

**REPORT**  
**OF THE**  
**MILLOWNERS' ASSOCIATION**  
**AHMEDABAD.**

---

**FOR THE YEAR**  
**1927-28.**

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Published by Mr. G. I. Patel, B. A., Secretary, The Ahmedabad  
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and  
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# The Ahmedabad Millowners' Association 1928.

## LIST OF MEMBERS.

- † 1 The Ahmedabad Astodia Mfg. Co. Ld.
- 2 The Ahmedabad Cotton Mfg. Co. Ld.
- † 3 The Ahmedabad Cotton & Waste Mfg. Co. Ld.
- \* 4 The Ahmedabad Fine Spg. & Wg. Co. Ld.
- 5 The Ahmedabad Ginning & Mfg. Co. Ld.
- 6 The Ahmedabad Industrial Mills Co. Ld.
- 7 The Ahmedabad Jupiter Spg. Wg. & Mfg. Co. Ld.
- 8 The Ahmedabad Kaiser-I-Hind Mills Co. Ld.
- † 9 The Ahmedabad Laxmi Cotton Mills Co. Ld.
- 10 The Ahmedabad New Cotton Mills Co. Ld.
- 11 The Ahmedabad New Standard Mills Co. Ld.
- 12 The Ahmedabad New Textile Mills Co. Ld.
- † 13 The Ahmedabad Sarangpur Mills Co. Ld.
- \* 14 The Ahmedabad Shri Ram Krishna Mills Co. Ld.
- 15 The Ahmedabad Spg. & Wg. Co. Ld.
- 16 The Aryodaya Ginning & Mfg. Co. Ld.
- 17 The Aryodaya Spg. & Wg. Co. Ld.
- 18 The Asoka Mills Ld.
- 19 The Bharatkhand Cotton Mills Co. Ld.
- 20 The Bharatkhand Textile Mfg. Co. Ld.
- 21 The City of Ahmedabad Spg. & Mfg. Co. Ld.
- 22 The Commercial Ahmedabad Mills Co. Ld.
- 23 The Fine Knitting Co. Ld.
- 24 The Gordhan Spg. & Mfg. Co. Ld.
- 25 The Gujarat Cotton Mills Co. Ld.
- 26 The Gujarat Ginning & Mfg. Co. Ld.
- 27 The Gujarat Spg. & Wg. Co. Ld.
- 28 The Harivallabhdas Mulchand Mills Co. Ld.
- † 29 The Hathising Mfg. Co. Ld.
- \* 30 The Himabhai Mfg. Co. Ld.
- 31 The Jehangir Vakil Mills Co. Ld.
- \* 32 The Laxmi Wg. Mills Co. Ld.
- 33 The Manekchock & Ahmedabad Mfg. Co. Ld.
- 34 The Maneklal Harilal Spg. & Mfg. Co. Ld.
- 35 The Motilal Hirabhai Spg. Wg. & Mfg. Co. Ld.
- 36 The Nagri Mills Co. Ld.

- 37 The National Mills Co. Ld.
- 38 The New Manekchok Spg. & Wg. Mills Co. Ld.
- 39 The New Swadeshi Mills of Ahmedabad Ld.
- 40 The Patell Mills Co. Ld.
- 41 The Purshotam Spg. & Mfg. Co. Ld.
- 42 The Raipur Mfg. Co. Ld.
- 43 The Rajnagar Spg. Wg. & Mfg. Co. Ld.
- 44 The Rajpur Mills Co. Ld.
- 45 The Rustom Jehangir Vakil Mills Co. Ld.
- 46 The Sarangpur Cotton Mfg. Co. Ld.
- 47 The Saraspur Mfg. Co. Ld.
- 48 The Shorrocks Spg. & Mfg. Co. Ld.
- \* 49 The Shrinagar Wg. & Mfg. Co. Ld.
- † 50 The Silver Cotton Mills Co. Ld.
- \* 51 The Vivekanand Mills Co. Ld.
- 52 The Kadi Laxmi Cotton Mills Co. Ld. (Kadi)
- 53 The Nawab of Cambay Mills Co. Ld. (Cambay)
- 54 The New Shorrocks Spg. & Mfg. Co. Ld. (Nadiad)
- 55 The Saraswati Ginning & Mfg. Co. Ld. (Broach)
- 56 The Surat Cotton Spg. & Wg. Mills Ld. (Surat)
- 57 The Gujarat Oil Mills Co. Ld.
- 58 The Ahmedabad Dyeing Factory.
- 59 The Ahmedabad Victoria Ironworks Co. Ld.
- 60 The Imperial Iron Works.
- 61 The Bansi Roller Flour Mills.
- 62 The Gujarat Islam Match Mfg. Co. Ld.
- 63 The Gujarat Chemical Works.
- 64 Messrs. Nowrojee N. Vakil & Co. (Brick & Tile Works)
- 65 The Ahmedabad Electricity Co. Ld.

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\* Weaving Mills only.

† Spinning Mills only.

One vote for every 10,000 spindles or part thereof and also one for every 250 looms or part thereof.

# The Ahmedabad Millowners' Association.

( Established in 1891. )

## Chairmen of the Millowners' Association AHMEDABAD.

<i>President's Name.</i>	<i>Year.</i>
Sheth Mansukhbhai Bhagubhai	1908 to 1912
Sheth Jamnabhai Bhagubhai	1913 to 1914
The Hon'ble Sardar Sir Chinubhai Madhavlal Bart., C. I. E.	1915 to 1916
Sheth Mangaldas Girdhardas	1916 to 1917
Sheth Ambalal Sarabhai	1918 to 1919
Sheth Mangaldas Girdhardas	1920 to 1923
Sheth Chamanlal Girdhardas	1924(Continuing)

## Personnel of the Association 1928-29.

*President:*

Sheth Chamanlal Girdhardas

*Vice-President:*

Sheth Sakarlal Balabhai

*Honorary Secretaries:*

Mr. Shantilal M. Shah, B. A.

Popatlal H. Nagri

**Members of the Managing Committee:**

- 1 Sheth Naranlal Jivanlal
- 2 Sheth Narsibhai Lallubhai
- 3 Sheth Ratilal Nathalal
- 4 Sheth Girdharlal Amratlal
- 5 Chimanlal H. Nagri
- 6 Thakorlal C. Munshaw

*Secretary:*

Mr. Gordhandas I. Patel, B. A.

Representatives of the Association on Government and public bodies.

*Bombay Legislative Council:*

Sheth Sakarlal Balabhai

*The Indian Central Cotton Committee:*

Sheth Kasturbhai Lalbhai

*The Bombay Smoke Nuisances Committee:*

Sheth Sakarlal Balabhai

*The Advisory Committee of the  
B. B. & C. I. Railway Company:*

Sheth Chamanlal Girdhardas

*The Advisory Committee of the Royal  
Institute of Science, Bombay:*

Sheth Chamanlal Girdhardas.

**Speech delivered by Sheth Chamanlal G. Parekh,  
the President, at the Annual General Meeting of  
the Ahmedabad Millowners' Association,  
held on 19th July 1928.**

*Gentlemen,*

We meet today to discuss several problems of the previous year and also to review the situation for that period. Soon after our last Annual General Meeting a deputation representing the Cotton Textile Industry of India waited upon His Excellency the Viceroy on 12th July, 1927, at Simla, in regard to the decision of the Government of India on the report of the Indian Cotton Textile Tariff Board. This deputation was received very cordially by His Excellency and the proceedings were, in my opinion, in the nature of an informal round table conference lasting for over two hours. His Excellency listened to all the arguments very patiently and with great care and discussed several important points with the members of the deputation. As a result of this long and frank discussion on the critical situation of the Cotton Textile Industry with His Excellency which chiefly centred on the definite claim of the Textile Industry to a substantial measure of protection; on 16th August 1927, the Government of India published a Press Communique stating therein their revised decision to impose specific duty of 1½ annas per pound on all imported yarn unless its value exceeded Rs. 1/14/-per pound *ad valorem* subject to the same remaining in force till 31st March 1930, on the ground that under the Japanese Factory Law night work by women was to be prohibited from 1st July 1929. Government further decided to include in the list of machinery and mill-stores to be exempted from duty, bobbins, pirns, picking sticks, roller skins, roller cloth, clearer cloth and sizing flannel. The definition of the dyes to be exempted from duty was also worded in such a way as would cover all coaltar derivatives used in dyeing. The import duty on artificial silk yarn was also reduced from 15 per cent. to 7½ per cent. *ad valorem*.

This decision of Government was found to be too meagre to afford relief to the industry unaccompanied as it was by an addition to the import duty on piece-goods which alone would enable the industry to overcome its serious difficulties. Unfortunately Government for reasons best known to themselves took the present revenue duty on piece-goods to be sufficiently protective in its effect to off-set the unfair competition from Japan and refused to base their decision on the principle that protection should be granted to an industry when its need is definitely and properly established after an investigation by an impartial body like the Tariff Board. They declined to refer back to the Tariff Board the specific question as to whether they had taken into their consideration the fact of the existing 11 per cent. revenue duty on cloth before arriving at their main conclusions. The very fact that even with an 11 per cent. import duty, Japanese piece-goods were under-selling Indian goods of the same quality, clearly proved that the duty was

insufficient to enable Indian mills to fairly meet Japanese competition and that it was therefore the plain duty of the Government to impose additional duty with a view to adequately safeguard one of the biggest industry in India against the special advantages which foreign industries enjoyed through unfair labour conditions, depreciated exchange, the appreciation of the rupee and indirect subsidies. Gentlemen, thus the revised decisions of the Government of India were greatly disappointing and they left the industry practically in the same straggling position in which it was handicapped before the Tariff Board undertook its investigations. It is indeed regrettable that while the policy of every country towards its own industries is based on a national point of view, in India, the attitude of Government is one of pious indifference even when unfair competition has been fully established before a competent Tariff Board of Government's own choice and appointment.

In utter contrast to the policy adopted in India it is found that Mr. Winston Churchill, Chancellor of the Exchequer, while recently introducing the British Budget in the House of Commons imposed a Custom Duty of  $33\frac{1}{3}$  per cent. *ad valorem* on buttons and made proposals to reduce by three-quarters the rate payment by productive industries. With a view to protect the indigenous oil industry a new duty of four pence per gallon was also lately imposed in Great Britain. Japan too has imposed 300 to 500 per cent. Tariff in certain cases to protect her industry.

In spite of the so-called protection afforded to our industry by Government we do not find the situation to be in any way hopeful or prospective. I will endeavour to examine a few statistics relating to our industry in this connection.

Some Statistics. Piece-goods produced in Indian mills per year approximately come to 2200 million yards and the total number of looms which produced them are about 154 thousand. Production in yards per loom is calculated to be 12450 per year and production per loom per day in yards is calculated at 41. Against these the imports of piece-goods in yards per year come to about 2000 million yards. The number of looms that would be required to produce the imported yardage of piece-goods would be about 150 thousand on the above basis. Expert economists observe that we import over 46 per cent. of cloth required for consumption in India. In spite of this great industry of India having laid its foundation 75 years ago the Government cannot see its way to afford due protection to it when it is falling into background from year to year. The output of the Indian mills which was 341 million yards in 1900 and 1220 million yards in 1913 had reached in the year from 1st April 1926 to 31st March 1927 to 2250 million yards, and the Japanese 20,000 yards of 1900 rose to 9 million yards in 1913-14 and had swollen to 244 million yards in 1926-27. India's imports of piece-goods increased in quantity by 181 million yards in the year 1927 during which the value of piece-goods was at its low ebb. India used to export to China more than 200 million pounds of yarn every year during 1900 to 1910. In 1920 India exported 126 million pounds to China but the interesting situation that has been created in 1927 shows

that India imported 12 million pounds of yarn of the value of over a crore of rupees from China. Imports of yarn in India which were 588 lakhs of pounds in 1926 has increased to 683 lakhs in the year 1927. The imports of cotton piece-goods which in 1926 were 1820 million yards have increased to 2210 million yards in 1927. Both Japan and United Kingdom have increased their exports of Indian piece-goods to India comparatively and, I am afraid, Gentlemen, this regular increase in imports of piece-goods on the one hand and the increase in the indigenous production on the other will create a situation which will be difficult of solution at a later stage. In these circumstances, when the country is being inundated with increasing quantity of foreign piece-goods resulting into the ruin of a great indigenous national industry from year to year the so-called anxious watching of developments' on the part of Government would appear like fiddling when the industry is practically burning.

Sir William Joynson Hicks the Home Secretary in the Baldwin Government has recently stated that India was held as the finest outlet for British goods in general and for Lancashire goods in particular. I am afraid, such pronouncements of Government Ministers lead one to believe that Government is averse to assisting the Indian Textile Industry with a view to safeguard the Imports of Lancashire in India which is considered to be the finest outlet for Lancashire goods. The truth of this statement is further corroborated by the fact that British exports of cotton and artificial silk-mixed goods in May 1928 exceeded that of May 1927 by 6886000 yards while the exports for the first five months of the year had comparatively increased by 16500000 square yards owing to the Dutch Indies, Bombay and Canada taking large quantities of cloth containing artificial silk.

Trade Conditions. Unexpected fluctuations in the price of cotton, the chief raw material for cotton mills resulted in some advantage to certain mills which would otherwise have suffered very heavily during the last year. The price of cotton during the season for covering the stocks being low by chance the later rise in the price of that commodity offered relief to several mills who were fortunate in stocking their cotton at low prices. This unforeseen circumstance offered a breathing space to this struggling industry which is being pushed downward for the last five years. The market conditions of finished products did not show favourable tendencies and the reasons are obvious, Gentlemen, when we examine the heavy increasing quantities of yarn and cloth imported in India, the adverse effect of exchange and the keen price-cutting competition that has been offered by foreign imports at every stage and in every market of this country towards the indigenous manufacture.

The total imports of piece-goods during the year 1926-27 clearly show an increase in quantity of 224 million yards over that of the previous year which works out at 14 per cent. over the corresponding previous year. When one looks at these figures and examines them in relation to the total indigenous manufacture and foreign imports along with the diminishing purchasing power of the masses in India, one is bound to feel that under

the very watchful eye of Government a great national industry which has been built up with great enterprise in this country by constant hard efforts of over 70 years is collapsing into a state of extinction.

In such a precarious condition no Government would choose to withhold the granting of due protection for which the industry has been persistently clamouring for all these years. The statistics of foreign imports and the losses sustained by Indian mills obviously prove the fallacy of the present import duties and definitely establish the imperative necessity of imposing additional duties. Practically all the countries of Europe have constructed a strong tariff wall and France has lately made substantial increase all round. America has been keeping itself well protected since a very long time and even England which was once very staunch in the principle of Free Trade has also adopted the principle of Tariff Reform.

Gentlemen, it is said that India is a great exporting country having the special advantage of maintaining the balance of trade in her favour from year to year. The fallacy of such a statement could well be found from the fact that the agricultural and industrial resources of the country are so exploited as would render India poor day by day. The investment of foreign capital in India, Home Charges, the profits of tea and indigo plantations, jute mills, and the Railways and Docks enriched the foreigner to a very great extent than the son of the soil.

Gentlemen, during the advancing times of keen international competition when trade and industries of our country are moving on delicate grounds it is essential that in the interest of self-protection we should strain every nerve to combat the difficulties by means of self-help and progressive lines. The factors of the cost of production should be made as cheap as possible and strenuous efforts should be put forth to prevent the unfair aggression of foreign stuffs in Indian markets against Indian manufactures. It will be necessary for us to see that our methods and organisation are capable of adjustment in order to meet the changing conditions of the times. In this connection, we have to take the cue from the British Premier Mr. Baldwin who while recently speaking at the Annual Meeting of the Council of the British Cotton Growing Association said by way of warning "If Lancashire is to retain her pre-eminence in the world trade she has to put on the markets of the world goods that will take the eye and stir up the desire of the customer and that can yet compete. A textile manufacturer crystallised your operations to me in the saying that one manufacturer buys raw cotton by the pound and converts it into something that sells by pence per yard, while another by applying certain processes and skill to the same material can convert it into something that sells at shillings and pence a yard. But that can only be accomplished by bringing every faculty of invention and design into concentrated bearing upon the problem." Gentlemen, we are required to be very careful in increasing the efficiency in the working of the Mills and also in meeting competition in our markets by producing cotton goods of attractive designs, finer types, superior stamping

and better packing. We have also to direct our attention to the different interiors of our country where our goods are consumed and to ascertain the tastes and feeling of the consumers as well as the prices of similar foreign competitive stuffs.

