gave it fresh vigour. The demand for khaddar cloth (that is cloth handspun and hand woven from Indian cotton) could not be met and resulted in an increased

demand for the coarser kinds of cloth woven by the mills. In August, the rates for khaddar cloth rose from 13-14 annas to Rs.1/2 per lb. This movement had an adverse effect on the sale of unbleached fancy goods which are usually in demand from the month of August to the end of the cold season. Bleached fancy goods were also affected, though not to the same extent.

*The Coal Position.*—The Bombay Millowners Association Report states that the supplies of coal gave cause for anxiety in certain months of the year. Owing to the continued short supply of waggons, mill stocks became seriously depleted by the end of February and industries in Bombay were advised to bring their coal by the sea route, arrangements being made for the issue of licences by the Customs authorities at Calcutta and Bombay. From May onwards coal continued to arrive by this route, the cost, c.i.f. Bombay being about Rs.30. To this had to be added the charges in connection with the landing of the coal from the steamer, which, during the monsoon months, went up to as much as Rs.7-8 per ton. From June some coal was also imported from Africa, though the cost was high, about Rs.40, c.i.f. From September to the end of the year English coal continued to come in at better rates (Rs.35-36 c.i.f.) and had it not been for its arrival Bombay would have experienced a very serious coal shortage. During May, 1921, Bengal good second class coal was quoted in Bombay at more than Rs.47 per ton for ready delivery.

*Statistics of the Industry.*—The number of spindles in all India at the end of August, 1921, was 6,870,804 as compared with 6,778,895 at the beginning of the war in 1914 and 60,053,246 at present in the United Kingdom. The number of looms was 123,783 as compared with 104,179, in 1914 and 790,399 at present in the United Kingdom.

The number of mills, spindles and looms, the average number of hands employed daily, and the approximate quantity of cotton consumed in all India for the year ending 30th June, 1921, were as follows :—

Number of Mills	...	...	...	...	257
"    Spindles	...	...	...	...	6,870,804
"    Looms	...	...	...	...	123,783
Average number of Hands employed daily					332,179
Approximate Quantity of Cotton consumed	...	...	...	...	7,420,805 cwts.
					2,120,230 bales of 392 lbs.

Below is a statement of cotton consumption, yarn and cloth production in India during the 12 months ending 31st March, 1921 :—

Cotton :					
Mill Consumption*	...	...	...	...	7,420,805 cwts.
F.-P. Bales of 3½ cwts. each	...	...	...	...	2,120,230
Yarn :					
Production	...	...	...	...	5,892,880 cwts.
Bales of 400 lbs. each	...	...	...	...	1,650,006
Cloth :					
Production	...	...	...	...	1,580,849,746 yards
					367,481,791 lbs.

\* Year ending 31st August.

The following table shows the number of pounds of yarn produced in India per spindle in position during the last 3 years, which is a fairly good index of the steadiness with which the spindles have been worked, and the prosperity or depression of the industry.

Years.				Spindles in position.	Yarn produced.	Pounds per spindle.
1919	...	...	...	6,689,680	Cwts. 5,491,432	91·93
1920	...	...	...	6,763,076	5,676,430	94·00
1921	...	...	...	6,870,804	5,892,880	96·05

**The Jute Industry.**—Although the jute industry has experienced the world-wide depression in common with other industries in the country, the strong financial position of the companies and the cautious policy of the management have minimised its effects from the shareholders point of view. The mills have worked only 4 days per week most of the year and this checked any tendency towards overproduction and prevented a world-wide collapse in the prices of both cloth and gunnies. A shortage in the next season's jute crop is expected and this has caused strong speculation in the raw material and a boom in jute mill shares.

**The Tea Industry.**—After the serious depression of 1920, the tea industry made a rapid recovery in 1921 and most of the Companies are now returning to a paying basis. For full particulars with regard to each concern, I could refer my readers to the pages of "Capital" and to the Investor's Indian Year Book 1921, published by Messrs. Place, Siddons and Gough, Stock and Share Brokers, 1 Commercial Buildings, Calcutta.

**The Coal Industry.**—The following statement showing the output of coal in the various provinces of British India during 1920 and 1921 has been issued by the Director of Statistics from figures supplied by the Chief Inspector of Mines in advance of his annual report.

—				1920.	1921.	Increase (+) or decrease (—) in 1921 as compared with 1920.
				Tons.	Tons.	
Assam	...	...	...	324,965	312,022	— 12,943
Baluchistan	...	...	...	27,672	42,155	+ 14,483
Bengal	...	...	...	4,207,452	4,259,642	+ 52,190
Bihar and Orissa	...	...	...	11,973,339	12,964,659	+ 991,320
Burma	...	...	...	—	300	+ 300
Central Provinces	...	...	...	491,205	712,914	+ 221,709
Panjab	...	...	...	58,078	67,242	+ 9,164
Total	...	...	...	17,062,711	18,358,934	+ 1,276,223

Considerable surprise has been evinced among mining circles in India that there should have been an increase of  $1\frac{1}{2}$  million tons during a year when it was generally believed that the raisings had not been so good and when there had been no abatement of the transport difficulties. There is no doubt that India is not producing sufficient coal for her industries owing to a variety of reasons, the principal of which are (1) the reduction of output as a direct result of increased wages and (2) shortage of waggons, lack of siding accommodation and general transport difficulties. The first cause will be an extremely difficult one to remedy, as it has been found that increased earnings were not used by the workers to improve their conditions of life, but were merely an incentive to increasing idleness. The railway difficulties will probably be removed during the next few years now that the railways are committed to a large capital expenditure programme, much of which will be utilized for the rehabilitation of rolling stock and the supply of sidings and extra marshalling facilities. *In the meantime there is a great opportunity for the British coal exporter, particularly in Bombay, Karachi and Rangoon.*

I am indebted to the Director of Statistics for the following figures relating to production, imports, exports, freights and prices of coal in 1921.

	Tons.
(1) Production of coal in British India in 1921 under the Indian Mines Act	18,358,934
(2) Imports by sea into British India of foreign coal (including coke and patent fuel) during 1921. (Private merchandise only.)	1,090,749
(3) Imports by sea into British India of foreign coal (including coke and patent fuel) for Government Stores during 1921	209,007
(4) Re-exports of foreign coal (including coke and patent fuel) during 1921. (Private merchandise only.)	2,281
(5) Exports of Indian coal (including coke and patent fuel) to foreign ports during 1921. (Private merchandise only.)	275,571
(6) Exports of coal (including coke and patent fuel) for Government Stores during 1921	24,220
(7) Exports of bunker coal during 1921	1,586,156

(8) Average rates of freight during 1921, per ton of coal by sea from	} Calcutta to	{	Bombay	...	Rs.	as.	p.
			Madras	...	13	13	0
			Rangoon	...	8	6	0
			Karachi	...	8	2	0
					14	11	6

	Calcutta.	Bombay.		Karachi.
	Deshar-ghur.	Deshar-ghur.	Cardiff.	Indian Coal.
(9) Average prices (per ton) of Indian and Welsh coal at chief ports during 1921.	Rs. as. p. 18 2 8	Rs. as. p. 33 4 0	Rs. as. p. 39 4 0	Rs. as. p. 38 2 0

An interesting development of the year has been the flotation of a company to work the Talcher coalfield in Orissa, which is near the main railway line to Madras, almost on the coast, and in close proximity to the iron ore deposits. Considerable developments have been made in many Indian mines in the installation of mechanical coal cutters, thus tending to offset labour difficulties. The general opinion seems to be that a boom in coal shares is extremely probable and this explains the fact that the shares of most sound companies stand at a higher level of price than would perhaps be justified by their present position.

**Flour Mills.**—Flour mills throughout India have enjoyed a prosperous year. The price of wheat has been high owing to a short crop in the Punjab, an embargo was imposed on wheat exports, and Australian wheat was imported in fair quantities during the year. The present wheat crop is a very good one, the total production for 1921/22 is estimated at 9,813,000 tons as against 6,706,000 tons, the final estimate of 1920/21. The dividends of the six leading mills average 43 per cent. and the prospects for the present year appear to be good.

**Paper Mills.**—There have been reduced dividends in the case of the leading mills, probably owing to increased competition from imported paper and to a cautious policy on the part of the management. With the growth of the paper pulp industry in India and the consequent availability of a reliable and cheap source of supply of raw material, the extension of paper manufacture in India would appear to be inevitable.

**Iron and Steel and Mineral Production.**—In Vol. III of the Report of the East India Railway Committee 1920-21, printed by H.M. Stationery Office for the India Office will be found a statement of the evidence given on Jan. 12th, 1920, at Calcutta before the Indian Railway Committee by representatives of the principal firms engaged in the metallurgical industries of India. This evidence primarily relates to the rolling stock requirements of these companies, but is also interesting as showing the present tonnage produced and the estimated future output of iron and steel when the concerns, at present either under erection or contemplated, are completed.

The present trend of the mineral industry in India is so lucidly described in an article contributed to the Mining Journal, London, by Mr. Cyril Fox, B.Sc., M.I.M.E., an officer of the Geological Survey of India, that I make no apology for including extracts from it here with acknowledgments to the author.

#### COAL.

The coal industry is, perhaps, the most important of the mineral industries of India. The demand for coal has increased so rapidly of late that some apprehension has been caused by the recent serious decrease in production. The total raisings in 1919 were 22,628,000 tons, whereas the output in 1920 was 18,321,000 tons, and judging by the large quantities of coal which have recently been imported it would seem that there has been no subsequent improvement in the important coalfields.



The chief cause of this diminished output is due to the fewer working hours and disputes over demands for higher wages by the Indian miners. The out-turn per head (above and below ground) had fallen from 111·1 tons in 1919 to 94·4 tons in 1920, and was probably less in 1921. The need of a true mining population is being felt more severely each year as the workings get deeper. The Indian miner of to-day is still an agriculturist, and goes off periodically to attend to his fields. The inadequate railway facilities are another factor; they constitute one of the greatest industrial problems in India. The subject is, however, dealt with later. Although only 1 cwt. of coal is consumed yearly per head of the population much appears to be wasted; nearly 14 per cent. of the total coal raised from the mines is absorbed at the collieries, less than 9 per cent. is at present utilised for metallurgical purposes, 37 per cent. is consumed on Indian railways—and even this large percentage is not enough, as there is a continued use of wood-fuel (215,000 tons in 1920-21) and an increased consumption of oil fuel (63,828 tons, in 1920-21), chiefly on railways in Southern and North-Western India respectively.

Although coalfields or beds of lignite occur in various parts of India—in Assam, in the Darjeeling Himalaya, in Jammu, in the Salt Range, in Baluchistan, Bikanir, Travancore, Madras (Pondicherry), Hyderabad, in several places in the Central Provinces, in Burma, and in the Damuda fields of Bengal and Bihar—nearly 90 per cent. of the output comes from the so-called Bengal coalfields of Jherria, Raniganj, and Giridih. In many of the areas named the local requirements are not met; in others, the coal is unsuitable for the production of coke, and in some cases no serious attempt at mining has yet been made. The great coal region of India lies in the Damuda valley area of Chota-Nagpur and Bengal. In consequence of the cheapness and good quality of this coal this region has rapidly become of great industrial importance. Iron and Steel Works have been and are being established, and other satellite enterprises are growing up in the neighbourhood.

Since January 1920 several important mining enterprises have been registered in India as joint stock companies. The more important concerns are: (1) The Bengal Coke and Coal Products (registered February, 1920, with 25 lakhs of rupees authorised capital). (2) The Karanpura Development Co. (registered July, 1920, with Rs. 40 lakhs authorised capital; there have also been floated no less than twelve Karanpura coal companies, each with Rs. 20,000 authorised capital). (3) The Trans-Adjai Collieries (registered August, 1920, with Rs. 20 lakhs authorised capital). (4) The Lodna Colliery Co. (1920) (registered December, 1920, with Rs. 20 lakhs authorised capital). (5) Coalfields of Burma (registered January, 1921, with Rs. 30 lakhs authorised capital). (6) Talchir Coal Field (registered November, 1921, with Rs. 40 lakhs authorised capital).

It is thus seen that great movements are taking place, as in two cases, the Talchir Coalfield and Coalfields of Burma further away, entirely new areas are being opened up. The importance of developing distant areas cannot be estimated. At present the only good coking coals are obtained from a few of the Damuda coalfields, and much of this valuable fuel is being utilised for purposes in which a non-coking coal would, perhaps, be more serviceable. However, the need for conservation of this coking coal is fully understood, particularly in view of the great iron and steel industry which is beginning to grow up on the southern borders of this coalfield. The many coalfields of Burma have so far not been seriously touched, although coal is actually transported to places where local coal of good quality could economically displace the imported coal. There are several coalfields in the north-east corner of the Central Provinces which cannot be worked because they have no railway facilities. The lignites of Pondicherry and Travancore and the peat of the Nilgiri hills have almost been forgotten. In these days, when industrial development is starved because of fuel for power purposes, the country's resources and demands for fuel are being carefully studied. The urgent need for better transportation is fully realised, but, to meet the requirements of the country enormous sums of money are necessary.