Gentlemen, in meeting competition with foreign stuffs in different Indian markets the problem of the inequitable working of the Railway freights needs serious consideration and our Association has been able to obtain certain reductions through representations and personal interviews in some cases. The freight for piece-goods from Ahmedabad to Madura has been reduced from Rs. 4-7-11 per maund to Rs. 2-12-3 from 20th March 1928, and the freight on piece-goods and yarns dispatched from Ahmedabad to Calcutta has been reduced from Rs. 2-9-1 to Rs. 2-4-0 per maund O. R. from 11th June 1928. For wagons loads of machinery the freight from Bombay to Ahmedabad has been reduced from Rs. 0-11-11 to Rs. 9-9-8 from the 1st of August 1928. Efforts are in progress to secure further reduction for cotton piece-goods dispatched from Ahmedabad to Calcutta and, Gentlemen, I have every confidence that we shall be able to obtain further reductions on account of the new facilities of cheap transport opened up for Ahmedabad mills via Ports Okha and Bhavnagar. Representations in regard to the reduction in freights for other centres from Ahmedabad are also under our immediate attention and I hope the unduly discriminatory rates for certain centres about which the commercial public mind has been more intensely exercised recently will be substantially reduced. The high rates of freight for coastal shipping and Railways work as a great impediment to our industries and as a typical instance I may be permitted to say that the freight per ton of yarn and piece-goods—from Japan to Bombay and Karachi which is a voyage of one month is yen  $14\frac{1}{2}$  and  $19\frac{1}{2}$  or about Rs. 18 and 24 respectively. While the freight from Bombay to Karachi a voyage of only 3 days is fantastically abnormal as yen 12 or Rs. 15. The inequity of inland Railway freight coupled with anomalous coastal rates as pointed out above would, I am afraid, keep foreign imports in an unduly advantageous position in competing with indigenous products.

During the last year, Gentlemen, unprecedented rains and floods wrought havoc in several parts of Gujarat and active efforts were promptly undertaken by the public and the members of our Association to afford relief and to mitigate distress. Bales of cloth and funds by way of contribution were supplied by local mills and when the collapsing of 'chawls' and houses put the workmen to serious inconvenience your Committee made arrangements in time to erect temporary rooms for afflicted workmen in cooperation with the Labour Union. Mills also were promptly informed to help their workmen with loans and medical aid where necessary.

Owing to sudden disorganisation of Railway traffic due to breaches on Railway lines some of the local mills were in the danger of being closed down if the necessary coal supply was not obtainable to them.

Your Committee immediately communicated the difficulties of local mills to the Railway authorities at Bombay and secured from the stock of Railway coal lying in Kankaria Yard a thousand tons of coal for the purpose of assisting the Mills which were in immediate necessity of coal supplies. Gentlemen, the Association is very thankful to the Agent and the General Traffic Manager of the B. B. & C. I. Railway Company at Bombay for their prompt assistance to us at that juncture. At the same time, arrangements were made promptly to divert coal wagons booked to Ahmedabad to other routes on the meter-gauge and coal supplies were thus made available to Ahmedabad mills before keen shortage could be felt. Wagon loads of hessian were similarly ordered out from Calcutta to meet the emergent situation at that time.

Gentlemen, it is a matter for great satisfaction that during the last year labour was plentiful and free from strikes and such other troubles. The recent labour troubles at Bombay particularly due to an attempt on the part of the Mills to comply with certain recommendations and suggestions of the Cotton Textile Tariff Board in the direction of the increase in their efficiency and standardisation are really regrettable. It is very unfortunate that such troubles should arise due to ignorance of labour when in the interest of the industry measures are taken to improve the efficiency and reduce the cost of production.

During the past year the Association had visits from the Delegation of the Indian Insurance Companies, the Chief Inspector and the Inspector of Factories and had dealt with several important questions relating to the Rules and Regulations of the Cotton Merchants' Association, Humidification in Mills, Amendment of the Indian Income-tax Act, Deductions from Wages in respect of Fines, certain recommendations of the Indian Tariff Board and the action taken by the millowners thereon, Amendment of the Law of Evidence in regard to certain Commercial Documents etc. etc.

As desired by you, Gentlemen, the revised Rules and Regulations of the Association have been carefully considered and finally approved by your Committee and the same will be placed before you hereafter for your consideration and confirmation.

Gentlemen, before I conclude I have to express my sincere thanks to you and the members of the Managing Committee for the kind co-operation and full assistance rendered to me in conducting the affairs of the Association during my term of office and I now request you to proceed with the election of the office-bearers and members of the Committee for the next year.

Ahmedabad,  
July 19, 1928.

**MILLOWNERS' ASSOCIATION**

**AHMEDABAD.**



**REPORT FOR THE YEAR**

**1927-28.**

No. 342 of 1927.  
MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 5th April 1927.

**Tariff Valuation on Mutton Tallow.**

To  
THE DIRECTOR-GENERAL OF COMMERCIAL INTELLIGENCE & STATISTICS,  
1, Council House Street,  
CALCUTTA.

Sir,  
It has been brought to my notice that Government have fixed the Tariff values for imported mutton tallow at the rate of Rs. 36/- per Cwt. for the purpose of levying Import Duty. I am to invite your attention to the fact that indent prices including c. i. f. c. i. etc charges upto Bombay Port for the best quality of mutton tallow are about £ 43/- per ton which at the present rate of Exchange amount to less than Rs. 30/- per Cwt. Import Duty levied at the rate of 15 per cent on the Tariff value would be about Re. 1/- per Cwt. more than the actual indent prices. Such a heavy difference, in duty is no doubt inequitable and unfair to the importers of mutton tallow. I shall thank you if you will kindly send me the details of this question at an early date to enable me to place the matter before my Committee.

Yours faithfully,  
**G. I. Patel,**  
Joint Honorary Secretary.

No. F. 4585.  
CALCUTTA, 19th May 1928.

To  
The Joint Honorary Secretary,  
MILLOWNERS' ASSOCIATION,  
AHMEDABAD.

Dear Sir,

**Re: Tariff valuation of tallow.**

With reference to your letter No. 342, dated 5th April 1927 I have to inform you that the matter will be considered at the time of revision of prices in October next. I regret I cannot do anything at present.

Yours faithfully,  
Sd/-  
Director-General of Commercial  
Intelligence & Statistics.

No. 5387-F.  
 FINANCE DEPARTMENT,  
 Bombay Castle, 26th April 1927.

To  
 The Honorary Secretary,  
 AHMEDABAD MILLOWNERS' ASSOCIATION,  
 AHMEDABAD.

**Subject:-Holidays:  
 Tercentenary of the birth of Shivaji.**

Sir,

I am directed to forward a copy of the letter dated 21st April 1927 from Shri Shivaji Tercentenary Committee and to request that you will be so good as to communicate to Government immediately by telegram the opinion of your Association regarding the proposal to declare 3rd May 1927 a holiday under the Negotiable Instruments Act.

I have the honour etc.,

Sd/.

for Deputy Secretary to the Government of  
 Bombay, Finance Department.

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SHRI SHIVAJI TERCENTENARY COMMITTEE,  
 Vandekar Bhuvan, Girgaum,  
 BOMBAY, 21st April 1927.

To  
 The Secretary,  
 HOME DEPARTMENT,  
 Government of Bombay,  
 Mahableshwar.

Sir,

The citizens of Bombay are celebrating the tercentenary of the birth of Shri Shivaji Chhatrapati, the founder of the Maratha Power, and a strong representative committee has been formed for the purpose. The principal day falls on the 3rd May next. I have therefore the honour to request Government to declare 3rd May a public holiday on which all the schools and offices should be closed throughout the Bombay Presidency. I may mention that similar celebrations are going to be held not only in the Maharashtra but also in the other provinces of the Bombay Presidency and, I learn, in other Presidencies as well.

An early reply is solicited.

I have the honour etc.,

Sd/ J. N. Jadhav,

Vice-President.

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Copy of the telegram sent to The Deputy Secretary, FINANCE DEPARTMENT, Government of Bombay, BOMBAY, on 27-4-28.

“ My Association favours proposal to declare 3rd May as holiday:  
 Millowners ”.

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**Assessment of Bobbins.**

No. 615 of 1927.

MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 28th June 1927.

To

THE ASSTT. COLLECTOR OF CUSTOMS,  
BOMBAY.

Sir,

My attention has been drawn by the members of my Association to the recent change in the levy of duty on all sorts of bobbins used in textile mills from 2½ % to 15 % by you.

I fail to understand the reasons why this sudden enhancement in duty from 2½ % to 15 % has been made by you. The bobbins have up to now, as we are aware, been placed under the head of machinery and its component parts (which in fact these are) and are accordingly charged 2½ % duty. Under the circumstances, I should like to know why you have at a stroke put the bobbins under a different classification and charge 15 % duty on them instead of 2½ % in face of the Government Resolution to remove import duty on mill-stores and machinery altogether from 1st October 1927. I shall thank you if you will enlighten me on this question in order to enable my Committee to move in the matter.

Yours faithfully,

G. I. Patel,

Joint Honorary Secretary.

No. A/5092.

Bombay, 2nd July 1927.

To

The Joint Honorary Secretary,  
MILLOWNERS' ASSOCIATION,  
AHMEDABAD.**Subject:—Bobbins assessment of—Your letter  
No. 615 of 1927 dated 28-6-27.**

Sir,

In reply to your letter cited above, I have the honour to state that the Collector of Customs has recently been in correspondence with another Custom House regarding the proper assessment of Bobbins and pirns and has reluctantly come to the conclusion that Bobbins and pirns as the law stands at present are assessable at 15 % and that the former view held by this Custom House was incorrect. As, however, the Collector is doubtful whether it was the intention of the legislature that Bobbins which are clearly recognizable as component parts of power machinery should pay duty at 15 % the Collector made an immediate reference to the Central Board of Revenue whose orders are awaited and will be communicated to you on receipt.

The position is in one way more serious than you realise. If it be now held that Bobbins and pirns are not assessable under items 87, 88 or 88 A of the Tariff Valuation Schedule corresponding with items 51, 51 A and 51 B of the Statutory Tariff, they will still be assessable at 15 % if the legislation contemplated by the Government of India, takes place inasmuch as the Government of India have only expressed their intention of remitting the duty on these three items of the Tariff.

I have the honour etc.

Sd/.

Asstt. Collector of Customs.

No. A/5092 of 1927.

New Custom House,

Bombay, 12th August 1927.

From

THE ASSTT. COLLECTOR OF CUSTOMS,  
Appraising Department, BOMBAY.

To

The Joint Honorary Secretary,  
THE AHMEDABAD MILLOWNERS' ASSOCIATION,  
Din Bag, Mirzapur Road, AHMEDABAD.

**Subject:—Bobbins-Assessment of-This office letter  
No. A/5092 dated 2-7-27.**

Sir,

With reference to the correspondence resting with this office letter cited above, I have the honour to inform you that the Government of India, Finance Department (Central Revenues) Notification No. 12 of 6-5-26 appearing as a foot note on page 17 of the Tariff Valuation Schedule has been amended by the Government of India, Finance Department (Central Revenues) Notification No. 61 of 16-7-27 which excludes only such bobbins and pirns as are so designed that they can be used on looms operated by manual or animal labour from item No. 88 A of the Tariff Valuation Schedule.

I have the honour etc.,

Sd/ F. D. Lalkaka,

Asstt. Collector of Customs.

**Electrical Inspection Fees.**

No. 772/27.

Ahmedabad, 25th July 1927.

From

G. I. PATEL, ESQ., B. A., M. L. C.,  
 Joint Honorary Secretary,  
 Millowners' Association, AHMEDABAD.

To

The Secretary,  
 PUBLIC WORKS DEPARTMENT,  
 Government of Bombay, BOMBAY.

Dear Sir,

Complaints have been received by us from the members of this Association that electrical inspection fee of Rs. 100/- which is being charged to mills and factories is very heavy and requires to be reduced immediately. During successive years of depression in the textile industry mills and factories stand badly in need of rigorous economics and lessening of different charges in a manner as would reduce the cost of production to minimum. In the circumstances the inspection fee of Rs. 100/- for a mill is very heavy looking to the work done. The levying of such fees would, in my opinion, prevent to no small extent the progressive use of electrical energy in mills. I am therefore to request you to place this matter before His Excellency the Governor-in-Council and to inform us about their decision.

Yours faithfully,

Sd/ G. I. Patel,  
 Joint Honorary Secretary.

Bombay Castle,  
 30th July 27.

From

P. W. DEPARTMENT.

To

Joint Honorary Secretary,  
 MILLOWNERS' ASSOCIATION,  
 AHMEDABAD.

**Subject:-Complaint against the levy of heavy inspection fees from Mills and Factories.**

The Junior Assistant Secretary to the Govt. of Bombay, P. W. D. has the honour to acknowledge the receipt of your communication No. 772/27 dated 25-7-27 which is receiving attention.

Please quote reference No. 940/M. in all further correspondence with this office on the same subject.

## BOMBAY GOVERNMENT GAZETTE.

18th November 1926.

Pp. 2538-39.

PUBLIC WORKS DEPARTMENT.

Bombay Castle, 15th November 1926.

No. 940-I. The following order for the levy of fees for the services of the Electrical Inspectors, etc., which was provisionally notified under Government Notification No. 940-I dated 9th May 1925, at pages 1291, 1292 of part I of the Bombay Government Gazette dated 14th May 1925 and finally approved by the Governor-in-Council as slightly amended in the Secretariat in the light of the several suggestions etc. received is published for general information. This order will come into force from 1st Jan. 1927 :-

BOMBAY GOVERNMENT ORDER No. 940-I Dated 15th November 1926.

Levy of fees for the services of the electrical inspectors. In exercise of the powers conferred by rule 5 (2) of the Indian Electricity Rules 1922, and of all other powers enabling him in this behalf, the Governor-in-Council is pleased to direct by this order that fees for testing and inspection and generally for the services of electrical inspectors under the Indian Electricity Act, 1910 (IX of 1910) shall be levied in accordance with the following rules, namely :-

1. *Levy of fees*.—The fees leviable under this order shall be levied in accordance with the scale of fees hereinafter mentioned; Provided that if there shall be more than one inspection, examination or test in any period of 12 calendar months, only one fee shall be levied during that period;

Provided further, that if during the said period of 12 months any subsequent inspection or test shall in the opinion of an electrical inspector have become necessary in any case owing to the neglect or failure of the licensee or owner to carry out within a reasonable time any written instructions of the electrical inspector for any alteration in any generating station, receiving station or tramway system or in any installation, appliance or apparatus previously inspected, the fee for a second inspection during any such period shall be  $\frac{1}{4}$ th of the fees hereinafter prescribed therefore and for a third inspection  $\frac{1}{2}$  of such fees.

*Explanation*.—In this order 'Owner' means the owner or occupier of any building, place, carriage or vessel in which electrical energy is generated, received or used or is about to be generated, received or used.

## SCALE OF FEES.

A. For any inspection, examination or test in pursuance of rules 51 to 57 of the said rules where energy is or is about to be supplied or used at high and medium pressure except in those cases to which the items B to H specifically refer namely :-

CAPACITY.			FEE.
1	to	5 Kilowatts.	Re. 1 to Rs. 5 according to the number of Kilowatts.
5	to	20 „	Rs. 7-8-0
20	to	50 „	„ 10-0-0
50	to	100 „	„ 20-0-0
100	to	500 „	„ 150-0-0
500	to	1000 „	„ 250-0-0
		above 1000 „	„ 350-0-0

The fee shall be paid by the owner to whom the electrical energy is or is about to be supplied.

B. For the inspection, examination or test of any generating station or receiving station or other places in which the electrical energy is generated or distributed at medium or high pressure:-

CAPACITY.			FEE.
1	to	50 Kilowatts.	Rs. 25.
50	to	250 „	„ 50.
250	to	500 „	„ 150.
500	to	1000 „	„ 250.
1000	to	5000 „	„ 350.
		above 5000 „	„ 500.

In the case of generating station or other place in which electrical energy is generated the fee shall be paid by the licensee or other person generating electrical energy. In the case of a receiving station the fee shall be paid by the owner.

C. For the inspection, examination or test of any electrical installation, appliances or apparatus in any place or premises used or intended to be used for a theatre or for a cinematograph, exhibition or for a public entertainment or amusement or any other public place:-

(i) a. For the initial inspection ... ..Rs. 100

b. For the initial inspection, examination or test of electric installations in theatres, cinemas or other places of public amusement to which licences are granted for a temporary period ... ..Rs. 50

(ii) For any inspection, examination or test in any subsequent period of 12 calendar months Rs. 50 and Rs. 25 for

(i) a and (i) b respectively.

D. For the inspection examination or test of any electrical installation appliances or apparatus in any factory within the meaning of the Indian factories Act 1911 (XII of 1911):-

(i) In any factory in which there is any installation, appliance or apparatus for lighting or for purposes other than power whether electrical energy is supplied by a licensee or other person or generated in the premises of the factory....Rs. 100

- (ii) In any factory supplied with electrical energy by a licensee for power } The fee leviable under A above.
- (iii) In any factory in which electrical energy is generated in the premises of the factory for power. } 75 % of the combined fees in A & B above according to the number of Kilowatts.

The fees shall be paid by the owner and the fee for the inspection of any installation, appliance or apparatus for wiring in any factory shall be in addition to the fee for the inspection of any installation appliances or apparatus for power in such factory.

E. For the inspection, examination or test of the electrical appliances or apparatus in any lifts worked by electrical energy. ... ..Rs. 15.  
The fee shall be paid by the owner.

F. For the inspection and examination of any electric traction system including trolley wires and overhead equipment and tests of bounding and leakage currents. } Rs. 100 per day with a minimum fee of Rs. 150.

The fee shall be paid by the licensee or the owner of the electric traction system.

G. For the inspection of any temporary electrical illuminations. Rs. 15.  
The fee shall be paid by the owner.

H. For the inspection examination or test of any main distributing main or service line for the existence of leakage therefrom which may result in electrolysis or any other injury to any water gas or other pipes or appliances in connection therewith. } Rs. 15 per hour according to the time occupied but not less than Rs. 30.

If leakage is discovered in any such main or service line the fee shall be paid by the licensee or the owner of the main or service line. If leakage is not discovered the fee shall be paid by the owner of any such water, gas or other pipes or of the appliances in connection therewith.

2. Fees for inspection etc. to whom to be paid. The fees leviable under this order for inspection examinations or tests under rule 4 of the said rules shall unless otherwise specified be paid to the electrical inspector by every licensee or every other person, firm or company generating, supplying, transmitting, receiving or using electrical energy.



No. 1388/21.

THE MILLOWNERS' ASSOCIATION,  
BOMBAY, 2nd August 1927.

To  
The Secretary,  
THE MILLOWNERS' ASSOCIATION,  
AHMEDABAD.

Dear Sir,

I am directed to acknowledge the receipt of a copy of your letter No. 772/27 dated the 25th July addressed to the Government of Bombay, Public Works Department, in connection with the fees levied for electrical inspection in cotton mills.

For your information, I am to point out that this question was taken up by this Association with the Government of Bombay as long ago as 1925 when Government issued their draft order authorising the collection of the fees. The Association protested against the proposed measure, and for a time i. e. until November 1926 nothing further was heard about the draft order.

Towards the end of November 1926, the Government of Bombay sprung a surprise on the Association by a Notification to the effect that the fees would be levied from January 1st 1927. The Committee of the Association again protested and invited the attention of Government to the fact that our original letter remained unanswered. It was then that the Hon'ble Mr. Rieu consented to meet a representative of the Association to discuss this question and the subsequent history relating to this interview will be found in the enclosed copy of a letter dated the 1st August 1927 addressed by me to the Hon'ble Mr. Rieu.

Yours faithfully,  
T. Maloney,  
Secretary.

No. 1379/21 of 1927.

THE MILLOWNERS' ASSOCIATION,  
BOMBAY, 1st August 1927.

THE HON'BLE MR. J. L. RIEU, C.S.I., I.C.S., J.P.,  
Revenue Member, Government of Bombay,  
POONA.

Sir,

**Fees for Electrical Inspection: Your Ref. No. 94-M.**

I have the honour to state, under directions of my Committee, that on 11th January 1927 the Association addressed a letter to the Public Works Department on the subject of the levy of fees for electrical inspection (as per Government Notification No. 940-1, dated 15th November 1926,) and requesting an interview between the Association's representative and the Hon'ble Member in charge.

2. My Committee were very pleased to be informed by the Public Works Department that an interview would be granted by you to the Association's representative in June in Poona.

3. On 7th June 1927, however, the Public Works Department addressed a letter to the Association intimating that certain further information was being called for in the matter, and that as soon as it was received a further communication would be sent to the Association.

4. My Committee are very anxious that the case against the levy of these fees should be placed before you as early as possible, and they will feel greatly obliged if you will kindly give your personal attention to this matter and give a very early appointment to the Association's representative, Mr. F. Stones, O. B. E., to discuss this matter fully with you.

I have, etc.,  
**T. Maloney.**  
Secretary.

—  
No. 940—M.

PUBLIC WORKS DEPARTMENT,  
POONA, 10th August 1927.

The Secretary,  
THE MILLOWNERS' ASSOCIATION, BOMBAY.

Sir,

**Subject—Levy of Fees for the services of Electrical Inspectors.**

With reference to your letter No. 1379/21 dated the 1st August 1927, I am directed by the Governor-in-Council to inform you that the Honourable Mr. J. L. Rieu, C.S.I., I.C.S., is prepared to grant an interview to Mr. F. Stones, your Association's representative, on Monday, the 29th August at 1 p. m., at his bungalow, No. 3 Queen's Gardens, near the Council Hall, Poona.

2. I am to request that receipt of this letter may kindly be acknowledged.

I have etc.,  
**D. R. H. Browne.**  
Joint Secretary to the Government of Bombay.

—

No. 1478/21 of 1927.

THE MILLOWNERS' ASSOCIATION,  
BOMBAY, 12th August 1927.

The Joint Secretary to the Government of Bombay,  
PUBLIC WORKS DEPARTMENT, POONA.

Sir,

**Subject:-Levy of Fees for the services of Electrical Inspector.**

I have the honour to acknowledge receipt of your letter No. 940-M. dated the 10th instant on the above subject.

The contents of your letter have been brought to the notice of Mr. Stones.

I have etc.,  
T. Maloney,  
Secretary.

BOMBAY, 30th August 1927.

The Secretary,  
THE MILLOWNERS' ASSOCIATION, BOMBAY.

Dear Sir,

I have to state that I had an interview with the Hon'ble Mr. Rieu and Mr. D. Browne, P. W. D., on Saturday the 27th instant, at Poona.

It was intimated to me that Government had decided on a reduced scale of all fees, the reduction for capacities over 1,000 kilowatts (practically all mills) being from Rs. 350 to Rs. 250.

I contended that even this rate was absurdly high and compared it with the charges of the Bombay Fire Insurance Association charges for electrical inspection. I further stated this burden came at a most inopportune time when the mill industry required every consideration, no matter how small, and finally stated that the charge was out of all proportion to the work that had to be done and the cost of doing it.

Mr. Rieu in reply stated that the cost of doing the work or the expenses of the staff did not enter into the question. The Department cost Rs. 3 lacs and they estimated they would get Rs. 40,000 from the new fees and were not prepared to forego that amount. He further expressed disappointment that the reduction going to be made, should not have been gladly accepted.

In conclusion, on my pointing out that the draft order was published in May 1925, that we made a representation in July 1925 and heard nothing more until November 1926 and when the notification that the fee would be levied was published, Mr. Rieu stated that it was not incumbent on Government to reply to the representation and that the space of time was proof of the serious consideration Government had given the matter.

I return the papers herewith.

Yours faithfully,  
A. Geddis.

No. 983/115 of 1927.

THE MILLOWNERS' ASSOCIATION,  
BOMBAY, 11th June 1927. ۞

The Secretary,  
AHMEDABAD MILLOWNERS' ASSOCIATION,  
AHMEDABAD.

Dear Sir,

I beg to confirm my telegram of yesterday's date, as per copy enclosed, requesting you to send as many representatives as possible to the meeting to be held in this Association's rooms on the 20th instant at 2-30 p. m. (S. T.) to submit a united protest to the Government of India against their extraordinary and amazing action in summarily brushing aside the unanimous opinion of the Tariff Board that the industry stands in need of protection against the unfair competition from Japan.

2. As regards the method of giving protection, there has been difference of opinion among the members of the Tariff Board, but that Government should have rejected the proposals both of the majority and the minority on the flimsiest pretext only goes to show that considerations other than the economic welfare of the country have weighed with Government, and the crying need of the country's greatest industry so conclusively proved by the very exhaustive investigations of an independent and impartial body appointed by the Government themselves has been disregarded out of considerations of foreign policy and diplomacy.

3. The underlying idea of Government's decision appears to be that the Tariff Board did not take into consideration the existing import duty of 11 % on piecegoods. In order to find some excuse for turning down the extremely modest recommendations contained in the majority and minority reports, Government have hit upon this extremely grotesque idea which is as insulting to the intelligence of the members of the Tariff Board as to the intelligence of the general public.

4. From the concluding portion of the Government of India's letter to this Association dated 26th March, 1926 (reproduced on page 261 of the Tariff Board's Report), it will be noticed that Government distinctly admitted the unfair nature of Japanese competition, but they stated they were unable to take any action "unless and until the necessity of that course was established by a comprehensive inquiry." Government appointed a special Tariff Board to make detailed inquiries into the question, and now that the Board have unanimously come to the conclusion that some protection is necessary, Government brush aside that conclusion on the very astonishing plea that the Tariff Board did not take into account the existing import duty.

5. I need hardly refer to the present very serious plight of the cotton mill industry, and you will doubtless agree that if the industry is to be saved from being permanently crippled, a very determined and concerted attempt should be made by the representatives of the industry in

different parts of the country to bring about a reversion of the decision of the Government of India on the report of the Tariff Board and to make them adopt measures in conformity with the recommendations of the Board, meagre as they are. It is to inaugurate a policy of united action that my Committee have convened a joint meeting of the representatives of different Associations on the 20th instant in the Association's rooms, and they earnestly trust the invitation extended by them to your Association to send representatives will meet with a response commensurate with the extreme gravity and importance of the question for the discussion of which the meeting is convened.

6. You must have seen from the newspapers that the Association has wired the Commerce Department, Government of India, strongly protesting against the action of Government and demanding an immediate reference to the Tariff Board of the specific issue whether they did not consider, as assumed by Government, the existence of import duties on yarn and cloth when recommending an increase in them. They have further requested the Viceroy to receive a deputation from the Association on his visit to Bombay next month. They have wired their representatives in England to consider the advisability of waiting upon the Secretary of State. The Committee are also determined to carry on an intensive press-propaganda in the interests of the cotton industry and the economic welfare of the country generally.

7. Thus, so far as the Association is concerned, everything that could possibly be done to bring about a revision of the decision of the Government of India is being done, but my Committee are convinced that if their efforts are to be crowned with speedy success they should have the active and wholehearted support of the leading commercial associations in all the cotton mill centres throughout the country. It is therefore earnestly hoped that you will send as many representatives as possible to the meeting to be held on the 20th instant. My Committee recognise the great inconvenience that will be caused to your representatives in coming over to Bombay at such short notice, but in view of the great urgency of the matter, it has not been deemed advisable to fix up the meeting at a later date and it is hoped that notwithstanding the inconvenience that may be caused, you will make it a point to send representatives in adequate number. It would be most unfortunate indeed if a single important centre of the industry remained unrepresented at the meeting to be held on the 20th, and my Committee earnestly trust you will not allow this to happen so far as the mills in your part of the country are concerned.

8. I await the names of your representatives who will attend the meeting, and if so desired I shall be pleased to arrange hotel accommodation for them.

Yours faithfully,  
**J. P. Wadia,**  
 Asstt. Secretary.

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*Copy of Telegram, from the Bombay Association, dated 10th June, 1927 :—*

" Bombay Millowners very desirous having as many representatives of your Association or cotton mills of your Association at joint meeting of all Millowners' Associations in India to be held Bombay Millowners' Association rooms twentieth instant when Government's decisions and Tariff Board Report will be discussed and if possible common representation for presentation Government of India drafted. Excuse for shortness notice given must be urgency of the case. Association maintain that unity of policy and action is desirable bring about change in Government's decisions and wish impress on you great desirability of sending representative deputation. Send names intended delegates and time arrival Bombay in advance. Will arrange hotel accommodation if necessary. Letter follows. "

No. 566 of 1927.

MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 4th June, 1927.

To  
The Secretary,  
MILLOWNERS' ASSOCIATION  
BOMBAY.

Dear Sir,

I am to acknowledge with thanks the receipt of your letter of the 11th instant.

My Association will send as many representatives as possible to attend the proposed meeting. The names of these representatives will be communicated to you on or about the 17th instant.

Yours faithfully,  
G. I. Patel,  
Joint Honorary Secretary.

No. 580 of 1927.

MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 16th June, 1927.

To  
The Secretary,  
MILLOWNERS' ASSOCIATION,  
BOMBAY.

Dear Sir,

I am to inform you that the following gentlemen will attend the meeting on the 20th instant as representatives of the mills mentioned against their names :-

MILLS NAME.	REPRESENTED BY.
The Rajnagar Spg. Mills. ... ..	} Sheth Chamanlal G. Parekh.
The Aryodaya Spg. ... ..	
The Aryodaya Gin. ... ..	
The India Spg. ... ..	
The Sarangpur Cotton Mills. ... ..	} Sheth Sakarlal Balabhai.
The Silver Cotton Mills. ... ..	
The Asoka Mills. ... ..	} Sheth Kasturbhai Lalbhai.
The Raipur Mills ... ..	
The Ahd. Gin. Mills ... ..	} Mr. H. K. Dixit.
The Ahd. Spg. Mills ... ..	
The Ahd. Fine Mills ... ..	Mr. G. I. Patel.
The Ahd. Victoria Iron Works. ... ..	Mr. P. N. Vakil.

Further names of representatives if any will be communicated to you in a day or two.

The Asstt. Secretary Mr. Hormasji E. Mehta will also attend the meeting.

Yours faithfully,  
G. I. Patel,  
Hon. Secretary.

No. 582 of 1927.

MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 17th June 1927.

To  
The Secretary,  
MILLOWNERS' ASSOCIATION,  
BOMBAY.

Dear Sir,

In continuation of our letter of yesterday's date, I beg to forward to you the following names of the representatives who will also attend the meeting on the 20th instant.

MILL'S NAME.	REPRESENTED BY.
The Motilal Hirabhai Mills Ltd. ...	Sheth Ramanlal Lallubhai and Mr. Bhogilal Balabhai.
The Ahmedabad Sarangpur Mills. ...	
The Ahd. Kaiser-I-Hind Mills Ltd. ...	
The Saraswati Gin. Mills Ltd. ...	Mr. G. R. Rele.

Yours faithfully,  
**Homi E. Mehta,**  
Asstt. Secretary.

No. 585 of 1927.

MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 18th June 1927.

To  
The Secretary,  
MILLOWNERS' ASSOCIATION,  
BOMBAY.

Dear Sir,

In continuation of our letter dated 17th instant I beg to inform you that Sheth Narsidas Jekisondas the Agent of the Gordhan Spg. Mills Co. Ltd. will also attend the meeting.

We have duly received your telegram requesting us to ask three representatives to attend the preliminary meeting on Monday at 10-30 a. m. Please note that any three gentlemen out of the names sent by us will attend this meeting.

Yours faithfully,  
**Homi E. Mehta,**  
Asstt. Secretary.

## GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE.

TARIFFS.

SIMLA, 7th June, 1927.

## RESOLUTION.

*Reference to the Tariff Board.*

On the application of the Bombay Millowners' Association, the Government of India appointed a special Tariff Board in June 1926 to investigate the condition of the cotton textile industry, to examine the causes of the depression, and in particular to consider whether the depression was due to the competition of other countries. The Board was instructed to report whether the industry was in need of protection and, if so, in what form and for what period protection should be given. The Board was further instructed to make any other recommendations germane to the subject.

*Findings of the Tariff Board.*

2. The Board has found that the present depression is largely due to causes which are not peculiar to India, but are world-wide in their operation. In India itself the depression has been much more acutely felt in Bombay than in other centres, and the Board attributes this state of affairs partly to causes for which the millowners themselves are responsible, partly to the competition of the mills in other parts of India, and partly to competition from Japan. Under the first head, stress is laid on undue conservatism and insufficient diversification of production, while the relative prosperity of the mills in other parts of India is ascribed mainly to the natural advantages they possess, particularly in a lower rate of wages, and also in their proximity to their markets and to the areas from which they obtain their raw material. The Board has emphasised the importance of the increasing competition of the mills in other parts of India as a menace to the industry in Bombay, and considers that it constitutes a problem not less urgent than that which arises from competition from abroad.

4. The Board has found that the competition from abroad, from which the Bombay mill industry is suffering, is from one country only. It was not contended by the Bombay Millowners' Association that either the volume of the imports from the United Kingdom or the prices at which they were sold, had in any way been a contributing cause of the present depression; and in regard to imports from all countries other than Japan, the Board has found that there has been no change to the disadvantage of India as compared with the pre-war position. On the other hand, Japanese competition is severely affecting the industry in respect both of yarn and piecegoods, and in so far as this competition is facilitated by inferior conditions of labour in Japan, the industry has, in the Board's view, established its claim to protection against it. The inferior conditions

particularly referred to arise from the provision of the Japanese Factory Law which permits for the present the employment of women by night, and thereby enables the Japanese mills to work double shifts. The advantage to the Japanese mills in the actual cost of manufacture, according to the Board's estimate, is about 4 per cent. on both yarn and cloth; but if a reasonable return on capital is included in the cost of production, the advantage increases to 10 per cent. on yarn and 12½ per cent. on cloth. The Japanese mills will, the Board thinks, retain their advantage until the date when the amended Factory Law comes into full operation, which is expected to be the 1st July, 1929; and in that case any influence on the market of stocks accumulated before that date should have disappeared by the end of the official year 1929-30. All the findings of the Board which have been mentioned are unanimous, except as regards the estimated advantage to a Japanese mill working double shifts, if a fair return on capital is included in the cost of production.