## IRON AND STEEL.

The iron and steel industry of India is in its infancy. In view of the developments that are taking place, and from a knowledge of the vast deposits of high-grade hematite in the belt of country from Mayurbhanj State westward to the States of Keonjhir and Bonai and the Kolhan sub-division of Singhbhum, this industry must eventually become of very great importance to India. Although much has been written of the Bihar and Orissa iron ores, it is, perhaps, not fully realised how immense are the quantities of available high-grade ore. Both the quality and quantity of hematite in this part of India are calculated to exceed the great American deposits of the Lake Superior region in Minnesota, Wisconsin and Michigan.

Although there are, at present, only two large iron works which are producing iron and steel in India, a third is rapidly being erected and others are projected.

*Tata Iron and Steel.*—Of the existing companies (1) the Tata Iron and Steel Works are established at Jamshedpur, in Singhbhum (B. & O.), a few miles north of Tatanagar, on the main B. N. Rly. line to Bombay. Originally, this company relied on the iron ores of Gurumashisni (Mayurbhanj State), but the neighbouring deposits of Okampad and Badanpahar are being opened up. They obtain their limestone from Gangpur State, where there are two occurrences, near Panposh and Bisra. Although the quality of this flux is very good, the material is not cheaply obtained. The rock is not quarried, but mined, and, as may be imagined, the limestone question has not yet been satisfactorily solved. Their coke is made from Jherria coal. The production of these works has been (1919-20 exports from Jamshedpur) 50,000 tons pig iron, 75,000 tons of steel rails, and 60,000 tons of bars and girders, valued in all at 5 crores of rupees. Two more blast furnaces capable of producing 1,000 tons of pig iron a day, a new duplex steel plant capable of an outturn of 1,000 tons of ingots a day, and mills for plate, sheet, bars, and rail and structural work, have been erected, and are practically ready for blowing-in and working.

To utilise the finished iron and steel products of their mills a number of subsidiary companies are being established at Jamshedpur: the Calcutta Monifeth Works, for the manufacture of machinery for the jute industry; the Enamelled Ironware, Ltd., for the manufacture of domestic utensils and other types of goods; the Tinsplate Company of India; the Agricultural Implements Co.; the Indian Steel Wire Products, Ltd.; the Enfield Cables Co.; and the Hume Pipe and Construction Co.

(2) *The Bengal Iron Co., Ltd.* have their headquarters at Kulti on the Bengal side of the Barakar river. They obtain their iron ores from North-West Kolhan (a sub-division of Singhbhum) and Keonjhir State. The coke is made from Jherria coal and from the company's collieries at Ramnagar, near the works. Most of their limestone comes from Sutna (Rewa State, in Central India), and partly from Bisra. They produce daily about 450 tons of pig iron, but utilise most of this in making castings of special types, chiefly railway sleepers and chairs. It is not clear when this company propose to re-establish their output of ferromanganese.

(3) *The Indian Iron and Steel Co.* are erecting works at Hirapur, on the railway between Asansol and Adra in Bengal. They will be supplied with iron ore from Gua in Kolhan, along the new railway extension, which leaves the main B. N. Rly. line at Amda and passes through Chaibassa to Jamda. The flux (limestone) is obtained from Gangpur State, and the coke is to be made from the coal of the local fields. At first the company will restrict itself to the production of pig iron, the present plant being designed for a daily output of 600 tons.

In addition to these there are a number of new companies

(4) *The United Steel Corporation of Asia, Ltd.*, was registered in India in December, 1921, with a capital of £10,000,000 by Messrs. Bird & Co., of Calcutta, and Messrs. Cammell Laird, of Sheffield and London. The works are to be erected at Manoharpur. A new railway line is to connect the works northwards, through Hesla, with Hutar and the Karanpura coalfields. The iron ore will come from the Keonjhir-Bonai area, and the limestone, probably, from the Gangpur region. The immediate erection of plant capable of producing 300,000 tons of pig iron and 200,000 tons of finished steel annually is contemplated. This output will later be increased to 700,000 tons of pig iron and 450,000 tons of finished steel. The erection of the works will be carried out in three stages of development, during which the B.N. Rly. will have to provide additional rolling-stock on the following scale: First stage, 492 waggons, with 9 locomotives; second stage, 4,113 waggons, with 74 locomotives; third stage, 7,723 waggons, with 139 locomotives.

(5) *The Eastern Iron Co.* is to be erected in the vicinity of the Jherria coalfields, and will obtain its supplies of ore and flux from much the same localities as the Indian Iron and Steel Co.

(6) *The Kirtyanand Iron & Steel Works*, near Sitarampur, in Bengal, is to be established for the production of iron and steel castings in a smaller way.

When these several companies are in working order they would have a total estimated output of 1,500,000 tons of pig iron and 1,000,000 tons of steel annually. Production on such a scale will result, obviously, in the erection of mills for the out-turn of finished iron and steel materials, such as sheets, plates, bars, joists, etc.

#### MANGANESE, TUNGSTEN, CHROME, TIN.

*Manganese.*—India has peculiar advantages for the production of finished iron and steel on an immense scale. For years she has been one of the largest exporters of manganese ore to Europe. This ore has sometimes been sold for prices which, although more than double the value of the material in India, have barely paid expenses owing to the heavy transport charges. With the erection of steel works in India, a far more advantageous market for Indian manganese ore will be created in that country. The large stocks of manganese ore, which have been accumulating in certain parts of the Central Provinces for several years, cannot be placed on the market owing to the high cost of transportation and an absence of railway facilities. One of the two existing large iron works in India made ferro-manganese for Government purposes during the war, and although they have since discontinued the manufacture of this alloy, it is most probable that the large scale manufacture of this important ingredient for steel making will be re-established.

*Tungsten.*—In addition to manganese ore large quantities of wolfram or tungsten ore have for the past ten years been shipped to Europe and other countries from Burma. Like manganese ore, the demand for this raw material, wolfram, has depended on the requirements of makers of special steels. The recent dislocation of the iron and steel industry in the United Kingdom which resulted from the coal strike is clearly reflected in the exports of wolfram from Burma. A heavy slump has occurred, and though prospects are now improving every day there is still cause for great anxiety. A steel works for the production of high speed tool steel alloys in India would have very great advantages, but the establishment of such a company is a matter of the future. At present producers of wolfram are burdened with stocks for which there is no demand at reasonable prices.

*Chromite.*—Although the Indian exports of chromium for 1921 are much less in value than the previous year, the amount produced from the mines is not proportionately less. There has, however, been a diminution in

the quantity exported. The Indian production, obtained chiefly from Baluchistan, Mysore, and, in a small way, from Singhbhaum, is almost entirely exported. Small quantities of high-grade ore have been utilised in the manufacture of chrome chemical compounds, and some experiments have been made with a view to the manufacture of chrome bricks as neutral refractory material for furnaces. However, there is hope that with the manufacturing developments which appear likely to follow the erection of the projected ironworks, the demand in India for such domestic raw materials as chromite, etc., will increase.

*Tin.*—In spite of the fact that the prices of tin and tin ore have seriously fallen since the boom period of the war the production and export of tin and tin ore from Lower Burma has steadily increased. The erection of a tinplate works at Jamshedpur by the Tinplate Company of India marks a new phase in this branch of industrial development.

Several important firms have established their interests in the tin and wolfram industry of Mergui and Tavoy, and as a result modern methods of mining the mineral veins have been introduced. The hydraulicizing of gravels and the dredging of alluvial deposits are being instituted. Up-to-date mills, equipped with elaborate ore-dressing plant, have been erected, and smelting furnaces are in operation.

#### GOLD, SILVER, LEAD, ZINC, AND COPPER.

*Gold.*—The precious metals, gold and silver, have long been regarded as commodities by the people of India, who invariably invest their savings in jewellery and domestic utensils made of gold and silver. Indian merchants frequently fix their own ratio between the values of gold and silver, irrespective of the currency. They regard the coin of the realm as bullion rather than as currency, the imprint of the die being looked upon as an official certificate of the genuineness of the metal. In 1920 the Government of India removed the prohibition against using gold and silver coin otherwise than as coin. The Indian Currency Committee had recommended in 1920 that the rupee should have a fixed exchange value equal to 11·30016 grains of fine gold—that is, one-tenth the gold contents of the sovereign. This ratio has since been adopted, and public sales of gold on this basis have now been permitted. For many years prior to the above-mentioned changes practically all the gold obtained from Indian mines was sold by agreement to the Government of India. This arrangement was discontinued in 1921, and the gold produced in India is now available in the open market.

Gold mining in India, judged by the value of the annual production, which is nearly £2,000,000, ranks second in importance to the coal industry. The yearly production of gold in India has, however, steadily decreased during the past few years. The value, calculated at £4 4s. 11½d. per fine oz., of the Indian output of gold is estimated at £1,700,000 in 1921, as against £1,900,000 in 1920 and £2,200,000 in 1919.

*Silver.*—Except for trifling amounts of silver from the Anantapur gold Kolar group of mines in Mysore State. Among the most important of these are the Mysore Gold Mining Co., Ltd., the Champion Reef Gold Mining Co. of India, Ltd., and the Ooregum Gold Mining Co. of India, Ltd.

*Silver.*—Except for trifling amounts of silver from the Anantapur gold mines in Madras, practically all the silver obtained from mines in India is extracted from the argentiferous galena of the Bawdwin mines of Burma. The output of these mines during the last three years has been :

					Refined lead.	Fine silver.
					(tons.)	(ozs.)
1919	...	...	...	...	18,535	2,164,854
1920	...	...	...	...	23,821	2,869,729
1921	...	...	...	...	33,694	3,827,904

The programme of the output of these mines is based on an annual production of 45,000 tons of refined lead and 4,500,000 ozs. of silver, requiring a daily supply of 700 tons of ore. The proved ore reserve is estimated at 4,000,000 tons assaying 23.3 ozs. of silver per ton, 25.3 per cent. lead, and 17.7 per cent. zinc. This ore-body also contains 300,000 tons of copper ore, assaying 23.2 ozs. of silver per ton, 12.8 per cent. lead, 7.7 per cent. zinc, and 11.0 per cent. copper. The promoters of the company (Burma Corporation, Ltd.) who control the Bawdwin mines, have decided to develop from their existing financial resources, and for this reason have abandoned the projects for erecting zinc works and manufacturing sulphuric acid in India. They have decided not to erect the new lead smelter, and for the time being are not developing the 20-foot seam of good quality lignite which they proved in the Namma coalfield. Their difficulties as regards a suitable ironstone flux for smelting have been satisfactorily solved by the discovery of a large deposit of ironstone near Wetwun. The labour problem, however, yet remains. The local Shans are unsatisfactory, and imported labour is difficult to get cheaply. The Chinese workers from Yunnan have so far not been sufficiently attracted to the mines to settle there; they regularly migrate to their homes each rainy season.

*Lead.*—There is a considerable demand in India for lead-sheeting for packing purposes, particularly for lining tea-chests. Most of the lead for this purpose is supplied from the Bawdwin mines. Over and above this demand a large amount of Bawdwin lead is exported to foreign countries. The manufacture of red lead, white lead, and other lead pigments has been contemplated, especially in view of the fact that the lead ores occur in association with zinc blende and barytes, both suitable for conversion into excellent paint-making pigment.

*Zinc.*—The Trade Returns show that 4,000 tons of spelter were exported from India during the year 1921. This metal appears to have been accumulated imported stock, which has now been re-exported. The Bawdwin mines have not yet produced any zinc on an industrial scale. Large quantities of zinc ore, however, are accumulating at Bawdwin. An outlet for this stock will be found when the projected steel works in India erect plant for the manufacture of galvanised iron sheeting. The presence of a large amount of copper ore in the Bawdwin lode naturally suggests the local manufacture of brass and brassware.

*Copper.*—Although no copper has been produced at Bawdwin for marketing, the prospects for such an output are good. Nearly all the Indian production of copper is obtained from the Rakha Hills mines of the Cape Copper Co., Ltd., in the Province of Bihar and Orissa. The outputs of copper from the workings in 1920 and 1921 were 530 tons and 829 tons respectively of B. S. ingots. The proved ore reserves of these mines are estimated at 300,000 tons of ore, assaying 3.74 per cent. copper. Much development work is being carried out, and further quantities will possibly be proved as a result of the exploratory drivages which are in progress. The Cape Copper Co. have granted a working option of several square miles of their prospecting area to the Cordoba Co., Ltd., who contemplate prospecting the Rakha lode further to the west. There are no important companies in India which manufacture copper goods on an extensive scale, so that much of the copper that is produced is likely to be exported, unless a demand is created.

#### MICA AND MISCELLANEOUS INDUSTRIES.

*Mica.*—The mica industry is passing into more and more healthy channels. Since the war the demand for the smaller sizes of mica has continued; consequently there is far less waste at the mines. The manufacture of micanite and various finished articles made of mica has become an established industry in the mica mining area of Chota Nagpur. Further attempts have been made to utilise the large quantities of waste

mica both at the mines and the dumps of the trimming factories. The grinding of Indian muscovite mica to fine powder has so far not proved a commercial success. The exports of Indian mica have for several years been in excess of production, showing that the production of recognised firms working in the area is supplemented by the output of other workers in the mica belt.