*Recommendations of the Tariff Board.*

4. In addition to a number of detailed recommendations directed towards the improvement of the internal organization of the industry, which cannot be summarised here, the Board has made two important recommendations designed to assist the industry in securing greater diversification of production, and to stimulate a larger output of goods of higher quality. The first is the establishment, with financial assistance from Government, of combined bleaching, dyeing and printing works at Bombay. This recommendation is unanimous. The second, which is put forward by a majority of the Board, is for the payment, for a period of four years, of a bounty of one anna per pound, or its equivalent, on the production of yarn of 32s and higher counts, based on the output of an average of 15 per cent. of the total working spindleage in a mill. The cost of this bounty, including the cost of administration, is estimated to be about Rs. 39 lakhs per annum. The President of the Board (Mr. Noyce) dissents from this recommendation.

5. A majority of the Board has proposed that the import duty on cotton piecegoods should be increased from 11 to 15 per cent. for a period of three years. The primary object of this increase is to provide funds to meet the cost of the proposed bounty on the spinning of the finer counts, and of certain other proposals made by the Board, but it will also serve to reduce the rigour of the competition from Japan from which the industry suffers. No increase in the duty on yarn is recommended by the majority in view of the effect that such a measure might have on the hand-loom industry. The President of the Board (Mr. Noyce) does not consider that an all-round increase in the import duty on piecegoods can be justified, but has recommended that an additional duty of 4 per cent. should be imposed on all cotton manufactures, including yarn, imported from Japan for a period of three years.

6. The Board has proposed several other measures for the assistance of the industry by Government. Most of these are under separate

consideration, and only one can be mentioned here. The Board has unanimously recommended the remission of the import duty on cotton textile machinery and on certain mill-stores for a period of three years; after which the question of continuing the remission would be considered in the light of the conditions then existing. The loss of customs revenue from this remission, according to the Board's estimate, is about Rs. 50 lakhs per annum.

7. Finally, the Board emphasises its view that the State aid and the changes in the tariff which it has proposed can, in themselves, prove no more than palliatives, and would indeed fail in their purpose if they did not succeed in stimulating and encouraging the industry to undertake reorganization and effect economies on the lines suggested.

*Decisions of the Government of India.*

8. The Government of India are unable to accept the recommendation of the majority of the Board that the spinning of the higher counts of yarn should be stimulated by the grant of a bounty. They are satisfied that the administrative difficulties in working a scheme of the kind proposed are insuperable, and they agree with the view expressed by the President of the Board (Mr. Noyce) that a long established industry, such as the cotton textile industry in Bombay, should need no stimulus at the cost of the general taxpayer, if such a development is in its own interest. As regards the proposal that Government should contribute towards the cost of establishing combined bleaching, dyeing and printing works in Bombay, the Government of India are unable to express any opinion until they have ascertained the views of the Local Government and of the cotton mill industry in Bombay and elsewhere.

9. The rejection of the proposed bounty on the spinning of the finer counts removes the principal reason advanced by the majority of the Tariff Board for a general increase in the import duty on cotton piecegoods. The Government of India are also satisfied that, on the facts as found by the Board, no case has been established for a general increase in the duty as a measure of protection.

10. The Government of India accept the finding of the Board that the advantage to Japan resulting from labour conditions in that country, until the amended Factory Law comes into full operation, in actual cost of manufacture may be assessed at about 4 per cent. on both yarn and cloth. In making this calculation, the Board has allowed for the fact that double shifts are universal in spinning mills in Japan, but not in weaving mills, in which the average hours worked are only 14.45 hours. But the majority of the Board omitted to make a corresponding allowance, when calculating the advantage if a reasonable return on capital is included. Hence the advantage to Japan, when calculated on this basis, should be 10 per cent on cloth, and not  $12\frac{1}{2}$  per cent as stated by the majority of the Board. It follows that the advantage to Japan, even if a reasonable return on capital is included, is already sufficiently covered by the existing revenue duty of 11 per cent. on cotton piecegoods. No additional duty on this account can, therefore, be justified. The

existing revenue duty on yarn is only 5 per cent., and in this case, if the calculation of the majority is accepted, the advantage to the Japanese mills is not fully covered. But an additional duty on yarn only would affect prejudicially the handloom industry, and for this reason should not be imposed.

11. The removal of the import duty on machinery and on the materials of industry was recommended by the Fiscal Commission and is in accordance with the principle of the resolution adopted by the Legislative Assembly on the 16th February 1923, that the fiscal policy of the Government of India may legitimately be directed towards fostering the development of industries in India. In giving effect to this principle, as revenue considerations permit, the Government of India are prepared to give precedence to articles used chiefly by industries which are passing through a period of depression. But they would be unwilling to differentiate between industry and industry by allowing one industry to import free of duty articles on which other industries have to pay duty. The Government of India have decided, therefore, to deal on these lines with the recommendation of the Board that the import duty on cotton textile machinery and mill-stores should be remitted for a period of three years.

12. The Government of India will introduce legislation at the next session of the Indian Legislature to remove altogether, with effect from the 1st October 1927, the duties on the following articles:—

All machinery and component parts of machinery as defined in items Nos. 51, 51A and 51B of the Import Tariff Schedule (Schedule II to the Indian Tariff Act, 1894);

Aniline and alizarine dyes;  
Bleaching powder and paste;  
Farina;  
China clay;  
Sago flour;  
Magnesium chloride;  
Starch;  
Tallow; and  
Cotton ropes.

It is estimated that the consequent loss of customs revenue will be Rs. 45 lakhs in 1927-28 and Rs. 85 lakhs in a full year. The removal of the duty on machinery is subject to the proviso that it may be necessary to reimpose an import duty on particular kinds of machinery, if it appears, on a report by the Tariff Board, that it is desirable to encourage the manufacture in India of such machinery and that a protective duty is required for that purpose, or that the imposition of a duty is necessary in order to secure equality of tariff treatment and remove a handicap under which the manufacture of such machinery in India would otherwise suffer.

18. The remaining recommendations of the Board, in so far as they concern the Government of India, are under consideration.

**G. L. Corbett.**

Secretary to the Government of India.

Copy of the wire sent to the SECRETARY, GOVERNMENT OF INDIA,  
COMMERCE DEPARTMENT, SIMLA, on 14th June 1927:—

“ Government Resolution on the Report of the Textile Tariff Board betokens utter lack of sympathy with a suffering indigenous industry. It adds insult to injury by rejecting even the inadequate measures of relief proposed by a body of Governments own selection. Relief expected from the remission of duty on stores and machinery is negligible. My Committee submits that considerations other than the industrial welfare of India should not be allowed to influence Government decisions on such vital questions and opines that nothing but an early revision of the unfortunate decision of Government will save the situation.” —PRESIDENT AHMEDABAD MILLOWNERS' ASSOCIATION.

#### PROCEEDINGS OF THE ALL-INDIA CONFERENCE OF MILLOWNERS HELD ON THE 20TH JUNE 1927.

A Conference of millowners and other representatives of the cotton textile industry of India was held under the auspices of the Bombay Millowners' Association in the Association's Rooms on Monday, the 20th June 1927, to protest against the Government of India's decision not to give the industry even the meagre protection recommended by the majority or the minority of the special Cotton Textile Tariff Board set up by Government themselves, and to adopt measures calculated to convince the Government of India of the imperative necessity of granting effective protection to India's greatest national industry.

The meeting was attended by :—

H. P. Mody, Esq.	...	...
F. Stones, Esq., O. B. E.	...	...
The Hon'ble Sir Dinshaw E. Wacha, Kt.	...	...
Sir Fazulbhoy Currimbhoy, Kt., C. B. E.	...	...
The Hon'ble Sir Munmohandas Ramji, Kt.	...	...
A. Geddis, Esq.	...	...
The Hon'ble Mr. Ratansi D. Morarji.	...	...
N. B. Saklatvala, Esq., C. I. E.	...	...
S. D. Saklatvala, Esq.	...	...
H. H. Lakin, Esq.	...	...
D. F. Batliwala, Esq.	...	...
F. F. Stileman, Esq.	...	...
Madhavji D. Thackersey, Esq.	...	...
Lalji Naranji, Esq., M. L. C.	...	...
J. B. Petit, Esq., M. L. C.	...	...
H. S. Captain, Esq.	...	...
H. F. Commissariat, Esq.	...	...

} Committee of the Bombay Millowners' Association.

Bomanji Adurji, Esq. ... ..	The Bombay Dyeing & Mfg. Co. Ltd.
The Hon'ble Sir P. C. Sethna.....	The Assur Veerji Mills & Sir Shapurji Broacha Mills Ltd.
	The E. D. Sassoon United Mills, Ltd., Bombay.
A. J. Raymond, Esq. ... ..	The Mayer Sassoon Mills Co., Ltd., Bombay.
Albert Raymond, Esq. ... ..	The Edward Sassoon Mills, Ltd., Bombay.
	The Elphinstone S. & W. Co., Ltd.
	The Apollo Mills, Ltd., Bombay.
	The David Mills Co., Ltd., Bombay.
Narottam Morarji, Esq. ... ..	The Morarji Goculdas S. & W. Co., Ltd., Bombay.
Santikumar N. Morarji, Esq. ... ..	The Sholapoor S. & W. Co., Ltd., Bombay.
D. J. Registrar, Esq. ... ..	The Berar Mfg. Co., Ltd., Badnera.
	The Model Mills, Ltd., Nagpur.
A. P. Sabavala, Esq. ... ..	The Coorla S. & W. Co., Ltd., Bombay.
Kaikobad Cawasji Dinshaw, Esq. ... ..	The Burhanpur Tapti Mills, Ltd., Burhanpur.
T. Baddeley, Esq., and P. Ridsdale, Esq.... ..	The Simplex Mills, Ltd., Bombay.
	The Hindustan S. & W. Co., Ltd., Bombay.
Hargovindas Jamnadas Ramji Esq. ... ..	The Western India S. & W. Co., Ltd., Bombay.
	The Indian Manufacturing Co., Ltd.
	The New Kaiser-I-Hind S. W. Co., Ltd.
Damodher Govindji Madhowji, Esq. ... ..	The Crown Spinning and Manufacturing Co., Ltd., Bombay.
S. H. Kadwa, Esq. ... ..	The Khandeish Spinning and Wvg. Mills Ltd.
Cowasji Cursetji Dalal, Esq. ... ..	The Jamshri Ranjitsingji, Spg. & Wvg. Co. Ltd.
V. N. Chandavarkar, Esq. ... ..	The Mysore Spinning and Weaving Mills Ltd., Mysore.
	The Minerva Mills, Ltd., Mysore.
	The Bardbury Mills, Ltd., Bombay.
	The Crescent Mills Co., Ltd., Bombay.
	The Currimbhoy Mills, Ltd. Bombay.
	The Ebrahimbhoy Pabaney Mills, Ltd.,
	The Fazulbhoy Mills, Ltd., Bombay.
	The Indian Bleaching, Dyeing and Printing Works Ltd.
Ahmed F. Currimbhoy, Esq. ... ..	The Indore Malwa United Mills Ltd., Indore.
	The Kastoorchand Mills Co. Limited, Bombay.
	The Madhorao Scindia Mills Limited, Bombay.
	The Mathradas Mills, Ltd., Bombay.
	The Pearl Mills, Ltd., Bombay.
	The Premier Mills Ltd., Bombay.

S. Wood., Esq. ...	...	...	{	The Union Mills, Ltd., Bombay. The Sasoon S. & W. Coy., Ltd., Bombay The Sasoon Alliance and Silk Mills Coy., Ltd., Bombay.
W. Walker, Esq....	...	.....		The Globe Mfg. Co., Ltd., Bombay.
Morarji M. Khatau, Esq. & Dharamsi M. Khatau.	...	...	}	The Khatau Makanji Spg., & Wvg. Co. Ltd., Bombay.
Sheth Chamanlal G. Parekh.	...	...	}	Representing 49 mills in Ahmedabad District and four mills outside Ahmedabad.
Sheth Sakarlal Balabhai.	...	...		
Sheth Ramanlal Lalubhai.	...	...		
H. K. Dixit, Esq.	...	...		
G. I. Patel, Esq....	...	...		
Sheth Bhogilal Balabhai.	...	...		
Sheth Narsidas Jeykisondas	...	...		
P. N. Vakil, Esq....	...	...		
G. R. Rele, Esq.	...	...		
N. M. Mafatlal, Esq.	...	...		
B. Mafatlal, Esq.	...	...	}	Representing the Baroda Millowners' Association and ten mills in Baroda State.
G. Pundit, Esq. ...	...	...		
H. E. Mehta, Esq.	...	...		
Sheth Chandulal Keshavlal	...	...		
Sheth Ishwarlal C. Javeriluxmi- chand; ...	...	...		
Sheth Devidas Hurgovindas Shah.	...	...		
Sheth Chimanlal Samalbecher. ...	...	...		
Sunderlal Dalal, Esq. ...	...	.....		The Delhi Factory-owners' Federa- tion and to mills in Delhi.
E. Holden, Esq. ....	...	...	{	The Kaleeswarar S. & W. Co., Ltd. The Malbar Spg. & Wvg. Co., Ltd.
R. M. Bhut, Esq.	...	.....		The Surat Spinning and Weaving Company Ltd., Surat.
N. N. Dondh, Esq.	...	.....		The Sri Rangavilas S. & W. Co., Ltd.
K. N. C. Patuck, Esq. ...	...	...	{	The Coimbatore Mill Mills, Ltd. The Coimbatore Spg. & Wvg. Co., Ltd.
Fozdar, Esq. ...	...	.....		The Tinnevelly Textiles, Limited, Tinnevelly.

The Upper India Chamber of Commerce, representing about 8 or 9 mills in Northern India, wired as below:—

“Your 983/115 eleventh. Regret shortage of notice and season of year render attendance delegates from this Chamber to meeting twentieth impossible. Cotton interests here sympathise with purpose of meeting and favour raising cotton piecegoods import duty to 15 per cent. equalising general rate other textiles.”

: Sir Saruphchand Hukhamchand, Kt., representing 3 mills in Indore, wired as below:—

“Thanks for your kind invitation. Regret inability to attend owing to important previous engagements on twentieth fixed without knowledge of your invitation. Conference has my full sympathy and

support regarding reversal of Government's decision on Tariff Boards report. Tariff Board's recommendations are by themselves very meagre and Government should have at least accepted them in order to save the staple and national industry of India which is mainly groaning under foreign competition and one-sided manipulation of exchange."

Messrs. T. Stanes & Co., Agents, the Coimbatore Mall Mills, Limited, and the Coimbatore Spinning and Weaving Co., Ltd., besides sending a representative to attend the meeting on their behalf, wrote as below:—

" We have deputed Mr. K. N. C. Patuck to represent us at the proposed meeting of millowners on the question of tariffs. Both our boards, namely, the Directors of the Coimbatore Spinning and Weaving Co., Ltd., and the Directors of the Mall Mills Co. Ltd., are unanimous in their desire to support your action, feeling that Government have not acted in a manner that is consistent with the appointment of a Commission. We feel that our action would be backed up by the Indian millowners in Coimbatore. "

On the motion of the Hon'ble SIR DINSHAW E. WACHA seconded by MR. P. N. VAKIL (Ahmedabad) MR. H. P. MODY, the Chairman of the Bombay Millowners' Association, was elected to the Chair.

Mr. H. P. Mody, after taking the Chair, moved the first resolution which was as below:—

" This Conference of Representatives of Cotton Spinning and Weaving Mills from every part of India, while recognizing the patient and conscientious way in which the Tariff Board conducted their enquiry, expresses its disappointment at the meagre character of their recommendations which fail to take into sufficient account the various difficulties and disabilities from which the industry has been suffering, and which called for a more adequate measure of protection than the Tariff Board have thought fit to recommend;

" This Conference considers that the true economic interests of the country have been sacrificed and the welfare of the Cotton Textile Industry and those dependent on it has been seriously jeopardised by the unjust decisions of the Government of India which entirely fail to protect the industry against unfair competition. This Conference maintains that the reasons advanced by Government for withholding protection are absolutely untenable and strongly urges upon Government the desirability of an immediate reconsideration of their decisions and the grant of adequate protection to the textile industry of the country. "

Speaking on the resolution, MR. MODY said:—

" Gentlemen,—I have to thank you on behalf of my Committee for the ready way in which in spite of the shortness of the notice, you have responded to the invitation to attend this Conference. We are met here to-day to consider the situation arising out of the decisions of the Government of India on Tariff Board report, and for taking concerted

action for the protection of our common interests. We have never known such a large and representative gathering as we see to-day and it shows alike the identity of interests between every section and centre of the industry and the strength of feeling which exists over the grave wrong done to it by the decisions of the Government of India.

“As you are aware, the Government of India deliberated for over four months on the report of the Tarriff Board and when at the end of May, the promised publication did not come about, my Committee wired to the Commerce Department expressing surprise at the delay and urging Government to let us have an indication of their difficulties. No reply was vouchsafed to this telegram but some days later an announcement of the date of publication was made in a cable from London. It is noteworthy that while we had to look for the report and the Government's decisions thereon in the newspapers in the same way as every one else, people in Lancashire and Delhi as presumably the parties most interested in the matter appear to have known them a day earlier.

“Gentlemen, the decisions that have been arrived at are typical of the way in which we have been treated all along in this business. A more casual and indifferent treatment of a grave problem I have never known. After continually pressing on us the necessity of going before the Tariff Board—it was only when our demand for an *ad hoc* enquiry was repeatedly turned down that we decided to adopt that course—Government in their wisdom have dismissed in three brief paragraphs all the major recommendations of an authoritative body set up by themselves. One would have thought that very powerful reasons must exist for decisions so contrary to the assurances given to us and so greatly at variance with all canons of fairplay. If any such reasons exist, they do not appear in Government *communiqué*. All that the *communiqué* does is to misread important findings and recommendations, to set up the majority and the minority reports against each other and to dismiss the whole subject in a few casual sentences much as if Government were disposing of the question of a grant for a village well. The majority recommendation for a bounty on a yarn is rejected for reasons given in the minority report; the minority recommendation for an additional duty on yarn is turned down because, according to the majority, the handloom industry would be affected thereby, and the recommendations of both the majority and minority with regard to an increase in the import duty on cloth are dismissed because of the monumental discovery that a 11 per cent. duty already exists which makes any further protection unnecessary. Such a treatment of a subject so vitally affecting the greatest national industry of the country can only come from a Government which was secure in the belief that it could defy public opinion with impunity and disregard national interest at will. It is a matter of keen disappointment to us that so high-minded a Viceroy as Lord Irwin should have been a party to such decisions, but we trust that when His Excellency realizes the strength of our case and the seriousness of the situation, he will not allow any false notions of prestige to deter him from doing the right thing.

" Gentlemen, what is the remedy before us ? It is to bring together all our resources and to educate public opinion so that a united demand may go forth for the righting of this wrong, such as would compel Government to reconsider the position they have taken up. A great deal of nonsense has been talked in the last two or three years, about the cry for protection being only an isolated demand of the industry in Bombay, and that the rest of India did not either need or desire any relief against the present conditions. The proceedings before the Tariff Board and this representative meeting are a sufficient answer to such theorisings, which fail besides to take into account the vital fact that no section of an organized industry can fail to be affected in the long run by the difficulties of any other section of that industry. It is for these reasons that the mill industry throughout India, barring a few concerns which stand in a specially favoured position, stands together to-day to demand that justice shall be done to the industry, and that it shall not be placed at the mercy of foreign competitors enjoying unfair advantages. Let us not forget that it was even more than the undoubted justice of our case, the persistence of our efforts and the force of public opinion in the country that ultimately led to the removal of the excise duty.

" In this connection, may I appeal to the Press and leaders of thought throughout the country to lay aside all petty differences and lend their whole-hearted support to us if they are satisfied that right is on our side and that anything that hits the mill industry hits the vital interests of the country ? Whatever be our shortcomings—and we do not claim perfection any more than any other organisation of like dimensions can—I ask our critics to remember the notable contributions of the industry to the progress and well-being of the country. The findings of the Tariff Board are a striking vindication, on the whole, of the internal management of the industry, and came as a rude shock to many of its persistent critics. Sir Charles Innes on one occasion thought fit to remark that " the reason why the millowners so dislike the idea of an inquiry into the conditions of their industry may be thought to be that they are not altogether satisfied that the result of that inquiry would be entirely creditable to that industry." Now that the unexpected has happened, confounding our detractors and driving them to fresh points of attack, I ask the Press and the public in India to drop all minor issues, and stand resolutely for the interests of our greatest national industry. At a time when the industrial development of India is still in its infancy, the mill industry has demonstrated what Indian enterprise and capacity can achieve, and I confidently hope that in the struggle we are waging we may count on the support of every man who has the welfare of the country at heart. I do not think any assurance is needed that the various suggestions made by the Tariff Board for the improvement of our organization will receive our most careful consideration, and that due weight will be given to the recommendations of a body of men who for many long months applied themselves conscientiously to the task of investigating the conditions of the industry, and finding out the causes of the present depression.

“One word to the Government. The conviction is growing that the Department of Commerce and Industries exists for every purpose but that of serving the commerce and industries of India. Do Government realize that by the policy they have been pursuing they are alienating completely the sympathy and support of all those elements in society which stand for progress and good government? Do they know they are losing the goodwill of those classes which in every country form the strongest bulwark of constitutional Government? If Government realize these things, I hope they will have the courage to retrace their steps and to identify themselves with the true interests of the mill industry and the country at large.”

SHETH CHAMANLAL G. PAREKH, the President of the Ahmedabad Millowners' Association, in seconding the resolution, said :—

“Mr. Chairman and Gentlemen:—I rise to support the resolution put to you from the Chair. The main points have already been clearly outlined by the mover of the resolution, and I have not much to add. Our industry has been passing through a long period of depression since 1923 and though we have been anxiously waiting for a turn of the tide the change for the better has not been experienced. On the contrary the industry has been driven to the wall. We have passed through times of great troubles and worries, and as you are aware, the Government last year desired us to establish our claim for protection before the Tariff Board—a body of experts of their own selection. After labours extending over one year during which time the crisis in the industry has grown alarming and acute, the recommendations of the Board, though much below our expectations, ought not to have been rejected at a stroke by the Government of India. I trust the acute feeling which prevails among us all will bring about an early reversion of Government's decisions and that the united voice of this All-India Conference of Millowners will be effective.”

The resolution was further supported by MR. A GEDDIS (Bombay Millowners' Association) who said :—

“I rise to support the resolution but I do not think there is much I can add to what has already been said. Our Chairman and Mr. Chamanlal Parekh have gone thoroughly into the position and I can only endorse their remarks. To me the position is an amazing one. Here we have what is really the only large industry in India which has been built up by Indian capital, Indian enterprise and Indian labour facing ruin, gentlemen, not through its own fault but gradually brought there by unfair means. Here, on the other hand, we have a Government intended, like all other Governments, to rule for the good of the country, who sets up its own tribunal to decide whether the industry is or is not being ruined by unfair means and who when that tribunal decides that the industry is being ruined by unfair means makes a reply which amounts to 'Then let it be ruined.'

“Have we as an industry, has the Bombay Presidency, has India as a whole to accept this verdict of 'let it be ruined' as the last word? Surely not.

"Some few months ago I was proclaimed a pessimist because I stated at the annual meeting of the Millowners' Association that the outlook for the mill industry for the year was not so gloomy as it had been twelve months previous. As a matter of fact when I made that statement I am afraid I was carried away on a wave of optimism. To-day I say that the prospects are thoroughly bad and I make this statement with knowledge and all seriousness. At the same meeting I stated that the chief handicaps of the mill industry were exchange, unfair competition, and expensive and inefficient labour and I added that there was no imaginable management in this world that could overcome those handicaps. The Tariff Board has recommended a duty of 4 % to combat with the first two difficulties but small as that assistance is the Government has refused to grant it. Do the citizens of Bombay realize what this means? Do not let them be misled by talk of the difficulties being got over if the mill-owners would put their house in order—an overworked and stupid phrase—or that the difficulties can be got over by the adoption of the suggestions of the Tariff Board, which nevertheless are welcome. Do not let them be misled into the belief that the mill industry can work out its own salvation by overcoming the unfair handicaps thrust upon it, because the hard fact has to be faced that it cannot do so. I then would repeat: Do citizens of Bombay realize what this means?"

"I surely do not need to dilate on the effect on Bombay City of the mill industry being allowed to decay until it gradually becomes a thing of no importance. The ruin of the mill industry means the ruin of Bombay City and therefore I say, Are the citizens going to accept this 'let it be ruined' verdict without a struggle. To the country as a whole the mill industry is appealing and when it is realized that not only the existence of the mill industry of which Indians have every right to be proud is at stake but the future of Bombay City is in jeopardy I cannot but think that the country will take every step in its power to prevent such a calamity."

On being put to the vote, the resolution was carried unanimously.

MR. F. STONES of the Bombay Millowners' Association, in moving the next resolution, said:—

"Gentlemen,—It gives me great pleasure to move the following Resolution:—

"This Conference hereby approves and adopts the representation to the Government of India presented for its consideration."

"In view of the urgency of the matter and the short time at our disposal, I propose to briefly summarise the representation now before you. I also wish to emphasize that the representation is made on Resolution No. 341-T, dated 7th June, in which the Government of India summarise in their own peculiar manner, the findings of the Tariff Board and make known to the world, after four months' deliberations, their decisions on same.

"After expressing our profound disappointment and amazement at Government's decisions, we state that the industry will examine in detail

the practicability of, and give careful consideration to, every suggestion and recommendation made by the Board. This, incidentally, in spite of the fact that the Government themselves have refused to act on any of the findings of the Tariff Board, other than a very small section.

“ The full history of the discussions with Government, leading up to the appointment of the Tariff Board, is than discussed progressively from February 1924 onwards, and it is shown that the correspondence between the Bombay Millowners' Association and the Government was in the nature of an assurance to the industry that if a case for protection was established by the Tariff Board, the Government would be prepared to act on the Board's findings.

“ We then advance arguments showing that the Tariff Board had definitely considered the 11% existing revenue duty during the whole course of their deliberations, and quote from page 175 of the report in support of this. This quotation read as follows and is a point on which both the majority and minority recommendations agree, the only difference being in the method of apportioning the protection recommended:—

“ We are agreed that *in addition* to the protection afforded by the present import duty of 5 per cent. on yarn and 11 per cent. on cloth, a moderate measure of protection can be justified for such period as the labour conditions in Japan continue inferior to those in India.”

“ The findings of the Tariff Board are examined separately for yarn and cloth and we point out, without going into great detail, that the Government agree that yarn is suffering from unfair competition, with an additional handicap on the grounds of exchange, but regret that the Government of India have rejected both of the remedies proposed by the Board without offering its equivalent in any shape or form.

“ We express our surprise that Government cannot find a working scheme for bounties, after the experience they had in devising machinery to levy excise duty on a multitude of varieties of cloth. We point out that rejection of both proposals by Government is unsound on the grounds that the destruction of the spinning section of the indigenous industry will be fraught with more danger to the consumer than the imposition of a small duty. In the case of cloth, we reiterate that the Tariff Board considered the existence of the 11% duty in deciding that the Indian textile industry is at a disadvantage of 4% or 10% as compared with Japan and in further support of this, quote from a minute of dissent by the President of the Board.

“ We also point out to the Government of India that their decision is grossly unfair as it persists in a policy which gives to Japan 10% preference over any other importing country and that due to admittedly inferior working conditions.

“ We next call attention to three statements of the official text of the resolution which we submit can only be construed as wilfully misleading. In the first place the Government state that the primary object of the increase in duties on cotton cloth recommended by the majority of the

Board was to provide the funds necessary for a bounty on the spinning of finer counts. That this statement does not convey a true idea of the facts is clear from the following extract from page 177 of the report where it is stated :—

“ The fourth method which the majority of us favour is, therefore, that of an addition to the present *ad valorem* duty of 11% on all cotton manufactures other than yarn. Such a duty has, in our view, four great advantages. In the first place it gives protection against unfair competition. In the second it avoids complications arising from discrimination against particular countries. In the third, it enables funds to be found to give a definite stimulus to the development of the industry on the lines we have considered desirable, and lastly, it obviates the necessity for certificates of origin which would be necessary to ensure that the goods of foreign origin are not passed off as goods from any part of the Empire. ”

“ The second misstatement is where Government mention that the present depression is partly due to competition from Japan, whereas the real finding of the Board was that the present depression is ‘ partly due to Unfair Competition from Japan, ’

“ The third statement of the Government to which we object as misleading is as follows:—

“ In regard to imports from all countries other than Japan the Board has found there has been no change to the disadvantage of India as compared with the pre-war position. ”

“ The majority of the Board explicitly state that an undoubted temporary handicap had been imposed on the industry by the stabilisation of the rupee at 1s. 6d. as stated on page 174 of the report.

“ The representation finally urges a reconsideration of their main decision by the Government of India on the grounds that the present decision is not only in direct contradiction to the findings of the Tariff Board, but is also not in conformity with the assurances given to the industry by Government from time to time.

“ In asking your support to this resolution on our joint representation to Government, containing as it does a broad statement of the facts showing the wrong done to the industry by the decision of the Government of India, I wish to raise only one point more. Endeavours are being made in many quarters to impress upon the country that it is only Bombay that is affected by this admittedly unfair Japanese competition. This, in spite of the fact that there are estimated to be over 30 mills closed in India—the vast majority of which are outside Bombay.

“ While it is true that the pressure of goods produced under admittedly unfair conditions in Japan is felt most intensely in Bombay, I do wish to emphasize that the reduction in prices in Bombay goods, due to this pressure, is bound to depreciate prices in the up-country markets in

proportion, and if unchecked, ultimately lead to the weakening of the resources of up-country mills. The attitude of the Government of India and its consequences are therefore an all-India problem and I have great pleasure in moving the adoption of this resolution."

SIR FAZULBHOY CURRIMBHOY, Kt., C.B.E., of the Bombay Millowners' Association, in seconding the resolution, said:—

"Mr. Chairman and Gentlemen,—I beg to second the second resolution. It is, I believe, the first time in the history of the textile industry of India, that millowners from all parts of the country have assembled for the object of registering a unanimous protest against a decision of the Government. It is a unique gathering and as such is entitled to serious attention. It is painful to see that the Government of India have so summarily dismissed the recommendations of the Board, and that considerations other than the country's interests have weighed with them. After all, what was it that we wanted? It was nothing more than just such protection as might help us to stand against unfair competition. It is painfully evident that the Government treat our industry in a step-motherly fashion, and all considerations of the barest justice and fairplay are conveniently set aside. It cannot be disputed for one moment that this industry is the backbone of the whole industrial life of India, and it is no exaggeration to say that the material prosperity of India and particularly of this Presidency depends in a large measure upon the prosperity of the textile industry. Will Government sit quietly aside and see the goose that lays the golden egg, mercilessly killed?"

"We have been a long-suffering community—for years and years together we had to struggle against a hard and unjust imposition in the shape of the excise duty. For years, our cry against it was the cry of one in the wilderness. We struggled manfully on, and at last this duty was removed. Then came the affair of the 1s. 6d. ratio which hits us so badly, and gives so much aid to our foreign competitors. No consideration of the claims of this industry seems to have any weight with the Government, and even the recommendations of their own appointed body are flouted. We earnestly hope and trust that the representation that we are sending to His Excellency the Viceroy will lead him sympathetically to reconsider our case, and to revise the decisions of the Government on the principal recommendations of the Tariff Board. Our hope is in the Viceroy, who, we trust—a broad-minded statesman that he is—will not fail to judge impartially in this matter after carefully going into our grievances and will not allow any foreign interests and considerations to outweigh the legitimate demands of our industry. If the present state of the industry is allowed to continue, a most serious situation will arise and we earnestly appeal to Government to lay aside all other considerations, and to put into effect the recommendations made by the Board after such a complete and exhaustive inquiry. We have established our case for some measure of protection, and the Textile Tariff Board have affirmed the justice of our claim, and we trust that Government will now see their way to give

us some protection against unfair competition, if not for all times, than at least till such time as we become strong enough to stand on our own legs again, as we have done in the past."

MR. DEVIDAS HARGOVINDAS SHAH of the Baroda Millowners' Association, in supporting the second resolution, said:—

"Mr. Chairman and Gentlemen,—I am sorry Mr. Kantavala has not been able to attend on behalf of our Association and say what he had to say on our behalf. You are aware, gentlemen, that the Tariff Board's report laid stress upon the fact that the Bombay section of the industry suffers more than any outside sections. What I wish to impress upon you, gentlemen, by joining this resolution, on behalf of the Baroda Millowners' Association, is that not only the mofussil mills of the British Indian territory but even those of foreign States like Baroda and others are of the belief that they are in the same boat with you. We of the Baroda Millowners' Association hold that anything that is going to make or mar the fortunes of the cotton textile industry in British India will make or mar those of the Indian States also. It is solely to impress this point on you that I stand here to speak on behalf of my Association, and it is chiefly for this reason that I have so much pleasure in supporting this resolution."