*Miscellaneous.*—The *monazite* sand of the Travancore coast and the occurrences in certain rivers in Upper Burma are receiving attention with a view to steady production. A number of inquiries have been made regarding abrasives such as *corundum*, *garnet*, etc., but as these substances require crushing and grinding and careful grading for the market, which the small owners are unable to do, the trade has almost ceased. However, with the establishment of suitable plant in India, it is possible that preparation of corundum and garnet for abrasive purposes will once more be revived. Numerous other minerals are being developed. *Asbestos* of good flexibility and long fibre has been found in Chota Nagpur, and is being utilised in a small way. The various occurrences of *graphite* in South India, although producing somewhat impure graphite, have become important in view of the success of the electro-osmosis process in removing the impurities. The discovery of *sillimanite* in large quantities in India has opened a new field in refractory materials, particularly for the glass industry. The occurrence is being exploited, and numerous experiments are being conducted in England with a view to ascertaining the best form in which this mineral can be used.

The expansion of several important companies recently and the appearance of new enterprises indicates activity. A very large *cement* company, the Central Provinces Portland Cement Co., Ltd. (registered in India in 1919 with an authorised capital of 1 crore of rupees), has recently erected its works on the Vindhyan limestone outcrop in the Jabalpur district, and the plant should now be in working order. Another large company, the Katni Electric Cement Works, has been quite recently registered with an authorised capital of 40 lakhs of rupees. The existing cement works, i.e., the Katni Cement and Industrial Co., etc., have not been able to meet the enormous and increasing demand for cement in India.

The manufacture of *refractory materials* for furnaces, e.g., fire-brick, silica-brick, magnesite-brick, and bauxite-brick, etc., is becoming more and more important every year. The Kumardhubi Fire-Brick Works in Chota Nagpur, the Raniganj and Jabalpur Pottery Works, and the new companies now in process of establishing their factories, will not meet the demands of the country. The supply is not nearly adequate enough in special types of refractory materials.

The *chemical industry* is slowly forging ahead in India owing to the vast mineral assets of the country and the steadily increasing demands for chemicals. The *glass industry* has entered on a new phase. Many works are being reorganised, special machinery for making bottles, hollow-ware, sheet and plate glass, etc., are either being installed or are in operation. The question of establishing works for the manufacture of *mineral pigments* for paint-making has been repeatedly considered. Paint works already exist in India, but the scope of their operations is limited to a few varieties of pigments.

A *coal tar refinery* has been established near Calcutta for the purpose of utilising the tarry fluid obtained by the distillation of coal in coke ovens and gas retorts. Large quantities of *ammonium sulphate*, obtained as a by-product of coke manufacture, are now shipped as manure to Java, to the very sugar-cane growers who export sugar to India.

The *oil companies* in Burma and Assam and the Punjab continue to investigate fresh areas and enlarge their existing facilities. Practically all the paraffin wax and petrol obtained in the fractional distillation of crude oil are exported, whereas the kerosene, which is obtained in large quantities, is insufficient to meet the requirements of the peoples of India.

INDIAN MINERAL PRODUCTION.

Year.	Coal.¶	Iron ore.	Manga- nese ore.	Wol- fram.	Chro- mite.	Tin ore.*	Gold.	Silver.	Lead.	Copper ore.	Mica.	Salt.‡	Petroleum.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.	Troy oza.	Ozs.	Tons.	Tons.	Owts.	Tons.	Gallons.
1911 ...	12,715,534	366,190	670,290	1,308	3,804	97	583,567	103,850	13,185	2,238	33,896	1,325,902	225,792,094
1912 ...	14,706,339	580,224	633,080	1,671	2,890	175	590,555	93,476	8,531	9,619	43,935	1,454,696	249,083,518
1913 ...	16,208,009	370,845	815,047	1,688	5,676	170	595,761	125,209	5,858	3,810	45,761	1,473,189	277,555,225
1914 ...	16,464,263	441,674	682,898	2,326	5,888	270	607,388	236,446	10,548	5,324	40,506	1,348,225	259,342,710
1915 ...	17,103,932	390,271	450,416	2,645	3,767	431	616,728	285,387	13,522	8,885	27,140	1,745,522	287,093,576
1916 ...	17,254,309	411,758	645,204	3,692	20,159	465	598,370	760,374	13,790	2,671	43,400	1,488,559	297,189,787
1917 ...	18,212,918	413,273	590,813	4,542	27,061	666	574,293	1,581,833	16,962	20,108	40,907	1,427,588	282,759,523
1918 ...	20,722,493	492,484	517,953	4,431	57,769	780	536,118	1,971,783	18,995	3,819	54,710	1,856,696	286,585,011
1919 ...	22,628,037	563,750	537,995	3,577	36,439	1,345	507,261	2,165,607	19,090	32,759	45,784	1,891,138	305,651,816
1920 ...	17,962,214	558,005	736,439	2,346	26,801	2,117	499,068	2,870,595	23,821	28,167	46,952	1,630,123	293,116,834
1921 ...	19,000,000§	600,000§	539,889†	670§	28,741†	1,610†	470,000§	3,827,904	33,694	20,000§	30,944†	1,800,000§	280,000,000§

\* There is also a large output of tin not included.  
‡ Including Aden.

† Excluding Aden.

‡ Exported quantity.  
¶ Including Native States.

§ Calculated (approximate).

**Engineering Industries.**—The old established firms of manufacturing engineers have held their own remarkably well during the period under review but they are complaining of the effects of the 10 per cent. duty on imported steel, which they state is a handicap when competing with imports of say waggons and structural steelwork. The new firms, which sprung up in such large numbers during the industrial boom of 1919, are, however, having a very difficult time and a study of their position in the pages of "capital" reveals a melancholy history.

**List of Industrial Establishments in India.**—The latest information is contained in the 1922 edition of the compilation "Large Industrial Establishments in India" issued by the Director of Statistics. From this has been taken the following statement showing the number of establishments belonging to, and the aggregate number of persons employed in, the principal industries arranged in order of importance in respect of the number of persons employed. Industries employing less than 5,000 persons in the aggregate have been lumped together under "others."

Class of Industry.	Owned by Government, Local Bodies, or State Darbars.		Owned by Companies or Individuals.		Total.	
	Number of establishments.	Number of persons.	Number of establishments.	Number of persons.	Number of establishments.	Number of persons.
Cotton spinning and weaving mills ...	3	1,532	282	305,811	285	307,343
Jute mills ...	1	436	75	275,643	76	276,079
Cotton ginning and pressing factories...	2	1,308	1,938	139,483	1,940	140,796
Railway and tramway workshops ...	21	40,154	77	89,339	98	129,543
Engineering workshops ...	27	6,874	192	50,865	219	57,239
Rice mills ...	—	—	609	48,563	609	48,563
Jute presses ...	—	—	211	33,316	211	33,316
Printing presses ...	38	13,752	120	18,333	158	32,585
Tile and brick factories ...	1	568	255	27,661	256	28,229
Arms and ammunition ...	16	26,957	—	—	16	26,957
Dockyards and Port Trust workshops ...	6	10,491	10	15,991	16	26,482
Iron and steel producing works ...	—	—	1	20,806	1	20,806
Tanneries and leather works ...	1	2,278	106	14,900	107	17,178
Saw mills ...	2	142	142	14,413	144	14,555
Stone works ...	1	1,200	61	12,609	62	13,809
Petroleum refineries ...	—	—	8	13,608	8	13,608
Woolen mills ...	2	145	28	11,739	30	11,884
Sugar factories ...	—	—	55	11,590	55	11,590
Oil mills ...	—	—	172	9,552	172	9,552
Mica splitting works ...	—	—	20	3,705	20	3,705
Silk mills and filatures ...	1	25	68	7,963	69	7,988
Kerosene tinning and packing works ...	—	—	22	7,015	22	7,015
Tobacco factories ...	—	—	19	6,818	19	6,818
Lac factories ...	—	—	85	6,718	85	6,718
Paper mills ...	—	—	9	6,181	9	6,181
Rope works ...	—	—	32	6,085	32	6,085
Flour mills ...	—	—	55	5,601	55	5,601
Rubber works ...	—	—	13	5,442	13	5,442
Potteries ...	—	—	12	5,112	12	5,112
Others ...	62	17,818	451	63,549	513	81,367
<b>Total ...</b>	<b>184</b>	<b>123,675</b>	<b>5,128</b>	<b>1,243,461</b>	<b>5,312</b>	<b>1,367,136</b>



**Company Flotations.**—For the twelve months April, 1921, to March, 1922, the total number of companies registered was 719 with an authorised capital of Rs.80 crores, as against 1,022 companies with over Rs.147 crores of authorised capital in the preceding year. The following statement shows the trend of registration in recent years :—

Year.	No. of companies.	Index number (pre-war year = 100.)	Aggregate authorised capital.	Index number (pre-war year = 100.)	Average authorised capital per company.
			Rs.		Rs.
1913-14 (pre-war)	356	100	66,91,53,000	100	18,79,00
1918-19 ... ..	290	81	21,27,55,000	32	7,34,000
1919-20 ... ..	948	266	2,81,76,12,000	421	29,72,000
1920-21 ... ..	1,022	287	1,47,17,93,000	220	14,40,000
1921-22 ... ..	719	202	79,54,14,000	119	11,06,000

There has, naturally, been a considerable falling away in the number of registrations during a period of financial and commercial depression when money was tight and credit seriously impaired. In the year 1921-22 the number of companies registered decreased by about 30 per cent. (from 1,022 to 719), and the authorised capital by 46 per cent. (from 1,47,17 lakhs to 79,54 lakhs), as compared with the previous year. The noticeable decreases are under cotton mills (Rs.17 crores); estate, land and building (Rs.9 crores); sugar (including jaggery) manufacture (Rs.5 crores); banking and loan (Rs.5 crores); railways and tramways (Rs.3 crores); rice mills (Rs.2.5 crores); cotton and jute presses (Rs.2 crores); jute mills (Rs.1 crore); navigation (Rs.1 crore), and coal (Rs.1 crore). Of an aggregate authorised capital of 80 crores for the year, over 20 crores represented iron and steel flotations, and almost the whole of this consisted of the registration of the United Steel Corporation of Asia, Ltd., a project in which Messrs. Bird and Co., Calcutta, and Messrs. Cammell, Laird and Co., Ltd., of Sheffield, are jointly interested.

**Company Liquidations.**—During the year 1921-22, no less than 254 joint stock companies with an authorised capital of Rs.25,36 lakhs (say, £16,900,000) went into liquidation or were finally dissolved. No less than 6 crores represented life, fire and marine insurance companies, and 2½ crores navigation companies. These were mostly companies floated in Bombay during the boom, many of which were doomed from the outset. Of the total of 25 crores of liquidations, Bombay companies supplied 15 crores, which is easily understood when one recalls the speculation which went on in that market in 1919-20. The majority of the registrations in Bengal represented industrial and trading ventures of a sounder nature.

The above particulars of liquidations of joint stock companies represent only a fraction of the liquidations which went on all over

India. The great mass of Indian trading concerns are private partnerships and the number of these which failed to meet their engagements is legion. Liabilities were repudiated on a scale and with a callousness which has no precedent, and although, in most cases, proceedings have not been taken against the defaulters, this is only because the delays in obtaining a judgment in the Indian Courts were so great and the difficulties of securing satisfaction, even when a decree is obtained, are almost insuperable.

**Prices of Securities and Shares.**—Statement showing the variations in the prices of Securities and Shares at the end of July, 1914, July, 1917, March, 1918, March, 1919, March, 1920, and March, 1921.

No.	Descriptions.	Index numbers taking the price on the 29th July, 1914 as 100.				
		29th July, 1914.	26th March, 1918.	27th March, 1919.	31st March, 1920.	22nd March, 1921.
5	Government Securities ...	100	67	74	62	59
96	Port Trust and Municipal Debentures ...	100	84	83	82	80
8	Banks ...	100	111	114	132	116
32	Jute Mills (Ordinary) ...	100	467	388	562	372
61	Cotton Mills (Ordinary) ...	100	161	157	388	318*
76	Coal Companies (Ordinary)	100	133	157	147	150
85	Tea Companies (Ordinary)	100	125	124	135	94
4	Flour Mills ...	100	206	238	406	388
1	Iron and Steel Company (Tata-Ordinary) ...	100	295	284	207	132

\* Quotation for April 5th, 1921.

**Labour Conditions.**—Labour conditions throughout the year remained unsettled although they show a great improvement on the year 1920, which was marked by strikes all over the country. Operatives in the cotton and jute mills (with the exception of the men at Binny and Co.'s mills in Madras) worked fairly steadily, and labour on the tea estates has settled down since the severe crisis early last year. Strikes occurred among the coolies in the port of Calcutta, and one involving 18,000 men is now (June, 1922) in progress. The close of the year witnessed the most serious strike on the East Indian Railway, which lasted nearly two months and which culminated in the wrecking of the Punjab mail. Although, as I have said, there is an improvement as compared with 1920, conditions are still most disturbed and labour generally is in a truculent mood as the result of the political agitation throughout the country and the weakening of constituted authority. Indian labour, at the best, is relatively inefficient when contrasted with conditions in Europe and America or even in Japan and China. When to this, however, is added

political unrest and strong racial feeling, the inevitable result is deliberate slacking which to some extent approximates to the "ca'canny" movement elsewhere. Complaints are becoming general among employers in India that they are not obtaining the output they formerly did. This is partly due to a general slowing down during working hours and partly to the fewer number of days worked as a result of increased wages—a condition which is most marked in the coalfields.