MR. JEHANGIR BOMANJI PETIT of the Bombay Millowner's Association, in further supporting the resolution, said:—

"Mr. Chairman and Gentlemen,—I have very great pleasure in further supporting this resolution. When on this subject, Mr. President, it is exceedingly difficult to speak with moderation and restraint. The Tariff Board itself made recommendations which are exceedingly halting and meagre, and Government's resolution thereon is in the nature of an insult to our industry and an outrage upon the sentiments of the country. Government have deliberately ignored the decisions so carefully thought out by a Board of their own creation and have chosen to take up an attitude to which, going to Roman history, the picture of Nero fiddling when Rome was burning is, perhaps, the nearest parallel. It is unfortunate in the extreme and is absolutely unworthy of a great and civilized Government. But, sir, it is for the people and people alone to redress the situation, and I have no doubt in my mind that if the Legislative Assembly and the people of this country are determined to redress these grievances, it will not be long before they are able to do so, for, no Government, however autocratic, however powerful, can long, and deliberately and successfully maintain the position that the present Government has adopted. If the Government in the United Kingdom had taken up a similar position in the face of a situation of this kind—of a crisis such as faces the mill industry of this country—the Government would have been swept off its feet. It is probably in this country alone among civilized nations that the Government is able deliberately to flout public opinion. I, therefore, hope that this meeting will unanimously adopt the representation prepared by the Committee of this Association and take the first important step in the redress of the grievances of the Indian cotton textile industry."

The resolution on being put to the vote was carried unanimously.

MR. N. B. SAKLATVALA, C. I. E., of the Bombay Millowners' Association in proposing the third resolution, said:—

“ Mr. Chairman and Gentlemen,—The resolution standing in my name reads as under:—

“ This Conference urges upon the members of the Imperial Legislative Assembly and Council of State to do all in their power to secure for the industry a measure of protection adequate to the needs of the situation. ”

“ Public opinion, as it has been crystallised in the Press, has gone to support in a full measure, all that we have been claiming and I am certain that the gentlemen who represent in the Legislature, the common voice of India, will have full sympathy for our case. I should like to read an interesting cutting which I have come across which puts a new complexion on the situation:—

“ That the Bombay Millowners will be able to organise considerable public opinion in the Assembly on behalf of their several demands goes without saying, but the Government will be protected by the fact that this being a Money Bill no financial proposal can originate except from the Government benches. At the worst the Assembly can decline to admit textile machinery and mill-stores free of duty, which, if carried, will only mean that the millowners will not get even the little proposed by the Tariff Board. ”

“ It almost suggests that Government are going to take protection under the right of this being a financial Bill and that they will not allow any member of the Legislature in any way to enhance the proposals they have made.

“ I feel sure that in a position like this the millowners will not cut their noses to spite their faces. I hope Government will be sporting enough to stand aside and to let the members of the Assembly decide the case on its merits. I have been told by a prominent member in the Legislature that a private Bill can be brought in if Government so wishes. I am sure that Gentlemen who are intimately connected with the industry like Sir Dinshaw Wacha, Sir Phiroze Sethna and Sir Purshottamdas Thakurdas will leave no stone unturned in this matter and in that way support our just cause. ”

MR. G. I. PATEL, M. L. C., of the Ahmedabad Millowners' Association, in seconding the resolution, said:—

“ Mr. Chairman and gentlemen,—I have great pleasure in seconding the resolution placed before you by Mr. Saklatvala. As we all know, our industry has been adversely affected on all sides for the last three years and when assistance was expected at the right time Government asked us to get our claim for protection examined by the Tariff Board.

During the time the Tariff Board was recording evidence and preparing the report, the situation became still more critical. When the report was published after a period of great anxiety and suspense, at the beginning of this month, Government suddenly throw the majority and minority recommendations overboard. When we are in such difficulties on all sides the fight which we put up should also be from all corners. In the first place we should strongly express our disappointment to the Government for the cursory manner in which they have treated the matter of protection at a time when our industry is face to face with ruin and destruction.

“ Secondly, we should be supported by strong public opinion because a national industry—the only really national industry of India—is on the verge of extinction. The custodians of national interests, I mean the representatives of the voice of the people in the Legislative Assembly and the Council of State, must fight tooth and nail to secure adequate protection for our industry on the existence of which so largely depends the prosperity and future progress of the country.

“ Lastly, we have to be alive to the need of effecting still further economies in the internal administration of the industry so as to secure increased efficiency. I trust that by the exercise of these manifold efforts we shall secure for the industry the desired results. I hope you will all join me in according your whole-hearted support to this resolution.”

The resolution was supported by MR. HOLDEN representing the Kaleeswarar Mills, Coimbatore, and Malabar Spinning and Weaving Co., Ltd., Kallai, Malabar, and MR. SUNDERLAL DALAL of the Delhi Factory-owners' Federation.

The resolution on being put to the vote was carried unanimously.

The HON'BLE SIR MUNMOHANDAS RAMJI, Kt., of the Bombay Mill-owners' Association, in moving the fourth resolution, said:—

“ Mr. Chairman and Gentlemen,—I move:—

“ That the Chairman of this Conference be authorized to send copies of the representation and the above resolutions to the Government of India, the Secretary of State for India-in-Council, the Government of Bombay, and all other provincial Governments.”

“ My resolution speaks for itself and does not require any comment from me, but I should like to say a few words, namely, that the staple industry of India—the cotton mill industry—should aim to supply the whole of the needs of its own country in cotton textiles and export its surplus production to foreign markets. We are producing only about half the quantity of cloth that is consumed in India and the other half is supplied by other parts of the world. Our industry is dying and yet we are refused what is wanted for mere existence—let alone the future progress. I maintain that Government will be well—advised to preserve this industry and do what they can for the thriving of this industry. With these few words, I move the resolution.”

The resolution was seconded by MR. H. K. DIXIT of the Ahmedabad Millowners' Association and was further supported by the HON'BLE MR. RATANSI D. MORARJI, who made the following speech:—

“ We have to face a very serious situation created by the refusal of the Government of India to accept the recommendations of the Tariff Board to levy an extra import duty of 4 per cent. on foreign piecegoods. The delay even in the publication of the report was so prolonged as to rouse grave apprehensions, that there were difficulties somewhere in accepting the Board's conclusions. When I referred to this delay in my Budget speech in the Council of State in March last, Sir Basil Blackett interjected that the publication of the report would not help our case. There is little doubt in my mind that once more the point of view of Lancashire has been asserted regardless of the perils to which the Indian mill industry has thereby been exposed. The history of the perpetual conflict between these two interests is not new and dates back by half a century when the Manchester Chamber of Commerce sounded a note of alarm at the erection of cotton mills in Bombay. From the records of the Government of India and of the India Office may be cited the opinions of successive Viceroys supporting our contention that in this struggle the interests of the Indian industry have always been sacrificed. It is only after many years of persistent agitation that we have just been able to secure the repeal of the excise duty. But even after the introduction of the Reforms, Lancashire has attempted on several occasions to interfere with the right of the Government of India to direct the fiscal policy of this country. Some of you may remember Mr. Montagu's warning to a Lancashire deputation that the continuance of this attitude would be the surest way of nullifying the promise made to India that where the Government of India and the Legislature concurred in any fiscal matter the Secretary of State would not ordinarily interfere. After Mr. Montagu's resignation it has become increasingly clear that the promise no longer holds good. We are being drawn helplessly into the net of Imperial Preference. And now after a year of the pretence of an enquiry we are told in terms of cynical coldness that practically nothing can be done to save us from the dangers that threaten to overwhelm us. We, as millowners must make a bold stand against this refusal of the Government to come to our rescue. If the Government will not help us in our struggle with higher tariff, let us turn our attention to the country. Let us, as men with a stake in the country, take our places in a movement intended to assert India's right to manage her interests in her own way, and if it should include on its programme an intensive *swadeshi* propaganda and boycott of foreign cloth, I would not shrink from it. ”

The HON'BLE SIR PHIROZE SETHNA, in moving a hearty vote of thanks to the Chairman, said:—

“ Gentlemen,—Before we separate, I propose that we give a very hearty vote of thanks to the Chairman. The Millowners' Association must

regard it as a fortunate circumstance that they have Mr. Mody as their Chairman this year—the year when there is so much trouble in front of them. The manner in which Mr. Mody conducted to-day's proceedings shows that with the co-operation not only of his colleagues in the Committee of the Bombay Millowners, but with the co-operation from different bodies all over the country the industry will be able to achieve the success they want in fighting Government in this particular matter. I hope, Gentlemen, you will carry this with acclamation."

After the vote of thanks was carried acclamation, the Conference dispersed.

No. 1032/115 of 1927.

THE MILLOWNERS' ASSOCIATION,  
BOMBAY, 20th June, 1927.

THE SECRETARY TO THE GOVERNMENT OF INDIA,  
COMMERCE DEPARTMENT, SIMLA.

SIR,

I have the honour to inform you that a Conference of representatives of the cotton mill industry in different parts of the country was held in the rooms of the Bombay Millowners' Association on Monday, 20th June 1927, when general agreement was expressed with this Association's telegram of 10th instant giving expression to the Millowners' profound disappointment and astonishment at Government's decisions on the Tariff Board's report, and the Conference decided to address this representation to Government commenting, in somewhat greater detail, on the arguments advanced by Government to support their decision to withhold even the slightest measure of protection to the cotton textile industry of this country.

1. The Conference propose to confine their observations to the decisions of the Government of India on the main recommendations, as, in their view, it is most essential to point out how untenable is the case set up by Government to support those decisions, but, at a later date, the Bombay Millowners' Association and other associations represented at the Conference will examine in detail the practicability of, and give careful consideration to, every suggestion and recommendation made by the Board.

3. As far back as February 1924, in a representation by the Bombay Millowners' Association urging the abolition of the Excise Duty, it was stated:—

"My Committee in the most forcible terms at their command desire to impress upon the Government of India the absolute necessity of counteracting this unfair competition from Japan in the interests of the Indian Cotton Industry and the Indian people, and maintain, that it is the duty of the Government to investigate fully the means which would best ensure preserving and eventually extending the Indian Cotton Mill Industry, which forms such a valuable asset to the economic stability of this country."

Subsequently, in September 1924, in the Legislative Assembly, Sir Charles Innes quoted certain statistics and stated that a *prima facie* case for protection had not been made out. In April 1925 when Sir Charles Innes visited the Bombay Millowners' Association, the Chairman again stressed the need for protection against the unfair and rapidly growing competition from Japan, but on that occasion also Government again contended that a *prima facie* case had not been made out. Eventually, after much correspondence and after interviews with the Hon. Member for Commerce and the Secretary, Commerce Department, a deputation waited on the then Viceroy, Lord Reading, to urge the abolition of the excise duty, and took the opportunity of impressing on His Lordship the intensity and unfairness of Japanese competition. Lord Reading in the course of his reply, stated: "I am quite willing to believe, however, that the prices at which Japanese goods are being sold depress the prices which you can get for your own cloth, and I confess that I am impressed by what you tell me about the conditions of factory labour in Japan." The Viceroy then went on to suggest that the Tariff Board should "enquire into the conditions of the mill industry in India for the purpose of determining whether it was in need of protection, and, if so, what modifications were required in our cotton tariff duties; whether on imports generally, or imports from particular countries." It was, however, found impossible to accept this suggestion until the iniquitous cotton excise duty had been abolished. After the excise duty had been suspended however, in December 1925, the Bombay Millowners' Association requested an *ad hoc* enquiry to investigate the exact advantages enjoyed by the Japanese owing to their unfair labour conditions, with the view of obtaining for the industry a measure of protection equivalent to the advantages in cost of production which such labour conditions gave Japan. In reply to this request, the Government of India stated that they could not agree to an enquiry on this one issue only and pressed the Association to accept a full and comprehensive investigation by the Tariff Board. In their letter, dated 26th March 1926, in which this suggestion was made, the Government of India agreed that a *prima facie* case for enquiry had been made out after all by the Association, but went on to say that steps for safeguarding the industry could not be taken "unless and until the necessity of that course was established by a comprehensive and impartial enquiry." The Conference maintain that this statement was in the nature of an assurance to the industry that if a case for protection was established before the Tariff Board, the Government would be prepared to act on the Board's findings. The Tariff Board has definitely endorsed the case of the Millowners in respect of the unfairness of the competition from Japan, and the Conference are astonished that Government should now attempt to avoid the implications of the various statements made by them, from time to time, and take up an entirely different position which, in the Conference's opinion, was never previously contemplated or put forward.

4. The attitude taken up by Government that the 10 per cent. handicap to the Indian industry is more than covered by the 11 per cent.

duty which already exists, the Conference maintain, is absolutely untenable. The unanimous finding of the Tariff Board is that the existing duties on yarn and cloth are insufficient for the purpose of protecting the industry (*vide* page 175 of the report where it is stated: "We are agreed that in addition to the protection afforded by the present import duty of 5 per cent. on yarn and 11 per cent. on cloth, a moderate measure of protection can be justified for such period as the labour conditions in Japan continue inferior to those in India").

5. The only difference between the minority and majority recommendations of the Tariff Board was in regard to the method of apportioning the meagre protection which they have recommended.

The Government of India ostensibly agree with the findings of the Tariff Board, but have rejected the remedy of a bounty proposed by the majority on the ground that it is unworkable and the additional duty of 4 per cent. recommended by the minority (10 per cent. if a fair return on capital is included) on the ground that it would adversely affect the interests of the handloom industry.

6. The Conference appreciate the solicitude evinced by Government for at least one section of the textile industry and maintain that the Government of India are not justified in summarily dismissing the recommendations of both the majority and the minority in the manner in which they have done in their resolution, without even suggesting any alternative which would give help to the spinning section of the industry to the extent at least to which the Tariff Board consider it entitled.

7. The case for a bounty on the production of yarn of counts above 32 has been very carefully explained in the majority report, and cannot be dismissed by a bare reference to administrative difficulties. If Government could devise machinery for levying an excise duty on a hundred and one different varieties of cloth, they should not find it impossible, with the resources the Government of India can command, to put into operation a scheme of bounties which the majority of the Board regard as feasible and essential for the purpose of protecting the industry. It is strange to find Government taking shelter in this matter behind the opinion of the President of the Board, whose conclusions with regard to an increase in the import duty on yarn, they had no hesitation in summarily dismissing.

The position taken up by the Government of India with regard to the minority recommendation for an increase in the import duty on yarn is equally unsound.

8. The Conference hold that the destruction of the spinning section of the indigenous cotton textile industry, which is threatened by the decision arrived at by the Government of India, will ultimately be to the disadvantage of the handloom industry of this country, as it will enable the Japanese to exploit the Indian yarn market and extract from the handloom weaver a far higher price for his yarn than he would have to pay if the spinning section of the industry was enabled to carry on at its full productive capacity by the grant to it of suitable assistance. For the past

two or three years, the price at which Japanese yarn has been sold in India has been low enough to force prices realised for Indian yarn not only to unremunerative levels, but even lower than the actual cost of production. The non-imposition of a duty on yarn, in the opinion of the Tariff Board, would have the effect indicated on page 170 of the report where it is stated :-

“ It should be pointed out, that, even if no countervailing duty is levied, a rise in price inevitable since, unless Japan is able to supply all the requirements of India at the low prices at which she is able to supply part of them, it is to her interest, once she has established herself in the Indian market, to allow prices to rise to the level at which other competitors can sell without loss but which would yield her larger profits. A rise of prices in this way would, however, be far more gradual than that which would follow the imposition of a differential duty and in the meantime serious and perhaps lasting damage might have been inflicted on the home industry. From the point of view of the consumer, therefore, the imposition of a differential duty against unfair competition merely hastens the rise in prices which would, in any event, be brought about by the play of normal economic forces.”

9. The Conference hold that the handloom industry could be far more effectively assisted by the adoption of a policy which would enable it to realize better prices for its final product than a policy which may give the handloom weaver an immediate advantage, inasmuch as it allows him to purchase his yarn at a figure below the cost of production at present, but which will eventually lead to his exploitation and ultimate disadvantage.

10. In the case of cloth, the Tariff Board has come to the conclusion that the Indian textile industry is at a disadvantage of 4 per cent. (and considerably more than this if a fair return on capital is included) as compared with Japan and the Conference reiterate that in arriving at this conclusion the Tariff Board has considered the existence of the 11 per cent. import duty. This is made clear in their statement on page 175 of the report and in the minute of dissent by the President of the Board where it is stated:—

“ We are agreed that an industry may legitimately ask for protection against unfair foreign competition beyond what is accorded to it by any existing revenue duty. The unfair competition, in the present instance, arises from inferior labour conditions and the measure of protection should therefore be that which is required to offset the advantages derived from these.”

In the face of these conclusions of the Tariff Board, the Conference emphatically assert that the Government of India cannot justify the offsetting of this advantage held by Japan against the existing import duty of 11 per cent.