**Cost of Living.**—The Government of India have discarded as being impracticable the idea of compiling an index number of prices for the whole of India. They have therefore left the Provincial Governments to make their own arrangements. Bombay, however, is the only province which has organised a strong Labour Bureau to deal with this and other problems affecting employment. The Director of the Bombay Labour Office publishes monthly a cost-of-living index for the working classes in Bombay. The articles included in the index are cereals, pulses, other articles of food, fuel and lighting, clothing, and house rent. The articles have been given the relative importance which each bears to the total aggregate expenditure. No allowance is made for any change in the standard of living since July, 1914. The following table shows the percentage increase, in the case of Bombay, over July, 1914 :—

April, 1921	...	...	60	November, 1921	...	...	82
May, 1921	...	...	67	December, 1921	...	...	79
June, 1921	...	...	73	January, 1922	...	...	73
July, 1921	...	...	77	February, 1922	...	...	65
August, 1921	...	...	80	March, 1922	...	...	65
September, 1921	...	...	85	April, 1922	...	...	62
October, 1921	...	...	83	May, 1922	...	...	63

**Government Activities in Stimulating Industry.**—In my last report, I outlined the difficult position of the Central Department of Industries as a result of the Reforms scheme, according to the terms of which the development of industries was made a provincial and a transferred subject in charge of Indian Ministers. I also pointed out that the provincial Directors of Industry are now the keystones of the system, and suggested that British manufacturers interested in the industrial development of India should get into touch with them. The system has not changed materially during the past year, but it is possible that the Incheape Retrenchment Committee may recommend some regrouping of the functions now controlled by the Department of Industries of the Government of India.

I am indebted to the Industries Department of the Government of India for the following account of some of the Department's activities during the year.

**Fairs and Exhibitions.**—The Governments of the United Provinces, the Punjab, Bombay and Burma participated in the British Industries Fair, 1922, and a total floor space of 2,300

square feet was engaged for them. The Indian Trade Commissioner in London, who supervised the arrangements, reports that the business put through was some 25 per cent. more than that of the previous year. The subject of India's participation in the British Empire Exhibition, 1924, has received considerable attention during the year. The Legislative Assembly on March 25th, 1922, adopted the following resolution :—

“ That this Assembly recommends to the Governor General in Council that the necessary steps should be taken and funds provided to enable India to participate on an adequate scale in the British Empire Exhibition to be held in London in 1924.”

A Commissioner for all India, Mr. Vijayaraghava Achariyar formerly Dewan of Cochin State, has been appointed for the purpose of organising exhibits and advising participants. The cost of this post together with the initial cost of the buildings for the whole of the Indian exhibits will be met from central revenues, the Provinces and other participants being charged rent for the space they will occupy and a share of the incidental expenditure.

*Conference of Departments of Industries.*—With the object of providing a link between the Central Department and Provincial Departments of Industries, a series of annual conferences was inaugurated in 1920, to which the Provincial Ministers for Industries and their Directors are invited. Conferences were held in May, 1921, at Simla and in April, 1922, at Calcutta.

At the conference held in April, Mr. C. A. Innes (Central Department of Industries) in his presidential address briefly reviewed what had been done as a result of the deliberations at the last conference, paying particularly attention to such subjects as the British Industries Fair, small industries and coal, technical scholarships, the development of resources, and census of production. Following the speech of Mr. Innes, the conference discussed the relations between the railways, the public and the Department of Industries; the constitution of our all-India Industrial Service and Chemical Service; the British Empire Exhibition, etc.

*Glass Industry.*—It may be of interest to British manufacturers to know that the Government of India have been endeavouring for over two years to secure, through the Secretary of State, the services of suitable experts to investigate the conditions in the Indian glass industry and to assist in developing it. They have now been informed by the Secretary of State that it is impossible to induce men of the right stamp to come to India for this purpose. The question whether any other means of assisting the industry can be devised is under consideration.

*Aid to Calcutta Soap Works.*—In connection with the question of making India self-supplying as regards stores for military purposes, an enquiry was made as to whether any firm in India could

undertake the manufacture of dynamite glycerine. The Calcutta Soap Works Co. Ltd., was prepared to undertake manufacture with financial assistance from the Government, and provision was made by the Legislative Assembly in the budget estimates for 1922-3 for the grant of a loan to the company to enable it to purchase certain plant. Negotiations with the company were proceeding at the close of the year.

*Imperial Tanning Institute.*—The Government of India decided, at the close of the year, 1921, to abandon, owing to the financial stringency, all idea of proceeding for the present with the scheme for the establishment of an Imperial Tanning Institute and demonstration boot factory in Calcutta.

*Revision of the Indian Mines Act, 1901.*—The revision of the Indian Mines Act was originally suggested in 1907 by the then Chief Inspector of Mines. After the amendment of the English Mines Act, 1911, the Chief Inspector of Mines revised these proposals and added suggestions for further amendment on the lines of the new English Act. It was desired that the amendment of the Act was necessary and proposals were referred to Local Governments both in 1915 and 1917. It was not, however, considered advisable to hasten legislation during the war, and as most of the amendments were not of immediate importance, further action was accordingly postponed. The amendment of the Act is now under consideration with a view to the inclusion of certain amendments rendered necessary by the Conventions of the Washington Labour Conference and by the Constitutional reforms.

*Patents and Designs.*—In September, 1920, a new section (78-A) was added to the Indian Patents and Designs Act, 1911, to enable arrangements to be made between India and the United Kingdom and the Dominions for the reciprocal protection of patents and designs. Such arrangements with the United Kingdom were completed in 1920, and His Majesty's Secretary of State for India was then asked to make necessary representations to the Dominions of Canada and New Zealand, the Commonwealth of Australia, the Union of South Africa and Ceylon with a view to their making satisfactory provision in their respective patents and designs laws for the protection within their territories of inventions or designs patented or registered in British India on the understanding that the Government of India would make the provisions of section 78-A of the Indian Patents and Designs Act applicable to those Colonies.

The Government of Ceylon having made satisfactory provision for the protection of inventions patented in British India, the provisions of section 78-A of the Indian Patents and Designs Act, so far as they relate to patents, were applied to that country with effect from the 27th February, 1922. By virtue of this arrangement, if an Indian applicant files an application for a patent in Ceylon within twelve months of the date of his application in British India his application in Ceylon is given the same

date as his application in India. Similar reciprocal advantages are given to the Ceylonese inventor if he desires to obtain a patent for an invention in British India.

*Steam Boilers.*—In 1920, a Committee was appointed to enquire into the possibility of the unification of the laws and regulations relating to the inspection, working and upkeep of boilers in India. The Committee submitted their report on the 10th March, 1921.\* Their chief recommendation was that there should be a uniform standard for boilers throughout the whole of India and that in order to secure this an all-India Boiler Act should be enacted by the Indian Legislature. The Government of India's provisional conclusions on the Committee's report were communicated in September, 1921, to the various local Governments and Administrations for an expression of their views. The replies of all except one have been received. They are now being considered and necessary steps will be taken as soon as possible to undertake the proposed legislation.

The Committee also drew up a set of draft Regulations which prescribe uniform standards for the material, design, construction, inspection, etc., of land boilers. As these are of a highly technical nature, His Majesty's High Commissioner for India has been asked to have them examined by the Board of Trade in consultation with leading boiler manufacturers and boiler insurance companies in the United Kingdom.

*The Indian Factories (Amendment) Act, 1922.*—To give effect to the ratification by India of the draft Conventions approved by the International Labour Conference at Washington a bill to amend the Indian Factories Act, 1911, was introduced in the Indian Legislature in March, 1921. Advantage was taken of this opportunity to introduce a number of important reforms, which the experience of ten years working and the enquiries of the Industrial Commission and the Indian Cotton Committee had shown to be necessary. The bill was referred to a Joint Select Committee of both Houses, was finally passed in January, 1922, and came into force on July 1st, 1922. The complete text of the new Bill can be seen on application to the Department of Overseas Trade. The principal features of the Act are:—

- (1) The provision of further protection for children working in factories by raising the maximum age from 14 to 15 and the minimum age from nine to twelve years. Children, however, who have been lawfully admitted to factories before July 1st, 1921, shall not be excluded. The maximum number of hours during which a child may work in any one day shall not exceed six, and definite provision is made for intervals of rest.
- (2) The limitation of the hours of adults in all classes of factories to sixty per week and eleven per day, lengthened intervals for rest and provisions for weekly holidays.

---

\* Copy of this Report may be seen at the Department of Overseas Trade.

- (3) A considerable extension in the definition of a factory, which is now taken to include any premises, in which mechanical or electrical power is used, employing simultaneously not less than twenty persons on any one day in the year. The term may also be applied to any premises employing simultaneously not less than ten persons on any one day of the year, if such premises are declared by the local government to be a factory within the meaning of the Act.

Further clauses deal with artificial humidification and definite rules are laid down regulating the grant of exemptions from the provisions of the Act.

*Workmen's Compensation.*—The Government of India are engaged on a scheme for the provision of workmen's compensation. The views of local Governments have been obtained and steps are now being taken to draft a bill for introduction in the September Session, 1922.

*Registration and Protection of Trade Unions.*—This question is also under consideration. The views of local governments, on the whole, are understood to be favourable and it is probable that a Bill will be introduced during the next year or so.

*Humidification.*—The Government of India have, for some time, been considering the desirability of prescribing standards of humidity in Indian cotton factories. During the war, the question was postponed, but in the summer of 1921, an expert was bought out from England to investigate the question. Preliminary enquiries continued throughout the year.

*Census of Wages.*—Preliminary steps were taken for the compilation of an all-India census of wages, but owing to the need for economy in public expenditure, much of the programme has been abandoned.

*Cost of Living Index Number.*—In March, 1921, the Government of India addressed local governments with a view to the inauguration of an inquiry into the cost of living of the labouring classes to enable an all-India index number to be compiled. After careful examination, however, it was decided to abandon the proposal as being unpracticable, at least at the present time.

*Disposal of Surplus Stores.*—This important branch has been under the direct charge of Mr. A. H. Ley, C.I.E., I.C.S., Chief Controller (Surplus Stores), who is responsible to the Honourable Member in charge of Industries. The aggregate value of surplus stores of all kinds disposed of during the period 1st April, 1921, to 31st March, 1922, amounted to 256 lakhs of rupees (say, £1,707,000). The details were as follows :—

	Lakhs.
Engineering and Miscellaneous Stores	97
Medical Stores	8
Food Stuffs	10
Textiles	141

During the year several large sales were made including those of the entire stocks of flannel and "doosuti." Important sales of garments were made principally to South Africa. While the sales made have been very satisfactory and stocks are being rapidly reduced, shipments of further stores are still being received from Mesopotamia. It is hoped, however, to be able to close the greater part of the organisation by the end of the year.

*Indian Stores Department.*—The activities of this branch of the Industries Department have been given in detail in Chapter III, pages 93-95.

*Government Acetone Factory.*—The acetone factory at Nasik Road, which was constructed in 1916 as a war measure, and which it was no longer necessary to maintain for military purposes, was sold in March, 1922, to the Government of Bombay for the manufacture of country liquor.

*Hydro-Electric Survey of India.*—Owing to the transfer of this important department from the Central to the Provincial Governments as a result of the constitutional reforms, the scheme for a co-ordinated survey of the whole of India has been abandoned. Mr. J. W. Meares, C.I.E., who held the post of Chief Engineer of the Hydro-Electric Survey, and who has been Electrical Adviser to the Government of India for many years, retired from India in August, 1922, both the posts he held having been abolished. While it is true that Provincial Governments are themselves, in some cases, appointing Committees to consider what steps they should take, it is to be feared that, in most instances, funds will not be forthcoming and that the hydro-electric development of the country will be retarded for many years. I would commend British manufacturers of hydro-electric plant to the admirable Triennial Report of the Hydro-Electric Survey, which was published in 1921, and a copy of which may be seen at the Department of Overseas Trade. This is the most luminous review of the water-power resources of India which has ever been written.

*Activities of Directors of Industry.*—The progress which has been in stimulating industry in the various provinces can best be gauged from the reports of the various Directors of Industry for 1920-21, copies of which may be obtained from the agents in London for the sale of Indian official publications.



## ANNEX.

## REPORT ON THE TRADE OF CHINESE TURKISTAN, WITH INDIA, CHINA, RUSSIA, JAPAN, AFGHANISTAN, BADAKHSHAN, AND TIBET.

*For the year ending March 31, 1922.*

*By Lieut.-Colonel P. T. Etherston, H.M. Consul-General, Kashgar.*

**Geography.**—Chinese Turkistan as at present constituted is bounded on the north by the Altai Mountains, on the east by Mongolia and Kansu, on the south by Tibet and the northern frontiers of India, and on the north-west by the Russian Pamirs, Ferghana and Semirechia. The Thian Shan Mountains may be taken as the dividing line between north and south, the southern portion, known as Kashgaria, being the one with which this report mainly deals. Generally speaking, Chinese Turkistan is a land of oases; the arable portions are confined to the vicinity of rivers and streams, and a narrow belt skirting the highlands of the Thian Shan, the Pamirs, and the Kuenlun Mountains in the south. Beyond this belt, which is of no considerable width, and the rivers the country is largely desert, and does not throughout its extent present a surface of fertile land. The cultivated areas are situated within the oases, and cultivation in the latter is maintained by means of irrigation; the rivers as they issue from the mountains are diverted by means of dams into a number of streams, from which the water is passed through canals on to the fields. It will thus be seen that irrigation is the mainstay of the economic life of the country; where there is water there is prosperity and cultivation, and elsewhere only desert. The amount of land that is suited to cultivation is considerable, and given a system of irrigation on a modern and scientific basis the area might be largely increased with a resultant enhancement of trade and prosperity. According to the conditions of soil and of irrigation the rural population is distributed over villages and farms; between the latter stretches of waterless country are met with.