11. The Government of India themselves calculate Japan's advantage at 10 per cent. and it is pertinent to ask whether they realize that by

rejecting both the majority and minority recommendations, they are persisting in a policy which gives to Japan a 10 per cent. preference against every other importing country in the world. Clearly the position taken up is an after-thought on the part of Government in their anxiety to find some excuse for rejecting the main conclusions of the Board, and had such an attitude been taken at an earlier stage, it would have materially affected the scope of the enquiry.

12. The Conference would also like to call attention to three statements in the official text of the resolution announcing Government's decisions on the findings of the Tariff Board, which, in the opinion of the Conference, are utterly misleading. In the first place, it is stated that the primary object of the increase in duties on cotton cloth recommended by the majority of the Board was to provide the funds necessary for a bounty on the spinning of finer counts. That this statement does not convey a true idea of the facts is clear from the under quoted extract from page 177 of the report where it is stated:—

“ The fourth method which the majority of us favour is, therefore, that of an addition to the present *ad valorem* duty of 11 per cent. on all cotton manufactures other than yarn. Such a duty has, in our view, four great advantages. In the first place *it gives protection against unfair competition.* In the second, *it avoids complications arising from discrimination against particular countries.* In the third, it enables funds to be found to give a definite stimulus to the development of the industry on the lines we have considered desirable, and, lastly, it obviates the necessity for certificates of origin which would be necessary to ensure that goods of foreign origin are not passed off as goods from any part of the Empire. ”

After this it is not surprising that Government, in summarising the findings of the Board, should have stated that the Board found the “ present depression is partly due to competition from Japan,” whereas the real finding of the Board was that the present depression is “ partly due to unfair competition from Japan.” This is abundantly proved in para 35 of the report which in addition to being significantly headed “ Conclusions regarding unfair competition from Japan,” goes on to state:—

“ Our examination of the nature and extent of Japanese competition will, we think, have established that the competition has exercised and continues to exercise a depressing effect on the Indian Cotton Mill Industry as a whole.....Our conclusion therefore is that unfair Japanese competition is an important cause of the present depression in the cotton textile industry.”

The third misleading statement occurs in para 3 of the Government resolution wherein Government say: “ In regard to imports from all countries other than Japan the Board has found there has been no change to the disadvantage of India as compared with the pre-war position.” This is not correct. The majority of the Board explicitly stated that an undoubted temporary handicap has been imposed on the industry by the

stabilization of the rupee at 1s. 6d. They state on page 174 of the report:—

“We should have had considerable hesitation in proposing an increase in the import duty on this ground alone but the majority of us consider that the reasons we advance elsewhere for a small all round increase in the import duty on cotton manufactures other than yarn are strengthened by the undoubted temporary handicap imposed on the industry by the stabilization of the rupee at 1s. 6d.”

13. In this connection, the Conference would like to draw the attention of the Government to the fact that the exchange value of the yen which was at about its gold parity when the report was written, has since dropped materially, thus rendering the position of the industry even more difficult.

14. The facts set forth in the preceding paragraphs, in the opinion of the Conference, indubitably prove that in arriving at their decision to withhold protection of any kind from the industry, the economic interests of the country and the welfare of the industry did not weigh with the Government of India. It is greatly to be deplored that Government should allow outside considerations to be the deciding factor when the interests of the greatest industry in the country are so vitally affected.

The Conference therefore urge that Government should reconsider their decision in regard to the main recommendations of the Board, as they maintain that the present decision is not only in direct contradiction of the findings of the Tariff Board, but is also not in conformity with the assurances given by Government from time to time. The Conference can never agree to accept such a decision and they are confident that the country and the country's representatives in the Legislature will endorse the attitude they have taken up.

15. In conclusion, the Conference commend to the attention of the Government the following observation of the Tariff Board:—

“The extent to which the prosperity of Bombay City and the Bombay Presidency is bound up with the fortunes of the industry needs no emphasis from us. In view of the dangers, financial and industrial, which are inherent in the continuance of the present condition, the case for as effective a measure of State-aid as possible does not appear to us to require elaboration.”

I have, etc.

**H. P. Mody,**

Chairman, All-India Conference of Millowners.

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No. 1035/115 of 1927.

THE MILLOWNERS' ASSOCIATION,

BOMBY, 21st. June, 1927.

THE SECRETARY TO THE GOVERNMENT OF INDIA,  
COMMERCE DEPARTMENT, SIMLA.

Sir,

I have the honour to inform you that a Conference of Representatives of the Cotton Mill Industry in different parts of the country was held under the auspices of the Bombay Millowners' Association on Monday, 20th June 1927, to protest against the Government of India's decisions on the report of the Tariff Board (Cotton Textile Industry Enquiry) and to adopt measures to bring about a reversal of Government's decision.

2. 182 mills from the following centres were represented at the Conference:—

Bombay City and Island; Ahmedabad; Sholapur; Khandeish; Belgaum (Gokak); Kholhapur; Nadiad; Cambay; Broach; Indore; Nizam's Dominions; Baroda; Central Provinces; United Provinces; Delhi; Bengal; Madras; Mysore; Madura and Tinnevely; Koilpatti; Calicut and Coimbatore.

3. Some of the Indore mills were represented at the Conference, Sir Sarupchand Hukamchand, on behalf of the other mills in Indore, sent a telegram supporting the object for which the Conference was held.

4. The Upper India Chamber of Commerce and the Mysore Chamber of Commerce wired their entire sympathy with the object of the Conference.

5. In pursuance of the fourth resolution, I have the honour to forward herewith a copy of all the resolutions\* adopted by the Conference.

6. A copy of the representation to the Government of India referred to in the the second resolution was forwarded to you yesterday.

I have, etc.,

**H. P. Mody,**

Chairman of the Conference.

Similar letters to—

- (1) All Provincial Governments.
- (2) His Majesty's Secretary of State for India in Council.

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\*Please see proceedings of the Conference for resolutions passed.

## MILLOWNERS' DEPUTATION TO H. E. THE VICEROY.

**Constitution of the Deputation.**

Mr. H. P. Mody.	}	Bombay Millowners' Association.
Mr. F. Stones, O. B. E.		
Mr. A. Geddis,		
Mr. N. B. Saklatvala, C. I. E., &		
Mr. T. Maloney (Secretary).	}	Ahmedabad Millowners' Association.
Sheth Chamanlal G. Parekh,		
Mr. G. I. Patel, M. L. C.		
Lala Shri Ram ... ..		
Mr. Sri Vastava, M. L. C. ... ..	...	Delhi Factoryowners' Federation.
	...	Upper India Chamber of Commerce

*Government of India Press Communiqué, dated 12th July 1927, in connection with the Millowners' Deputation to H. E. the Viceroy.*

"A deputation representing the cotton textile industry of India waited on the Viceroy to-day in connection with the decision of the Government of India on the report of the Indian Tariff Board (Textile Industry Enquiry). The meeting was informal, and the proceedings which lasted two hours were of a confidential character. His Excellency, in welcoming the deputation, said he was glad to have an opportunity of learning at firsthand the point of view of representatives of the industry and invited Mr. Mody to put their case before him. After Mr. Mody and other members of the deputation had spoken, His Excellency thanked the deputation and said that while he was unable to give any undertaking in regard to the representations made he would bring what they had said to the notice of the members of his Government. Mr. Mody thanked His Excellency for the hearing he had given them and trusted that, as a result of the interview, the Government of India would be satisfied with the strength of the case presented by the industry and would reconsider their decisions."

*The following statement was issued to the Press by Mr. H. P. Mody on 18th July, 1927.*

"I am afraid I am not in a position to say anything more than what has appeared in the official *communiqué*. We had a very long and frank discussion of the position with His Excellency the Viceroy, and I think His Excellency and his Government have been made to realise the strength of feeling which exists against the decision which have been taken. The deputation pressed on His Excellency's attention the unanswerable claim of the mill industry in India to a substantial measure of protection, and pointed out that the position in the various centres outside Bombay and Ahmedabad was by no means as happy as it was supposed to be. His Excellency gave a most patient and courteous hearing to the case presented by the deputation, and though he could not commit his Government to any definite attitude he promised a very careful consideration of all that had been urged on behalf of the industry. The interview has certainly resulted in a more real recognition of the position and needs of the industry, and I have hopes of a reconsideration of the issues involved as a result of our discussion. I cannot conceive how Government can possibly disregard the strength of our case, and of public opinion throughout the country, and persist in an attitude which is calculated to inflict grave injury to the best interests of India."

No. 1290/127 of 1927.

THE MILLOWNERS' ASSOCIATION,  
BOMBAY, 22nd July 1927.

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,  
DEPARTMENT OF COMMERCE,  
SIMLA.

Sir,

**Reference: Interview with the Hon'ble Sir George Rainy.**

As you are doubtless aware, from the correspondence which has recently passed between the Association and the Government of India and from the discussions which have taken place with Sir George Rainy and yourself in Simla and Bombay, my Committee have been giving very detailed consideration to the question of the duties on cotton textile mill-stores and machinery after October 1st, 1927.

2. In paragraph 11 and 12 of the Government of India Resolution No. 341-T dated 7th June 1927 reference is made to the recommendation of the Fiscal Commission that the import duty on machinery and on the materials of the industry should be removed, and also to the resolution adopted by the Legislative Assembly on 16th February 1923, which stated that the fiscal policy of the Government of India might legitimately be directed towards fostering the development of Industries in India. Thereafter the Government resolution goes on to state that in giving effect to this principle, as revenue consideration permit, precedence would be given to article used chiefly by industries passing through a period of depression but that Government would be unwilling to allow one industry to import free of duty articles on which other industries have to pay duty. The Resolution then goes on to state that it is upon these lines that the Government of India proposed to deal with the recommendations of the Textile Tariff Board regarding the remission of the import duty on mill-stores and machinery. My Committee have given this matter very careful consideration and agree to the principles laid down by the Government of India for arriving at a decision as to which articles should be allowed to be imported free of duty after October 1st 1927. My Committee however wish to suggest to the Government of India for their very earnest consideration, several additions to the list of mill-stores named in Government Resolution No. 341-T, dated 7th June which, in their opinion, should be admitted free of duty, together with the most important reasons which may urged for their inclusion.

3. **Bobbins and Pirns.** Bobbins and pirns for power driven cotton textile machinery. As explained in correspondence with your department the Central Board of Revenue and the Customs Authorities, Bombay, and of which you have copies, the duty on bobbins and pirns has recently been raised from 2½ % to 15 % by assessing them under item 93 of the Tariff Schedule i. e. "Furniture, cabinet ware and all other manufactures of wood not otherwise specified". Until the end of May 1927, bobbins and

pirns for power-driven textile machinery were assessed under item 51-A. i. e. Component Parts of Machinery" and paid duty at the rate of  $2\frac{1}{2}$  %.

My committee now understand that a strict interpretation of the Tariff Notifications and Rules does not permit the importation of bobbins and pirns under either item 51 A or 51 B. At the interviews which the Hon'ble Commerce Member and you were good enough to accord to the representatives of the cotton textile industry recently it was stated that a notification was under immediate consideration exempting from duty in excess of  $2\frac{1}{2}$  % bobbins and pirns used only in connection with power machinery. While this assurance is satisfactory as far as it goes my Committee wish to point out that unless bobbins and pirns are assessed under item 51 A or 51 B of the Statutory Schedule it is quite possible that they will not be admitted free of duty after 1st October. My Committee maintain that the non-inclusion of bobbins and pirns on the free list would be an unwarranted breach of the principles enunciated in the Government of India Resolution and referred to in an earlier paragraph of this letter. They constitute a very important item in the industry's annual expenditure on component parts of machinery, cannot be used for any other purpose, are easily distinguishable from other types of bobbins and pirns and are not at present being manufactured in India, and moreover there is no likelihood of their being economically produced in India in future for reasons adduced at the interview in Simla.

My Committee trust that for these reasons the Government of India will take steps to ensure that bobbins and pirns should be admitted free of import duty after 1st October and at the same time wish to urge that a refund should be allowed in the case of consignments on which higher duty than  $2\frac{1}{2}$  % has recently been paid.

**Naphthol AS.** As in the case of bobbins and pirns a special case for the free importation of Naphthol AS. As after 1st October 1927 has to be made out, owing to a change which has recently been made in the heading of the Statutory Schedule under which it is assessed.

Until recently it was assessed for duty as an aniline dye but on the advice of the Chemical Adviser to the Government of India is now assessed as an aniline salt. This change in the assessment has not only greatly increased the present duty payable but will exclude it from the list of dyes which will be imported free of duty after 1st October 1927. At the interview at Simla it was admitted that the exclusion of this important dye-stuff from the free list after October 1st would not be in accord with the principles laid down in Government resolution, and that the Chemical Adviser to Government would be consulted regarding the framing of a special item in the Tariff Schedule which would permit the free importation of all the most important cotton dye stuffs and chemicals such as aniline salts which do not fulfil the requirements of the present definition of coal-Tar dye-stuffs.

Since the Deputation's return to Bombay the more important dye-stuffs manufacturers have been consulted on this point and it is their considered opinion that the present difficulty could be overcome if the

following new heading was inserted in the Tariff Schedule and in the list of articles on which no duty would be levied after October 1st.

**5. Naphthol dyes and the bases and Salts required for their Development and Fixation.**

My Committee wish to impress upon the Government of India the need for encouraging the use of naphthol colours in the interests of the development of the coloured goods trade. Naphthol colours are brighter and faster than many aniline colours and their greater use is eminently desirable; moreover it was never intended by the Tariff Board that they should be omitted from the list of stores which it was in the interests of of the industry to admit duty free. The same arguments apply in regard to the bases and salts which are necessary for the development and fixation of naphthol colours none of which can be used for any other purpose and all of which are readily distinguished.

**Hydrosulphite.** Hydrosulphite is a very important oxidising agent which must be used in the preparation of fast to bleaching shades. At present it is assessed for duty at the rate of 15% ad valorem. In the opinion of my Committee it should certainly be included in the free list after 1st October 1927. For some time the industry has been making considerable progress in the production of coloured goods, and it would be in the interest of the country to encourage the industry to produce greater quantities of fast to bleaching shades to compete against the better qualities of coloured goods imported from abroad. The inclusion of hydrosulphite in the free list would assist this development.

**Zinc Chloride.** This substance is used as an antiseptic in all size mixings as a preventive against mildew. Enquiries go to prove that zinc chloride is no longer being made by the Chemical Industry in India, and that the removal of the duty would not affect their interests. If revenue considerations permit it should be admitted free of duty after 1st October,

**Rollercloth, clearer cloth and sizing Flannel.**

These three cloths are specially prepared for use in the cotton textile industry and their use is essential for the production of a regular and even yarn. They are not manufactured in India. Their high cost prevents their being used for any other purposes than those for which they are manufactured, and makes them readily distinguishable from other woollen cloths.

The loss in revenue which free importation would cause is comparatively small, and my Committee maintain that there is an excellent case for allowing them to be imported free in the interests of the cotton textile industry.

**Roller Skins.** The case for free importation rests on the facts that they cannot be used economically for any other purpose owing to their special tonnage and their relatively high cost. The use of the best quality skins would be encouraged by free importation to the benefit of

the quality of yarn produced in Indian Mills. They are readily distinguishable from other skins and hides, but if it would assist the case for free importation they could be imported out to special sizes which would absolutely prevent their being used for other purposes, and make identification still more easy.

**Piking Sticks.** My Committee maintain that there is no adequate justification for the omission of piking sticks from the special list of component parts of machinery specified in item 51B of the tariff schedule and that they should be included under item 51B as from October 1st to ensure free importation. They are easily indentified and could not economically be used for any other purpose.

**Soda ash and sodium sulphide.** These substances are used to a considerable extent in cotton textile mills. Enquiries show that they are not being manufactured in India and as the loss in revenue by abolition of present duty would be small, these substances might be included in the free list or imports, from October 1st.

**Miscellaneous stores, accessories and instruments.** Under the heading of miscellaneous stores my Committee desire to press particularly for the inclusion of Tragon in the list of stores which will be admitted free of duty after October 1st.

Gum Tragon is a patented product and is used as an adhesive in size mixing, it is rapidly growing in popularity, is not used for any other purpose and cannot be manufactured in India. The loss of revenue which would follow abolition of the duty would be small.

As indicated during the interview at Simla on the morning of the 12th inst. my Committee wish to press for the inclusion of a number of of the more important springs of special shape, and readily distinguishable in the free list. Samples of these are being collected and will be sent to you along with a special representation in the course of a day or two; similarly a special case is also being prepared regarding the instruments and textile accessories for which exemption from import duty is specially desired.

I have etc.

**T. Maloney.**

Secretary.

Copy forwarded with compliments to the Secretary, Ahmedabad Millowners' Association for information.