The general features of the province present several aspects. In the south there are extensive sands with rocky tracts and country covered with loose stones and pebbles, the soil being brackish, with large deposits of soda. The brackish soil is met with all over the province; salt impregnates it generally, and often fields present a snowy appearance from the quantity of salt exuding at the surface. In the northern and central parts the sandy tracts are less frequent; there the contour takes the form of narrow and low ranges of hills, and in the vicinity of the mountains the ground is covered with sand and shingle.

Some of the hill streams form small lakes, or, as in the case of the rivers in Seistan, lose themselves in the desert or gravelly soil. The rivers in their upper courses flow mostly through rocky gorges, while in the middle and lower streams when they are in the plains the currents are less rapid and the banks are low and marshy, so that bogs and marshes are formed, overgrown with reeds and tamarisk.

**Ethnography.**—The population is one of diverse elements, and it is believed that the province was originally inhabited by people of Aryan origin. In the second century B.C. races of Mongol descent came into Turkistan, and they either drove out the aborigines or mingled with them and so formed the race inhabiting Kashgaria. Traces are also found of the Arabs who invaded Turkistan in the eighth century, and from an ethnographical point of view the country presents unusual interest.

The inhabitants are divided into two classes, the settled or urban population of the plains, and the nomadic or people of the hill and mountain tracts. The former comprises Turkomans, Chinese, Tangans (Chinese Muhammadans), Andijanians, Indians, and individuals from the border states. The nomadic portion consists of the Kirghiz, Tajiks,

Kalmuks, and Mongols, and a tribe known as the Dulanis who are found along the banks of the Yarkand river between Yarkand and Aksu.

To the north of the Thian Shan is the Ili Valley, the most fertile part of Chinese Turkistan, which may be regarded as the halfway house between the Turanian races of Central Asia and the Mongol races of China. There one meets the settled Muhammadan, Taranchis as well as Tungans, Manchus, Mongol, Kirghiz, Sarts, Kazaks, and Kalaske.

No reliable data are available on which to base an estimate of the actual population of Chinese Turkistan. From calculations made by the postal service, which is under European supervision, and from information obtained from a Chinese official source, the numbers would appear to be 1,700,000, but it is highly probable that a proper census would reveal a larger number. The majority of the population is Turki, or Turkoman, or Sart as known to the Russians, the Chinese comprising but 4 per cent. The Turki as a race display a lack of energy and enterprise, and the various conquests of Turkistan have left deep-rooted traces on the character of the people and deprived them of all idea of unity. They are easily ruled, are not fanatical, and with development of the country on sound principles should increase and constitute a rich and thriving community.

**Administration.**—The province is divided into six circuits, each under an intendant known as a Taoyin, the circuits being sub-divided into districts in charge of district magistrates. Over all is the Governor with headquarters at Urumchi, who was formerly subject to the Viceroy of Kansu, but since the revolution of 1912 Chinese Turkistan has been formed into a separate province. The six circuits as at present constituted are Urumchi, Ili, Tarbagatai, Altai, Aksu and Kashgar, and there are altogether 41 districts.

Each district magistrate has under his orders a number of Begs, and minor officials, who carry the orders of the Yamen into effect, collect the annual revenue, arrange for transport, repairs to roads and bridges, settle water questions and rights, and generally act as the intermediary between the Chinese official and the people. Each begship is divided into a number of villages each in charge of a Mingbashi (head of one thousand households) or a Yuzbashi (head of one hundred households).

**Resources.**—The natural wealth of Chinese Turkistan is as yet unexplored, although it is rich in metals and minerals. Gold is found near Keria and Cherchen and in the mountains along the northern border of Tibet. In Aksu, Kuchar and Sairam is copper, whilst distributed generally throughout the country are extensive deposits of coal, iron, sulphur, sal ammoniac, gypsum, ozokerit, lead and jade. Oil is found near Kashgar and in the Thian Shan north of Kuchar, but so far as the Kashgar district is concerned the oil industry there is a monopoly of the Chinese Commander-in-Chief, who exploits the wells on primitive lines.

Of raw products, other than grain of all kinds, wool, cotton and silk are the principal. Indeed, the province could be made self-supporting.

The silk industry of Khotan is one that is open to profitable development. Notwithstanding its good quality, a defective method of reeling it renders it of comparatively little use for the export trade. It is employed with wool and gold thread in the manufacture of Khotan carpets, and much of it is used in the sewing of coats and cloaks for the better classes.

Jade was formerly a prominent feature of Khotan products, but of late years the export and general sale of it has fallen off. There is undoubtedly a plentiful supply in the Khotan district and the northern Yuan Luw valleys and the Karakash valley. The jade of Khotan was carried far and wide in mediæval days, and jade implements have been discovered in Eastern Europe.

Agriculture is the most important and widely-spread industry and that on which the inhabitants depend for their existence, as there are no imports of foodstuffs from neighbouring States.

**Communications.**—These are on a par with the general administration of the province; roads metalled or in any way prepared do not exist, and may be characterised as rough tracks which are often impassable in the spring months when the thaw is general. In the mountains communication is by means of footpaths or tracks worn by the passage of sheep and cattle. Some years prior to the war, when Russian influence was predominant in Kashgaria and the province generally, a well-graded cart road was constructed from Kashgar to Semirechia *viâ* the Turgat Pass. This was done to promote growth in commercial relations and activity. Since the war and the decline of Russian prestige the road has fallen into disrepair and is no longer passable for carts, but could be used by pack transport.

The main trade route for British-Indian traders is that from Leh, Ladakh, over the Karakoram to Yarkand. This has always presented great physical difficulties owing to the height of the passes and the rarity of the atmosphere. A good deal of improvement has been effected by the Government of India within recent years, but the road will never be an easy one for the reasons given above. For centuries Leh has been the link between India and Central Asia. When Russian penetration of Central Asia threatened to endanger the ancient connection it was thought that the trade might cease with the extension of the Russian railway to Andijan in Ferghana, for the latter brought Kashgar within fourteen days of railhead, an immense advantage over the long and arduous route from India. Owing to the relative positions of Yarkand, Khotan, Kashgar, and Andijan, the opening of the railway and the improvement in communications from Russian territory certainly did affect the trade. The Leh-Karakoram road is, however, not the ultimate destination of Central Asia trade, or a centre of Indian commerce. It is really a forwarding point, situated about eighteen marches from Srinagar in Kashmir, and cannot be regarded as an economic centre such as the railway makes Andijan. In the latter the Russians have an advantage in trade, but it has been stultified by recent events in Russia. It is improbable that commerce would cease altogether on both routes, for certain products in each country will be in demand in the other, and the journey *viâ* Bombay, the Black Sea, and Andijan will not, under present conditions, prove cheaper than the Leh road.

There are no railways in Chinese Turkistan, although a survey for a line from railhead in China proper to Urumchi has been made but nothing further has eventuated.

**Monetary System.**—The following table gives the value of the various monies now in use:—

- 50 liang = 1 Yambu = 50 sars, or taels.—Rs.125, or £8 6s. 8d.
- 1 liang = 1 sar = 16 tengas.
- 400 hungch'ien = 400 red cash, or dachins.
- 10 ch'ien = 10 miskals.
- 1 ch'ien = 1 miskal = 40 red cash or dachins.
- 1 tenga = 25 red cash or dachins.

The yambu was originally a shoe of pure silver weighing 65·05 ozs., but the sars or taels of this province are so debased that a yambu is now worth about 64 sars, the rate fluctuating according to the price of silver.

The Chinese reckon always in tengas and puls. Neither the tenga nor the pul exists as a coin, but are always used by the Turkis for purposes of calculation.

Since the revolution in China, coins whether in silver or copper have been disappearing from circulation, and notes have come more into prominence: it is estimated that the value of these amounts at the present time to 10,000,000 taels, possibly some six years' revenue of the province. These notes are legal tender for the payment of taxes, but silver could not be obtained in exchange were they to be presented at a Government treasury.

Gold coins were minted in Kashgar in the days of Yakub Beg, in the sixties and seventies of last century, but the Chinese do not mint them.

In pre-war days Russian money was largely in circulation in Chinese Turkistan, it being practically the only currency in commercial dealings between the markets of Kashgar and those of Russian Turkistan. The value of the rouble was subject to fluctuation due to the peculiarities of the local exchange rate, consequent on the fact that the amount of Russian money coming into, and leaving, the Kashgar market was never proportionate. Then, too, there was an annual exodus of the local population seeking work in Ferghana, which also exerted a temporary effect on the money market, since these people exchanged Chinese money for Russian roubles. Russian rouble notes were then popular amongst the inhabitants of Chinese Turkistan owing to their superiority over gold and silver for transmission to a distance. Now, however, all Russian notes, especially the Soviet ones, are at a discount.

**Weights and Measures.**—The following are current in Chinese Turkistan:

- 10 li = 1 fen = .0133 oz.
- 10 fen = 1 ch'ien = .133 oz.
- 10 ch'ien = 1 liang (tael) = 1.33 oz.
- 16 liang = 1 jing (catty) = 1.33 lb.
- 100 jing = 1 tan (picul) = 133 lbs.
- 1 charak (Turki) = 19½ lbs.

The linear measures are:

- 10 fen = 1 ts'un = 1.31 inches.
- 10 ts'un = 1 ch'ih = 13.1 inches.
- 10 ch'ih = 1 chang.

The standard of distance is the li or Chinese mile, generally taken as one-third of an English mile.

In square measure 1 mu = .6 of an acre.

For measures of capacity, the Chinese system is used, but liquids, such as milk, wine, etc., are sold by weight.

**Trade Routes.**—Mention has already been made of the Leh-Karakoram route which crosses some of the highest passes in the world, and as a trade route is the loftiest. Owing to the great physical difficulties trade is carried on at a considerable disadvantage, and every summer during the period when the passes are open a mortality in baggage animals results. This is consequent on the high altitudes, the desolate nature of the country traversed, and the glaciers to be negotiated.

The construction of the Russian Central Asian Railway and its extension to Andijan had far-reaching effects on the trade of Chinese Turkistan. It enabled goods to be brought *via* the Black Sea to Batoum and thence to Baku on the Caspian Sea, across to Kradnovodsk, from which point the railway to Andijan starts, and but for the war and the revolution in Russia there can be no doubt that Russia would have practically absorbed the Central Asian and Western China trade. Andijan was an emporium for Russian goods destined for the eastern parts of Russian territory, and for Chinese Turkistan. Agencies had been established for the collection and forwarding of goods, and steps taken to monopolise the trade marts. As compared with the journey from India, Russian trade would be handicapped by a land journey of less than three weeks, and from Andijan the route passes through comparatively easy country.

With the collapse of Russia trade has come to a standstill in that direction, although it should be noted that efforts were made to revive it through the agency of the Russo-Asiatic Bank which took measures to resuscitate commercial activity in 1920-21, but the impossibility of doing business with the Bolsheviks rendered the bank's efforts vain.

With the establishment of law and order in Russia there should be a trade boom, but conditions in Russian Turkistan are such that a resumption

of trade under normal conditions cannot be looked for for some years owing to the impoverishment of the country, the lack of materials, and the deplorable state of the railways, permanent tracks, and want of rolling stock.

The above remarks apply to the Trans-Siberian Railway, which afforded a route from the East to Chinese Turkistan and brought the markets of Japan within one month of the Turkistan commercial centres.

The main trade routes from China proper are the north and south roads, the one leading through Lanchow to Hami and Urumchi, the southern through Sachow to Khotan and thence to Kashgar and Urumchi. The average time from Peking by these routes is six months, and beyond the dust and loess formations and their general neglected state, they present no serious physical obstacles.

There are routes leading from Turkistan to Tibet, but the trade is negligible and not of sufficient importance to warrant special mention. It is said that the wool and hides trade between Tibet and India and China has possibilities, but under conditions obtaining in Tibet the attendance indispensable to the management of flocks and herds is unprocurable, owing to a large proportion of the male population becoming lamas and living idly in the monasteries.

**Exports to India.**—The trade in textiles showed a slight increase, whilst there was also a rise in the import of woollen piece goods, which will continue to be popular as long as the quality is maintained. Numdahs again showed an advance of about 650 maunds.

The export of silver fell off owing to the Chinese checking the export, which was formerly one of the main items in trade. In the north of the province silver coins have been almost withdrawn from circulation, and even in Kashgaria there is very little silver reserve. Attention has previously been drawn to the chaotic state of finance in this country, which will be further aggravated if the export of silver by the Chinese themselves is not stopped. In June, 1921, a further issue of paper money was made by the provincial authorities which has no backing in silver.

The traffic with India in Russian paper money has ceased owing to the embargo thereon.

**Imports from India.**—Cotton goods continue to be in demand and, to a limited extent, indigo, but this latter showed a falling-off compared with the previous year. Medicines exhibited a marked increase due to the slowly growing faith in Western medicines and their efficiency. Spices, paints and colours were in greater demand, whilst unrefined sugar was imported to advantage, the increase being over 600 maunds on the previous year. In pre-revolution days large quantities were brought from Russia and found a ready market, but in common with general trade from Russia it has long since ceased to come in.

In the trade reports rendered for the past two years a list of articles was given which will be in demand when conditions assume a normal aspect in Central Asia, and to facilitate reference it will be well to repeat it:—

**Household utensils.**—All kinds.

**Hardware.**—Axes, screw drivers, hammers, locks, hooks, horseshoes, chisels, files, saws, carpenters' and blacksmiths' tools, enamelled ware, lamps, heating stoves for coal, wood and oil.

**Ploughs, harrows, mowers, reapers, sickles and threshers.**

**Dairy appliances and utensils.**

**Machinery for factories.**

**Foodstuffs.**—Groceries, salts, vermicelli, sago, tapioca, tea, proprietary articles, patent medicines, etc.

**Articles of clothing.**—Boots and shoes, dress materials, cotton goods, blankets, underwear, etc.

**Miscellaneous articles.**—Drugs, medicines, dyes, paper, stationery, and material for setting up printing presses.

The above list applies to both Russian and Chinese Turkistan; indeed the larger demand will occur in Russian territory, where the population is more advanced and where there is a higher standard of civilisation and culture.

**Trade with China Proper.**—The continued stoppage of trade with Russia enables China to increase its lead. There is still a good demand for silks and embroideries. This market might be captured by British traders, but it would be necessary to compete with two formidable rivals, America and Japan, who are seeking to control as much as they can of the trade through China to Central Asia.

**Trade with Russia.**—There is still no sign of a revival, although some slight commerce is carried on between Chinese Turkistan in the north and the Russian province of Semirechia. Ili, the name by which the land north of the Thian Shan is known, has always been regarded as the richest and most fertile portion of Chinese Turkistan, and its trade with Russia in pre-war days bade fair to assume a most favourable aspect.

The Bolsheviki have attempted to restore the commercial relations formerly existing, and the idea would be feasible were the Soviet in a position to pay, but traders are chary of accepting the useless paper money offered.

**Trade with Japan.**—Japanese goods are finding their way in increased quantities to Western China, despite the fact that Japan has domestic difficulties as well as the Chinese boycott to contend with. The commercial future of Japan depends to no inconsiderable extent upon her retention of the Chinese market, but from the samples of goods one sees here the Japanese must improve the standard, for as Chinese Turkistan develops, and commercial competition increases, the demand will grow for goods of superior quality.

As in the past the articles most in demand, and which find a fairly ready sale, are matches, cigarettes, scents, cotton goods, flimsy silks, and soaps.

**Trade with Afghanistan and Badakhshan.**—Beyond a few insignificant articles such as pistachio nuts, foxskins, and almonds, there is no trade in the proper sense of the term with either country.

**Conclusion.**—In conclusion, if the most is to be made of the commercial potentialities of Chinese Turkistan increased energy and activity are necessary. The essential factor is that the government of the country should be strong, resolute, and inspire confidence. The construction of a railway to the capital at Urumchi, the development of the mineral resources, and the fostering of trade, should afford ample scope for strenuous efforts, but to ensure success the initiative must come from Europeans, for the Chinese lack the requisite energy and driving power.

## APPENDIX I.

TABLE A.

BRITISH IMPORTS. (See page 16.)

*Value of principal articles imported by sea into British India from the United Kingdom.*

	1913-14.	1919-20.	1920-21.	1921-22.
<b>UNITED KINGDOM.</b>				
<b>Imports the ofrom—</b>	<b>In Lakhs of Rupees.</b>	<b>In Lakhs of Rupees.</b>	<b>In Lakhs of Rupees.</b>	<b>In Lakhs of Rupees.</b>
Apparel ... ..	72	74	1,61	53
Arms, ammunition, etc. ... ..	32	26	55	59
Artificial silk yarn ... ..	*	15	6	2
Belting for machinery ... ..	38	48	1,31	88
Bobbins ... ..	*	18	52	1,00
Books and printed matter ... ..	47	39	61	45
Boots and shoes ... ..	72	15	57	10
Building and engineering materials	78	95	1,80	1,31
Carriages and carts ... ..	17	17	50	32
Chemicals, etc. ... ..	76	1,22	2,01	1,36
China clay ... ..	*	9	28	20
Coal and coke, etc. ... ..	38	4	6	2,98
Cordage and rope ... ..	6	7	8	5
<b>Cotton—</b>				
Raw ... ..	20	—	74	1,51
Twist and yarn ... ..	3,57	3,54	7,95	8,77
<b>Piece goods—</b>				
Grey ... ..	25,03	19,24	18,72	18,38
White ... ..	13,93	15,30	20,88	12,27
Coloured, etc. ... ..	15,34	11,22	30,54	6,48
Other manufactures ... ..	1,89	1,51	3,02	1,50
Outlery ... ..	12	11	23	9
Cycles and parts ... ..	33	28	85	13
Drugs and medicines ... ..	60	77	1,03	72
Dyeing and tanning substances ... ..	6	55	1,00	79
Earthenware and Porcelain ... ..	37	25	56	44
Flax manufactures ... ..	39	34	59	29
Glass and glassware ... ..	26	32	67	44
Haberdashery and millinery ... ..	66	44	1,28	30
Hardware ... ..	2,25	2,05	5,25	3,68
Instruments, apparatus, etc. ... ..	1,37	1,15	3,93	3,55
Ivory ... ..	11	22	7	17
Jewellery, etc. ... ..	12	6	19	10
Jute manufactures ... ..	14	15	16	8
Leather, including hides, tanned, etc. ... ..	33	37	1,07	59
<b>Liquors—</b>				
Ale, beer and port <sup>l</sup> ... ..	49	34	80	65
Spirit ... ..	77	1,48	2,03	1,60
Wines ... ..	14	26	41	18
Machinery and millwork ... ..	6,96	5,92	17,53	28,33
<b>Metals—</b>				
Copper, excluding ore ... ..	1,00	1,57	1,24	85
Iron ... ..	36	28	67	42
Iron or steel ... ..	10,22	8,49	17,85	10,07
Lead ... ..	18	15	22	14
Steel ... ..	60	1,30	3,74	91
Others ... ..	1,64	2,61	4,36	1,89

\* Not separately distinguished.

	1913-14.	1919-20.	1920-21.	1921-22.
<b>UNITED KINGDOM—cont.</b>	In Lakhs of Rupees.	In Lakhs of Rupees.	In Lakhs of Rupees.	In Lakhs of Rupees.
<b>Imports therefrom—cont.</b>				
Motor cars and motor cycle, etc....	1,08	74	3,85	1,36
Oils, mineral ... ..	23	26	41	37
„ vegetable, animal, etc. ...	21	10	22	14
Packing, engine and boiler ...	4	9	4	4
Paints and colours ... ..	51	74	1,26	79
Paper and pasteboard ... ..	89	88	3,13	1,12
Piece-goods of cotton and artificial silk ... ..	*	59	97	6
Pitch, tar and Dammer ... ..	9	9	12	8
Polishes ... ..	10	18	39	12
Provisions and oilman's stores ...	1,50	1,15	1,79	1,19
Railway plant, etc. ... ..	9,33	4,09	13,48	18,40
Rubber manufactures, including tyres, etc. ... ..	32	82	1,15	65
Salt ... ..	20	39	36	26
Ships, part of ... ..	21	28	20	85
Silk manufacture, including yarns, etc. ... ..	28	12	25	11
Soap ... ..	68	1,08	1,31	87
Starch and farina ... ..	2	3	3	2
Stationery ... ..	50	47	1,27	66
Sugar ... ..	28	18	32	21
Tallow ... ..	12	3	13	8
Tea-chests ... ..	50	33	78	53
Tobacco ... ..	63	1,36	1,60	1,31
Toilet requisites ... ..	11	16	31	10
Toys and requisites for games ...	17	9	20	11
Umbrellas and umbrella fittings...	30	9	24	14
Woollen manufactures, including yarn, etc. ... ..	2,22	1,37	4,76	87
Other articles ... ..	2,87	4,11	8,41	5,34
<b>TOTAL (exclusive of Govern- ment Stores ... )</b>	<b>117,58</b>	<b>104,98</b>	<b>204,60</b>	<b>150,89</b>

\* Not separately distinguished.

TABLE B.

IMPORTS FROM U.S.A. (See page 17.)

Value of principal articles imported by sea from the United States into  
British India.

	1913-14.	1919-20.	1920-21.	1921-22.
<b>UNITED STATES.</b>	In Lakhs of Rupees.	In Lakhs of Rupees.	In Lakhs of Rupees.	In Lakhs of Rupees.
<b>Imports therefrom—</b>				
Arms, Ammunition and Military stores ... ..	1	9	7	7
Belting for machinery ... ..	1	6	11	9
Boots and shoes ... ..	1	21	43	4
Carriages and carts ... ..	1	7	26	20



	1913-14.	1919-20.	1920-21.	1921-22.
<b>UNITED STATES—cont.</b>	<b>In Lakhs of Rupees.</b>	<b>In Lakhs of Rupees.</b>	<b>In Lakhs of Rupees.</b>	<b>In Lakhs of Rupees.</b>
<b>Imports therefrom—cont.</b>				
Chemicals ... ..	*	11	22	11
Clocks and watches ... ..	5	5	10	7
Drugs and medicines ... ..	5	23	19	11
Dyeing and tanning substances ...	*	55	77	27
Hardware ... ..	38	1,33	2,26	1,03
Instruments and apparatus ... ..	14	81	1,33	1,02
Iron and steel, excluding ore ... ..	42	5,43	5,20	4,43
Liquors, etc. ... ..	6	18	13	9
Machinery and millwork ... ..	25	2,80	4,03	4,51
Motor cars and cycles, etc. ... ..	23	3,09	6,49	67
Oils, mineral ... ..	2,31	5,24	5,30	4,87
Paper and pasteboard ... ..	1	59	87	14
Provisions and oilman's stores ... ..	5	62	71	35
Railway plant and rolling-stock ...	*	42	22	13
Rubber manufactures, including tyres, etc. ... ..	*	39	48	26
Tobacco ... ..	2	48	1,09	24
Wheat ... ..	—	—	—	82
Wood and timber ... ..	13	15	33	10
Other articles ... ..	65	2,37	4,71	1,99
<b>TOTAL (exclusive of Govern- ment Stores) ... }</b>	<b>4,79</b>	<b>25,27</b>	<b>35,30</b>	<b>21,61</b>

\* Less than 50,000 rupees.

TABLE C.

IMPORTS FROM JAPAN. (See page 18.)

Value of principal articles imported by sea into British India from Japan.

	1913-14	1919-20	1920-21	1921-22
<b>JAPAN.</b>	<b>In Lakhs of Rupees.</b>	<b>In Lakhs of Rupees.</b>	<b>In Lakhs of Rupees.</b>	<b>In Lakhs of Rupees.</b>
<b>Imports therefrom—</b>				
Apparel ... ..	10	44	31	11
Bobbins ... ..	†	21	10	13
Brass, bronze, etc. ... ..	*	36	45	2
Brushes and brooms ... ..	1	4	2	*
Buttons of all sorts ... ..	†	15	15	13
Camphor ... ..	12	12	19	14
Cement ... ..	*	10	*	17
Chemicals ... ..	2	19	14	3
Coal, coke, etc. ... ..	13	*	4	30
Copper, excluding ore ... ..	41	31	7	2
Cotton hosiery ... ..	83	1,22	1,39	45
" piece goods ... ..	18	3,69	8,37	3,67
Cotton twist and yarn ... ..	14	61	4,90	2,26
" other manufactures ... ..	5	38	27	10
Cutlery ... ..	*	9	5	2
Drugs and medicines (other than camphor) ... ..	4	10	10	6

† Not separately distinguished. \* Less than 50,000 rupees.

	1913-14.	1919-20.	1920-21.	1921-22.
<b>JAPAN—cont.</b>	<b>In Lakhs of Rupees.</b>	<b>In Lakhs of Rupees.</b>	<b>In Lakhs of Rupees.</b>	<b>In Lakhs of Rupees.</b>
Imports therefrom— <i>cont.</i>				
Earthenware and porcelain ...	6	41	18	21
Furniture and cabinet-ware ...	1	3	4	2
Glass and glassware—				
Bangles ... ..	*	35	44	} 86
Beads and false pearls ...	6	16	24	
Bottles and phials ...	3	19	24	
Funnels, globes, etc. ...	1	16	11	
Others ... ..	6	41	28	
Haberdashery and millinery ...	15	22	30	7
Hardware ... ..	6	74	76	21
Instruments, etc. ... ..	1	12	18	6
Iron or steel, excluding ore ...	*	13	5	1
Leather ... ..	*	5	4	1
Liquors ... ..	*	34	8	9
Machinery and millwork ...	2	8	12	4
Matches ... ..	39	1,87	1,30	1,85
Paints and painters' materials ...	*	8	2	4
Paper and pasteboard ... ..	2	27	42	9
Provisions and oilman's stores ...	2	5	4	2
Rubber manufactures ... ..	*	2	2	*
Silk, raw ... ..	1	*	6	*
Silk, manufactures, including yarn, etc. ... ..	1,45	3,30	2,96	1,41
Soap ... ..	*	2	1	*
Spices, ginger ... ..	4	1	*	*
Starch and farina ... ..	*	9	3	3
Stationery, excluding paper ...	3	13	14	5
Sugar 16 D.S. and above ...	*	9	1	4
Tea-chests ... ..	1	11	5	1
Toilet requisites ... ..	2	10	8	3
Toys and requisites for games ...	5	25	17	9
Umbrellas and fittings for ...	7	9	9	10
Wood—timber ... ..	*	10	2	*
" manufactures ... ..	1	15	20	13
Woollen manufactures, including yarn ... ..	*	8	23	1
Other articles ... ..	16	94	97	42
<b>TOTAL (exclusive of Govern- ment Stores) ... ..</b>	<b>4,78</b>	<b>19,15</b>	<b>26,43</b>	<b>13,51</b>

\* Less than 50,000 rupees.

TABLE D.

IMPORTS FROM GERMANY. (See page 18.)

Value of principal articles imported by sea into British India from Germany.

	1913-14.	1919-20.	1920-21.	1921-22.
<b>GERMANY.</b>	<b>In Lakhs of Rupees.</b>	<b>In Lakhs of Rupees.</b>	<b>In Lakhs of Rupees.</b>	<b>In Lakhs of Rupees.</b>
Imports therefrom—				
Apparel ... ..	16	—	9	10
Building and engineering materials	15	—	2	9
Chemicals ... ..	13	*	8	23

TABLE D.—continued.

	1913-14.	1919-20.	1920-21.	1921-22.
<b>GERMANY—cont.</b>				
<b>Imports therefrom—cont.</b>	<b>In Lakhs</b>	<b>In Lakhs</b>	<b>In Lakhs</b>	<b>In Lakhs</b>
	<b>of Rupees.</b>	<b>of Rupees.</b>	<b>of Rupees.</b>	<b>of Rupees.</b>
Cotton manufactures, including yarn ... ..	1,42	*	9	6
Cutlery ... ..	12	*	8	5
Drugs and medicines ... ..	10	*	7	7
Dyeing and tanning substances ... ..	93	1	1,20	1,43
Glass and glassware ... ..	29	*	20	31
Haberdashery and millinery ... ..	28	*	7	10
Hardware ... ..	72	1	29	61
Instruments, apparatus, etc. ... ..	15	*	8	15
Liquors ... ..	24	—	7	19
Machinery, etc. ... ..	43	—	17	55
Metals, excluding ores ... ..	3,86	2	86	1,86
Paper and pasteboard ... ..	27	—	19	19
Salt ... ..	9	—	35	13
Silk manufactures, including yarn, etc. ... ..	23	—	17	2
Stationery ... ..	6	*	6	9
Sugar ... ..	2	—	1	2
Toys and requisites for games ... ..	11	*	5	9
Woollen manufactures, including yarn, etc. ... ..	1,07	*	9	16
Other articles ... ..	1,84	*	46	75
<b>TOTAL (exclusive of Govern- ment Stores) ... ..</b>	<b>12,67</b>	<b>4</b>	<b>4,75</b>	<b>7,25</b>

\* Less than 50,000 rupees.

TABLE E.

IMPORTS FROM BELGIUM. (See page 19.)

Value of the principal articles imported by sea into British India from Belgium.

	1913-14.	1919-20.	1920-21.	1921-22.
<b>BELGIUM.</b>				
<b>Imports therefrom—</b>	<b>In Lakhs</b>	<b>In Lakhs</b>	<b>In Lakhs</b>	<b>In Lakhs</b>
	<b>of Rupees.</b>	<b>of Rupees.</b>	<b>of Rupees.</b>	<b>of Rupees.</b>
Cotton manufactures, including yarn ... ..	75	1	74	13
Cutlery ... ..	2	o	*	*
Dyeing and tanning substances ... ..	14	2	13	7
Earthenware and porcelain ... ..	4	*	3	1
Glass and glassware ... ..	19	11	47	24
Hardware ... ..	6	*	4	2
Machinery and millwork ... ..	2	—	7	19
<b>Metals—</b>				
Brass, bronze, etc. ... ..	1	1	3	8
Copper, excluding ores ... ..	9	*	1	3
Iron ... ..	15	3	17	31
Iron or steel " " ... ..	64	13	93	1,45
Steel ... ..	1,05	24	1,32	1,65
Motor cars and motor cycles, etc. ... ..	7	*	28	9
Paper and pasteboard ... ..	5	*	22	7
Railway plant, etc. ... ..	7	*	6	7
Other articles ... ..	91	15	83	93
<b>TOTAL (exclusive of Govern- ment Stores) ... ..</b>	<b>4,26</b>	<b>70</b>	<b>5,33</b>	<b>5,34</b>

\* Less than 50,000 rupees.

TABLE F.

IMPORTS FROM CANADA. (See page 19.)

*Value of the principal articles imported by sea into British India from Canada.*

	1913-14.	1919-20.	1920-21.	1921-22.
	In Lakhs of Rupees.	In Lakhs of Rupees.	In Lakhs of Rupees.	In Lakhs of Rupees.
<b>CANADA.</b>				
Imports therefrom—				
Motor cars and motor cycles, etc.	—	1	90	21
Paper and pasteboard ... ..	—	3	6	7
Paper making materials ... ..	—	—	1	7
Railway plant, etc. ... ..	—	1	33	2
Other articles ... ..	1	—	3	5
<small>RUPEES</small> TOTAL (exclusive of Govern- ment Stores) ... ..	1	5	1,33	42

## APPENDIX II.

## INDIAN RAILWAYS COMMITTEE.

## SUMMARY OF RECOMMENDATIONS, AND CONCLUSION.

A.—*Unanimous Recommendations.*

1. We propose great changes in the constitution, status and functions of the Railway Board. We recommend that at the head of the Railway Department there shall be a Member of Council in constant touch with railway affairs; and we suggest that with this object there shall be created a new Department of Communications responsible for railways, ports and inland navigation, road transport (so far as the Central Government deals with this subject) and posts and telegraphs. We think the Member in charge of Communications must be an experienced administrator and able to represent his Department both in the legislature and with the public. We do not think he need be expected to be a technical expert.

2. We recommend that, on the one hand, the reconstituted Railway Department should delegate considerably increased power of day-to-day management to the local railway administrations, and, on the other hand, should be relieved from control by the India Office and by the Government of India except on large questions of finance and general policy.

3. We recommend that the Finance Department should cease to control the internal finance of the railways; that the railways should have a separate budget of their own, be responsible for earning and expending their own income, and for providing such net revenue as is required to meet the interest on the debt incurred or to be incurred by the Government for railway purposes; and that the railway budget should be presented to the Legislative Assembly, not by the Finance Member of Council, but by the Member in charge of Railways.

4. We recommend that, subject to independent audit by the Government of India, the Railway Department should employ its own accounting staff, and be responsible for its own accounts. We think that the present accounts and statistics should be thoroughly overhauled and remodelled with the assistance of experts familiar with recent practice in other countries.

5. We recommend that the title of Railway Board be replaced by the title Railway Commission; and that under the Member of Council for Communications there shall be a technical staff consisting on the railway side of a Chief Commissioner and four Commissioners; that of the four, one should be in charge of finance and the organisation and staff of the office, and that the three other Commissioners should be in charge of three respective geographical divisions, western, eastern and southern. The Divisional Commissioners, while normally engaged at headquarters, should devote a substantial portion of their time to personal visits to their divisions.

6. We recommend that the technical staff attached to the Commission shall be strengthened, especially on the traffic side. We think the staff should be divided into six sections, each under a Director, one of whom should be responsible, under the Commissioners, for Ports and Inland Navigation and Road Transport.

7. The changes and additions to the headquarters establishment which we have proposed may cost from £25,000 to £30,000 per annum. But we recommend this expenditure in the interest of true economy. And we point out that salaries in the highest posts of the Indian railway services are at present inadequate, and that, in consequence, not only does the service fail to attract the right men, but it is actually losing to other employment those already in it.

8. We think that the present number of Circles, each with an Engineering Inspector, is unnecessarily great; and we recommend that the number of Engineering Inspectors be reduced, and the money utilised for the appointment of new officers called Inspectors of Traffic.

9. We discuss the rights of management reserved to the guaranteed companies under their contracts, and we recommend that the new Member for Communications should, by agreement, where necessary, with the companies, modify the present position: on the one hand giving to the Railway Commission greater powers in reference to matters such as initiation and enforcement of reforms and some control over the appointment and retention of principal officers, and, on the other hand, giving to the local executive officers greater freedom from interference in matters of everyday management.

10. We suggest that there should be a less rigid regard than hitherto to the claims of seniority.

11. We lay stress on the importance of giving to the Indian public an adequate voice in the management of their railways. And accordingly we recommend the establishment of Central and Local Railway Advisory Councils. We propose that the Central Advisory Council, under the chairmanship of the Minister of Communications, should consist of not more than 25 members, of whom three or four would represent the Departments of Government special concerned; eight or nine should be nominated, according to a scheme to be arranged, by the various associations representing trade and industry; and a similar number, to represent agricultural interests and the travelling public, should be added by the nomination of one member by each of the Provincial Legislative Councils.

12. We recommend the establishment of Local Advisory Councils, similar in constitution to the Central Council and perhaps of half the size, either at the headquarters of each railway, in which case the agent would act as chairman; or alternatively, at each important railway centre, in which case the agents of all the railways concerned should be members, and one of them chairman.

13. We recommend that these councils be established as soon as possible, without waiting for the full introduction of the scheme which we put forward.

14. We recommend the establishment of a Rates Tribunal, consisting of an experienced lawyer as chairman, and two members representing respectively railway and commercial interests; and that there be given to them jurisdiction over all questions of the reasonableness of rates and of facilities; that they be instructed to investigate the conditions attached to "owners'" and "railway's" risk notes at the present time, and to frame new standard forms for use in future; and that there be, under certain circumstances, an appeal from the decisions of the Rates Tribunal to the Governor-General in Council.

15. We recommend that steps should be taken to reduce the delay in settling claims for loss and damage, and that the utmost possible efforts should be devoted, not only by the local officials, but by the Railway Commission itself, to stamping out the very serious and widespread abuses in connection with allocation of railway wagons.

16. We discuss the hardships to which third-class passengers are subjected, especially on the occasion of the great "melas" or pilgrimages; and we recommend various measures which, pending the radical improvement of the situation by the provision of adequate facilities, may do something to mitigate present conditions.

17. We recommend that there be a reasonable general increase in Indian rates and fares, and that the sur-taxes at present levied on railway traffic be withdrawn.

18. We recommend that greater facilities should be provided for training Indians for the superior posts in railway service; and that the process of their employment in such posts should be accelerated.

19. We recommend that branch lines shall as far as possible be constructed and worked by the main lines to which they are tributary; and that only if the State is unable or unwilling to provide the funds itself shall the formation of separate branch line companies be encouraged.

20. We recommend that, so soon as financial conditions make it possible for the Government to go forward again with railway development, the Indian States should be called into council, and invited to take part in working out a common plan in the common interest.

21. We recommend an inquiry into the question of inland waterway communication as affected by alleged unfair railway competition.

22. We recommend a thorough investigation, by a Commission of the most competent experts whom the railway world can furnish, of the gauge question as it affects and is affected by the potential future development of the Indian system as a whole.

23. We recommend that the system of management by companies of English domicile should not be continued after the termination of their existing contracts, and that these companies should not be permitted further to increase their share capital.

24. We recommend that no steps should be taken towards establishing combined companies, both with English and with Indian domicile.

#### *B.—Divergent and Supplementary Recommendations.*

BY THE CHAIRMAN; THE HON. MR. V. S. S. SASTRI; MR. E. H. HILEY;  
MR. PURSHOTAMDAS THAKURDAS; AND MR. J. TUKR.

25. We recommend that the undertakings of the guaranteed companies, as and when the contracts fall in, be entrusted to the direct management of the State, and that when the contract with the East Indian Railway terminates in 1924 the Oudh and Rohilkhand State Railway be absorbed into that undertaking.

26. We recommend that the whole of the capital for the future development of the Indian railways be raised directly by the State.

We do not recommend that the provincial Governments shall take any part in the work.

27. We recommend that the money required to put the existing railways into proper shape should be raised, even at to-day's prices, as fast as it can be economically spent, but we do not recommend the immediate raising of capital for the extension of the existing system.

28. We recommend that Government issues for railway purposes should in England take the form of ordinary sterling loans, while in India rupee loans might perhaps be earmarked as for railway purposes.

29. We support the recommendation of the Mackay Committee that in periods of easy money funds should be raised in excess of immediate requirements so that it may not be necessary to have recourse to the market at a time of stringency.

30. We recommend the establishment of a systematic organisation to familiarise the population of India with the idea of subscribing to Government loans, and specially to reach through local Indian agencies the mass of the people to whom the idea of investment has hitherto been strange.

By SIR H. P. BURT; SIR R. N. MOOKERJEE; SIR A. R. ANDERSON; SIR G. C. GODFREY; AND SIR H. LEDGARD.

25A. We recommend that the system of both State and company management should be continued, and that Government should not be committed to a policy of State management only for all railways. We accordingly propose a scheme for creating Indian domiciled companies to manage the East Indian and, possibly, the Great Indian Peninsula Railways. The cases of other lines to be considered on their merits when the contracts become terminable.

26A. We agree that much capital must be raised direct by the State, and that this should be done by the Central Government. We also recommend, from 1924 onwards, that the fullest use be made of Indian domiciled companies, as proposed under our scheme, as a means of providing funds from independent sources. We also hold that as the total amount required is so large, no channel through which money can be obtained on reasonable terms should be neglected; for instance, further debenture loans through existing companies might be negotiated.

27A. We agree that money should be raised as fast as it can be economically spent. Rather than that new development should be arrested, we recommend that the assistance of private enterprise should be enlisted to provide capital for new lines.

28A. We recommend that Government borrowings for State and guaranteed railways should be by direct Government loans advertised, whether in England or India, as being for railway purposes.

29A. We agree in supporting this recommendation of the Mackay Committee.

30A. We recommend that the assistance of all banks in India should be enlisted when money is required to be raised, and that independent offers of loans on special conditions should not be lightly set aside.

#### RESERVATIONS BY SIR H. P. BURT.

I cannot subscribe to the recommendation, in para. 181 of the Report (para. 22 above), that "a thorough investigation of the gauge problem is urgent at this moment," and should be undertaken by a special Commission. No one will deny that it would have been better for India had it been possible to avoid a break of gauge, and that it was unfortunate that such a broad gauge as the 5 ft. 6 ins. was originally decided upon as the standard, especially as full advantage has not been taken of that gauge in determining the running dimensions of the rolling-stock. But, at the same time, it will be accepted by those who have studied this question that, having adopted the 5 ft. 6 ins. standard gauge, India would never have had at the present day even the relatively small total mileage she now has if that gauge had been insisted on so as to secure uniformity. With the growth in mileage of the standard gauge, the adoption of a

smaller and less costly gauge became imperative if the poorer districts of India and the development of India's resources were not to suffer from the want of railway communications. It was financially impossible to do otherwise. Thus the mileage of the two principal gauges has grown until we now have practically 18,000 miles of the 5 ft. 6 ins. and over 15,000 of the metre gauge.

2. There is no alternative now but to deal with the question from a practical standpoint, recognising existing facts and possibilities. The battle of the gauges has been fought out more than once in the past; it is no longer a matter for academic discussion. No reader of our Report can fail to appreciate that the crying need of the moment, and the insistent demand of the future, is and must be, not that the whole structure of the railway system should further be reviewed, or that its equipment should be adjusted to conform to new standards, but that the railways which exist should be brought up to a high standard of efficiency with the least possible delay. Even with the utmost economy this will tax all the resources of Government and all the financial assistance which can be enlisted.

3. To divert attention at this stage, from the position as I conceive it to be, by an enquiry whose results either must be purely negative or else must set up a competing demand for expenditure on a vast scale, yet of manifestly less pressing urgency, would in my judgment be particularly unfortunate. The only effect of instituting such an enquiry would be to furnish a fresh reason for postponing expenditure which should be undertaken without delay to meet the requirements on which we have laid so much stress.

4. Even if new construction be not entirely suspended for several years to come, it cannot, at best, be undertaken on any large scale, and in respect of such new projects as may come under consideration, it must now, I consider, suffice to deal with the gauge problem as merely incidental to, and with regard to the immediate necessities of the particular case. The future policy in regard to the gauge problem so far as it affects new projects and conversion where necessary from time to time may well be left to the Railway Authorities in India to settle.

5. I would add that in my opinion the inconveniences of break of gauge in India are often exaggerated. The Presidency towns and ports of Calcutta, Bombay and Madras, and the port of Karachi, are all connected with each other and with Delhi on the same, the standard, gauge, all the strategic lines north of Delhi being on the same gauge; while the complaint in respect of transshipment between the broad and metre gauges is due rather to lack of rolling-stock than to an objection to transshipment in itself. On these points no evidence whatever has been taken by the Committee. The inconveniences of transshipment could, of course, be removed, but only at an immense cost which, in my view, would be prohibitive unless all improvement and development of railways were arrested for years.

While I have agreed in the recommendations made in Chapter IV of the Report, regarding the reorganisation of the Railway Department of the Government of India, and while I think they will meet the requirements of the present position, I must record my opinion that the staff proposed for the organisation of the Railway Commission will be inadequate to cope with the work which will be thrown upon it, if State management is generally adopted.

---

For Advertisements in all Reports by the Overseas Officers of the Department of Overseas Trade, apply to the Sole Advertisement Contractors,

J. WEINER, LTD., 128, Long Acre, London, W.C.2.

Telephone: Gerrard 1128 (3 lines). Telegrams: Lithoprint, Rand, London.



## APPENDIX III.

DETAILED STATEMENT OF THE QUANTITY (IN POUNDS) AND THE COUNTS (OR NUMBERS) OF YARN SPUN (BRITISH INDIA AND INDIAN STATES).

Count or Number.	Twelve Months, April to March.		
	1919-20.	1920-21.	1921-22.
1	796,547	1,482,767	1,827,353
2	3,637,205	3,006,051	3,430,317
3	1,888,948	2,681,287	3,134,543
4	4,208,626	4,323,119	5,345,049
5	609,720	712,251	1,873,167
6	7,840,903	9,428,390	10,782,543
7	10,382,918	10,225,050	18,556,370
8	4,305,746	4,971,056	5,679,331
9	6,423,414	9,262,920	12,052,841
10	44,093,650	37,850,183	35,391,747
<b>Total, Nos. 1 to 10</b> ...	<b>84,187,677</b>	<b>83,943,074</b>	<b>98,073,261</b>
11	45,027,340	46,377,420	53,809,562
12	45,517,102	45,055,806	44,475,485
13	16,008,100	19,801,450	24,910,025
14	26,712,850	28,715,688	27,475,784
15	12,828,684	14,806,245	15,775,905
16	41,354,731	39,772,425	31,585,379
17	13,207,581	14,205,196	19,373,639
18	20,726,855	22,897,336	19,259,948
19	6,732,601	7,820,445	12,508,831
20	118,884,143	120,075,315	122,121,701
<b>Total, Nos. 11 to 20</b> ...	<b>346,999,987</b>	<b>359,527,326</b>	<b>371,296,259</b>
21	38,750,715	45,783,656	43,041,183
22	48,334,846	47,350,789	45,472,808
23	3,819,500	4,299,428	4,965,555
24	40,797,977	49,971,313	55,731,709
25	1,112,335	1,067,859	1,367,695
26	8,335,666	10,045,886	12,042,481
27	4,161,976	5,757,423	4,339,684
28	6,899,775	9,054,630	8,605,575
29	465,232	573,901	1,990,804
30	30,978,890	25,180,863	25,104,462
<b>Total, Nos. 21 to 30</b> ...	<b>183,656,912</b>	<b>199,085,748</b>	<b>203,161,956</b>
31	1,177,370	957,216	1,150,999
32	6,490,463	7,243,688	8,644,997
33	1,139,111	857,850	77,683
34	3,442,951	2,579,896	1,921,175
35	56,186	39,436	34,335
36	837,915	769,466	1,255,349
37	4,147	12,151	4,372
38	387,916	349,693	375,524
39	48	162	—
40	3,544,328	2,214,831	3,435,752
<b>Total, Nos. 31 to 40</b> ...	<b>17,080,435</b>	<b>15,024,389</b>	<b>16,900,186</b>
<b>Above 40</b> ...	<b>3,559,967</b>	<b>2,067,168</b>	<b>2,389,279</b>
<b>Wastes, etc....</b> ...	<b>275,295</b>	<b>354,892</b>	<b>492,459</b>
<b>GRAND TOTAL</b> ...	<b>635,760,273</b>	<b>660,002,597</b>	<b>692,313,400</b>

REPORTS by H.M. Trade Commissioners, Commercial Diplomatic and Consular Officers on commercial and financial conditions in the following countries, issued or in course of preparation, by the Department of Overseas Trade.

(All prices are net and those in parentheses include postage.)

A.—During the year 1921.

Algeria ... ..	2s. 0d. (2s. 1½d.)	Japan ... ..	2s. 0d. (2s. 2d.)
Argentina ... ..	1s. 9d. (1s. 10½d.)	Luxembourg ... ..	9d. (10d.)
Australia ... ..	2s. 9d. (2s. 11d.)	Mexico ... ..	1s. 0d. (1s. 1½d.)
Austria ... ..	1s. 6d. (1s. 7½d.)	Morocco ... ..	2s. 0d. (2s. 1½d.)
Brazil ... ..	1s. 9d. (1s. 10½d.)	Netherlands ... ..	1s. 3d. (1s. 4½d.)
British West Indies	1s. 0d. (1s. 1½d.)	New Zealand ... ..	1s. 6d. (1s. 7½d.)
Canada ... ..	2s. 3d. (2s. 5d.)	Norway ... ..	9d. (10½d.)
Canary Islands ... ..	1s. 3d. (1s. 4½d.)	Panama and Costa Rica	
China ... ..	1s. 9d. (1s. 10½d.)		1s. 0d. (1s. 1½d.)
Czecho-Slovakia ... ..	1s. 6d. (1s. 7½d.)	Poland ... ..	2s. 0d. (2s. 1½d.)
Denmark ... ..	1s. 3d. (1s. 4½d.)	Roumania ... ..	2s. 9d. (2s. 11d.)
East Africa ... ..	1s. 3d. (1s. 4½d.)	Serb-Croat-Slovene Kingdom (Yugo-	
Ecuador ... ..	9d. (10d.)	Slavia) ... ..	1s. 0d. (1s. 1½d.)
Egypt ... ..	1s. 0d. (1s. 1½d.)	Siam ... ..	1s. 3d. (1s. 4½d.)
Finland ... ..	1s. 0d. (1s. 1½d.)	South Africa ... ..	1s. 3d. (1s. 4½d.)
Germany ... ..	9d. (10½d.)	Spain ... ..	1s. 6d. (1s. 7½d.)
Greece ... ..	1s. 9d. (1s. 10½d.)	Sweden ... ..	1s. 0d. (1s. 1½d.)
Honduras ... ..	9d. (10d.)	Switzerland ... ..	1s. 9d. (1s. 10½d.)
Hungary ... ..	1s. 3d. (1s. 4½d.)	Syria ... ..	6d. (7d.)
India ... ..	5s. 0d. (5s. 5d.)	Turkey ... ..	2s. 0d. (2s. 2d.)
Italy ... ..	1s. 0d. (1s. 1½d.)	Venezuela ... ..	9d. (10d.)

B.—During the year 1922.

Argentina ... ..	(In preparation.)	Morocco ... ..	(In preparation.)
Australia ... ..	(In preparation.)	Netherlands East Indies	
Austria ... ..	1s. 6d. (1s. 7½d.)		2s. 6d. (2s. 8d.)
Belgium ... ..	3s. 6d. (3s. 8½d.)	Netherlands ... ..	1s. 3d. (1s. 4½d.)
Brazil ... ..	(In preparation.)	Newfoundland ... ..	9d. (10d.)
British West Indies	(In preparation.)	New Zealand ... ..	(In preparation.)
Bulgaria ... ..	6d. (7d.)	Norway ... ..	2s. 3d. (2s. 5d.)
Canada ... ..	(In preparation.)	Paraguay ... ..	1s. 3d. (1s. 4½d.)
Chile ... ..	2s. 9d. (2s. 11d.)	Paraguay (1922) ... ..	(In preparation.)
China ... ..	(In preparation.)	Persia ... ..	1s. 0d. (1s. 1½d.)
Colombia ... ..	1s. 0d. (1s. 1½d.)	Peru ... ..	1s. 3d. (1s. 4½d.)
Czecho-Slovakia ... ..	1s. 3d. (1s. 4½d.)	Peru (1922) ... ..	(In preparation.)
Denmark ... ..	1s. 6d. (1s. 7½d.)	Poland ... ..	1s. 3d. (1s. 4½d.)
Dominican Republic and Hayti		Portuguese East Africa ... ..	6d. (7d.)
	1s. 9d. (1s. 10½d.)	Roumania ... ..	2s. 0d. (2s. 2d.)
East Africa ... ..	(In preparation.)	Serb-Croat-Slovene Kingdom	
Ecuador ... ..	(In preparation.)		1s. 0d. (1s. 1d.)
Egypt ... ..	1s. 0d. (1s. 1½d.)	Siam ... ..	1s. 3d. (1s. 4½d.)
Finland ... ..	1s. 6d. (1s. 7½d.)	South Africa ... ..	1s. 6d. (1s. 7½d.)
Germany ... ..	5s. 0d. (5s. 5d.)	Spain ... ..	1s. 6d. (1s. 7½d.)
Greece ... ..	2s. 0d. (2s. 1½d.)	Sweden ... ..	1s. 6d. (1s. 7½d.)
Guatemala ... ..	1s. 0d. (1s. 1½d.)	Switzerland ... ..	1s. 9d. (1s. 10½d.)
Hungary ... ..	1s. 0d. (1s. 1½d.)	Syria ... ..	9d. (10d.)
India ... ..	(See title page.)	Turkey ... ..	1s. 0d. (1s. 1½d.)
Italy ... ..	1s. 9d. (1s. 10½d.)	Uruguay ... ..	1s. 0d. (1s. 1½d.)
Japan ... ..	1s. 6d. (1s. 7½d.)	Venezuela ... ..	(In preparation.)

(The above publications can be obtained from the addresses given on the title page of this report.)