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No. 341-T (38)

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE,  
SIMLA, the 15th August 1927.

From

THE HON'BLE SIR GEOFFREY CORBETT, K. B. E., C. I. E., I. C. S.  
Secretary to the Government of India.

To

The Secretary,  
THE MILLOWNERS' ASSOCIATION,  
BOMBAY.

Sir,

I am directed to acknowledge the receipt of your letter No. 1032-115 dated 30th June 1927, in which you submitted representation on behalf of a Conference of representatives of the cotton mill industry in different parts of the country with regard to the decisions of the Government of India on the main recommendations of the Tariff Board. The points brought to notice in the representation were discussed by the Hon'ble the Commerce Member with the Committee of your Association at Bombay, and subsequently a deputation of millowners from several different centres was received at Simla by His Excellency the Viceroy, when the views of the industry were fully laid before him.

2. The Government of India have considered carefully all that has been urged in the representation and also orally on the two occasions referred to above, and have examined the various points to which attention was drawn with the desire to take all steps which were likely to assist the industry and were not open to objection in principle. They have found it possible to agree to the imposition of a specific minimum duty on cotton yarn, to the reduction of the duty on artificial silk yarn and to the amplification of the list of machinery and mill-stores to be exempted from duty, and it will not be necessary, they think, to supplement what has been said in the Press Communique (Copy enclosed) regarding these matters. But they have been unable to approve the proposed increase in the duty on cotton piecegoods, and it will be desirable to explain more fully than is possible in a communique the reasons which have influenced their decision.

3. The conclusion of the Government of India that the unfair competition from Japan is covered by the existing 11% revenue duty has been criticised in the representation of the Conference on two grounds. It is urged in the first place that, when the Tariff Board recommended an increase of 4% in the duty on piecegoods (against all countries as proposed by the majority—against Japan only as proposed by Mr. Noyce) they had considered the existence of the 11 per cent duty. In the second place, it is urged that the position taken up by the Government of India is an after-thought and that, if attention had been drawn to the point

earlier, the course of the enquiry might have been different. It would then have been open to the Millowners to bring before the Tariff Board every circumstance which could be adduced in support of their claim to protection, and they would not have concentrated attention so closely on the issue of the unfair competition rendered possible by the night work of women in Japan. It will be necessary to discuss both these arguments.

4. The first contention amounts in substance to this that in the opinion of the Board an addition to the revenue duty was necessary in order to safeguard the industry, or in other words, that 15 per cent was the lowest rate of duty which gave adequate protection at any rate as against Japan. So far as Mr. Noyce is concerned, this plea clearly cannot be substantiated. It is evident from his minute of dissent that in his view the only valid claim established by the industry was that the unfair advantage of the Japanese mills (which he assessed at 4 per cent of the selling price) should be neutralised by a safeguarding duty, and he proposed that this duty should be added to the existing revenue duty. Numerous precedents for this procedure could be quoted from the legislation of several different countries, including India itself (vide section 8 A. of the Indian Tariff Act, 1894), and it was no doubt these precedents Mr. Noyce had in view when he wrote (in the passage quoted in the representation) "we are agreed that an industry may legitimately ask for protection against unfair foreign competition beyond what is accorded by any existing revenue duty." The Government of India are unable, however, to approve the procedure by which safeguarding duties are superimposed upon revenue duties. It is to be remembered that, when duties are levied solely for the purpose of raising revenue (and the 11 per cent duty on piecegoods falls in this category), they can be varied from time to time according to the financial exigencies of the moment, and any advantage which the domestic industries of the country imposing the duties may derive from them is incidental. When therefore a safeguarding duty is levied in addition to a revenue duty the presupposition is that the industry will still be fully safeguarded against unfair competition even if the revenue duty is reduced or abolished. The Government of India attach great importance to the maintenance of the distinction between protective duties and revenue duties, and they hold that when a duty is imposed for protective purposes its amount should be definitely fixed and that it should be levied as an alternative to the revenue duty and not as an addition to it.

5. It may be argued that, whatever Mr. Noyce's views may have been, the majority of the Tariff Board were definitely in favour of a 15 per cent duty on protective grounds, and here the Conference take exception to the following sentence in the Government Resolution No. 341-T (27) dated 7th June, 1927.

"The primary object of this increase" (i. e. in the duty on cotton piecegoods from 11 to 15 per cent) "is to provide funds to meet the cost of the proposed bounty on the spinning of the finer counts, and

of certain other proposals made by the Board, but it will also serve to reduce the rigour of the competition from Japan from which the industry suffers." It is contended that this statement is inconsistent with several passages in the Board's Report and in particular with the following passage on page 177:—

"The fourth method which the majority of us favour is, therefore, that of an addition to the present *ad valorem* duty on all cotton manufactures other than yarn. Such a duty has, in our view, four great advantages. In the first place, it gives protection against unfair competition. In the second, it avoids complications arising from discrimination against particular countries. In the third it enables funds to be found to give a definite stimulus to the development of the industry on the lines we have considered desirable, and lastly, it obviates the necessity for certificates of origin which would be necessary to ensure that goods of foreign origin are not passed off as goods from any part of the Empire". If this passage stood alone, the natural inference would be that the Board had two objects, (1) to give protection in the most convenient way and (2) to provide funds for subsidising a desirable development, and there would be little or nothing to show which was regarded as the more important. Two other passages still leave the point in doubt. On page 199, referring to the increase in the duty, the Board say—

"It will not only assist the industry against unfair competition from Japan and afford relief against the maladjustments between costs of production and falling prices, but will also provide the funds required to give a definite stimulus to the industry on the lines we consider desirable."

Again on page 200, the Board explain the reasons why they fixed the amount of the additional duty at 4 per cent—

"In the first place" they say, "it is the most suitable rate with reference to the cost of our proposals. The proceeds of such a duty, if levied for three years, will bring in revenue which is more than sufficient to cover this. In the second place, it exactly offsets the actual advantage, though not the advantage, if a reasonable return on capital is also included, in cost of manufacture which we have estimated that the Japanese industry derives from double shifts."

The second of these passages at any rate makes it plain that in determining the amount of the additional duty the majority of the Board were not influenced by their own finding that the unfair advantage (including a reasonable return on capital) was 12½ per cent, but it still leaves it doubtful whether protection or the provision of funds for the bounty is to rank first. Finally, however, the Board in very emphatic terms (page 200) make their meaning clear.

"We cannot too strongly emphasise", they say, "that the primary purpose of the duty we propose is to provide the funds required to stimulate the production of higher counts of yarn and to protect that production from unfair competition in the manner which in our view best avoids inflicting injury on other interests."

It seems to the Government of India that only one inference can fairly be drawn from this passage, viz:— that with the majority of the Board the stimulus to the spinning of the finer counts of yarn ranked first, and that they regarded the safeguarding of the manufacture of piecegoods as secondary. In none of these passages can the Government find anything to suggest that the majority of the Board regarded 15 per cent as the minimum duty required for protective purpose, and they no doubt held, with Mr. Noyce, that a safeguarding duty could legitimately be added to the revenue duty.

6. I am now to turn to the second criticism of the Government decision, viz:— that, if the Government of India intended to take into account the existing revenue duty on piecegoods, they ought to have drawn the attention of the Millowners to the point at the time the Tariff Board was appointed. This criticism is closely connected with another complaint made by the Conference, viz:— that when the Government of India agreed in March 1926 that a *prima-facie* case for an enquiry had been made out, but added that steps for safeguarding the industry could not be taken “unless and until the necessity of that course was established by a comprehensive and impartial enquiry”, they gave what was tantamount to an assurance that, if a case for protection was established before the Tariff Board, the Government would be protected to act on the Board’s finding.

7. It was evidently believed by the Millowners that, if unfair competition could be established and the amount of the unfair advantage assessed, an additional duty would be imposed sufficient to offset that advantage, but the Government of India find it difficult to understand on what grounds this assumption was based. In March 1926 the Bombay Millowners’ Association had asked that Japanese yarn and piecegoods imported into India should be subjected to additional import duties, that the amount of these additional duties should be roughly equivalent to the reduction in the cost of production which Indian mills would be able to secure, if they were also enabled to work double shifts by employing women at night, and that an *ad hoc* Committee should be appointed to determine in the light of this principle what extra duties should be imposed. Had the Government of India assented to this proposal, the Millowners’ belief as to the intentions of the Government of India would have been justified, but in fact they refused definitely to agree to an enquiry thus restricted in its scope. In their letter No. 341-T (9), dated the 26th March 1926, to which you refer, after admitting that a *prima facie* case for enquiry had been made out, they wrote. “But they hold that the enquiry should be a comprehensive enquiry and that the whole field should be opened to the body entrusted with it. For protection, whether it be called protection or merely safeguarding, must enhance the price of cotton goods (which is still exceptionally high) for the Indian consumer, and Government of India are unable to agree to any course that would have this result until the necessity of that course is established by a comprehensive impartial enquiry. In their view, diagnosis must pre-

cede the prescription of remedies, and they are not yet satisfied that the present condition of the mill industry in Bombay is solely due to competition from Japan." It will be seen that the Government of India insisted that the enquiry should be comprehensive and not restricted to the single issue of unfair competition, that they emphasized their objection to any course which raised the price of piecegoods to the consumer, unless its necessity was clearly established, and that they indicated that their decision might depend on the extent to which Japanese competition was found to be the sole cause of the depression. The reference to the Tariff Board was in fact comprehensive, and it was clearly incumbent on the Millowners, if they did not wish their case to go by default, to bring to the notice of that body every fact which in their view strengthened the claim to protection. As a result of their investigations, the Board found that the depression was not solely due to Japanese competition, but also to world wide causes and to internal competition.

8. In the circumstances stated above, the Government of India, in arriving at their decision, could not but take into account the facts that the existing duty was more than sufficient to offset the advantage which the Japanese mills derived from working double shifts, and they could not raise the point at any earlier date. Had the Board recommended out and out protection (and not merely safeguarding), as under the terms of their reference they were entitled to do, there could have been no question of adding a protective duty to a revenue duty. In the view of the Government of India, the position is not materially altered because the proposed duty is intended to safeguard the domestic industry against unfair competition from a single country, for the effect on the consumer is the same, whatever the object of the duty. As for the assurance that the Millowners believed they had obtained, I am to remind you that when Sir Charles Innes visited Bombay in April 1926, it was specifically asked for and as specifically refused. Sir Charles' note (a copy of which was supplied to the Bombay Millowners' Association at the time) runs as follows:—

"(5) Government should pledge itself to take action without delay in accordance with the recommendations of the Enquiry Committee.

*Answer.* It was quite impossible for a Government to give any such pledge. The Tariff Board and any similar Committee of Enquiry can only make recommendations. Those recommendations naturally receive the most careful consideration, but nothing can absolve the Government from the responsibility of taking its own decision on the recommendations."

9. In paragraph 3 of the Government of India's Resolution No. 341-T(27), dated 7th June, 1927, it was said that "in regard to imports from all countries other than Japan, the Board has found that there has been no change to the disadvantage of India as compared with the pre-war position." In the representation of the Conference, exception is taken to this statement on the ground that the majority of the Board expressed

the view that the reasons for a small all-round increase in the import duty on cotton manufactures other than yarn are strengthened by the undoubted temporary handicap imposed on the industry by the stabilisation of the rupee at 1s. 6d. and that this factor affected imports from all countries alike. The statement in the Resolution was based on the following sentence on pages 71 and 72 of the Report:—

“It cannot, therefore, be said in regard to imports from any country other than Japan that there has been any change to the disadvantage of India as compared with the pre-war position.”

This is a perfectly clear and unambiguous statement and it was reproduced almost verbatim in the Resolution. The members of the Conference apparently failed to observe that, when the Board discussed currency changes in Chapter VI of the Report, they made no comparison at all, it was between the actual condition of the industry and its portable condition if the rupee had been stabilised at 1 s. 4 d. Had the pre-war position entered into their calculations on this point, the Board would doubtless have drawn attention to the fact that before the war the import duty was 5 per cent and the excise duty  $3\frac{1}{2}$  per cent. whereas at present the import duty is 11 per cent. and there is no excise duty.

10. The Government of India considered that the arguments put forward in the representation of the Conference merited full examination, and for this reason they have discussed them at length. They have carefully considered all that has been urged both in the representation of the Millowners and also orally, but have found no reasons to modify their previous conclusion that the only valid claim established by the industry was to be safeguarded against unfair competition from Japan, that the unfair advantage of the Japanese mills was 10 per cent of the selling price and that this advantage was already covered by the 11 per cent. duty. In order to justify a claim to protection by a long established industry, such as the cotton mill industry, which already supplies more than half the piecegoods requirements of India, some special reason for its inability to meet foreign competition must be established, and apart from the double shift working in Japan, no such reasons has been made out, for the Government of India are unable to accept the view of the majority of the Board that the stabilization of the rupee at 1 s. 6 d. is an adequate ground for raising the duty. The fact that the industry is passing through a period of depression following on a period of great prosperity and of rapid growth, is not enough, for the industrial concerns which have made substantial profits at the expense of the consumer when conditions were favourable cannot fairly claim that they shall also be protected from loss at his expense when conditions change for the worse. The Tariff Board have found that the depression in the cotton mill industry is not confined to India, but is world wide, that in the world as a whole the purchasing power of the consumer is less than the productive capacity of the mills, and that the ability of the agricultural classes to buy piecegoods is seriously impaired by the fact that the price of manufactured goods has risen to a much higher level than the price of agricultural produce. In

a depression of this kind, measure which can operate only by raising prices are more likely to do harm than good, and may accentuate the depression by restricting still further the purchasing power of the consumer. The Board have also laid stress on the internal competition in India itself. "At a time, therefore," they say "when.....owing to the loss of the China trade in yard the Bombay mills have had to find an outlet in the home market for the equivalent of an extra 300 million yards of cloth, they have been faced with the competition of an additional 400 million yards of cloth manufactured in India. The effect of this increasing competition on the part of the up-country mills will be obvious, more especially as it is direct competition, since the up-country mills manufacture goods which are mostly of the same qualities as those made in Bombay." This internal competition was intensified in 1926-27 when the mill output of piecegoods was nearly 15 per cent higher than in any previous year. The Board have also drawn attention to the fact that a number of weaving mills in other parts of India have been able to manufacture at a profit at a time when most of the Bombay mills were making heavy losses. In so far as the depression is due to internal competition, protection is no remedy, and if the Board are right in holding that the up-country mills have certain advantages over the Bombay mills in respect of a lower wage scale, vicinity to their markets, and greater accessibility of their supplies of raw cotton, the imposition of a high duty might place the Bombay mills in a still more unfavourable position, for the up-country mills now idle would probably reopen, and the 43 mills said to be under construction would be completed and commence to work. Finally, the Government of India cannot ignore the fact that the depression in Bombay has been accentuated by causes for which the Millowners would no doubt admit that they are themselves in part responsible.

11. As already stated in paragraph 2 above, the Government of India have examined all the claims of the Millowners with a desire to assist the industry where they could, and in certain points they have been able to meet their wishes. But in considering the question whether the duty on piecegoods should be raised, they have had to keep in view not only the immediate needs of the cotton mill industry, but also their declared policy of discriminating protection, the interests of India as a whole, and the healthy development in the future of the cotton mill industry itself. Their final conclusion is that the duty on cotton piecegoods ought not to be increased, and to this decision they must adhere.

I have etc.,

Sd/. N. J. Roughton,

for Secretary to the Government of India.

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## GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE.

Simla, the 16th August 1927.

**Press Communiqué.**

In a Resolution No. 341-T(27), dated 7th June 1927, the Government of India announced their decisions on the recommendations of the Cotton Textile Tariff Board. They agreed to the removal of the import duties on certain classes of machinery and mill-stores, but they were unable to accept:—

(a) The proposal of the majority of the Board for the payment of a bounty to encourage the spinning of the finer counts of yarn;

(b) The proposal of Mr. Noyce that a differential duty of 4 per cent should be imposed on imports of yarn from Japan in addition to the revenue duty of five per cent;

(c) The proposed increase in the duty on piecegoods from 11 to 15 per cent on imports from all countries (as recommended by the majority) or on imports from Japan only (as recommended by Mr. Noyce.)

A strong representation against these three decisions was submitted by a Conference of representatives of the Cotton Mill Industry in India, and subsequently the claims of the industry for protection were placed before the Government of India at any interview between the Commerce Member and the Committee of the Bombay Millowner's Association at Bombay and by a deputation of the Millowners which was received by His Excellency the Viceroy at Simla. This deputation also asked for certain additions to the list of articles of machinery and mill-stores which it is proposed to exempt from duty.

2. The Government of India have most carefully considered all that has been urged by the Millowners, and have reviewed the decisions to which exception was taken with the desire to take such further steps as were possible to assist the industry where that could be done without sacrifice of principle and with due regard to the interests of India as a whole. They have found it impossible to approve either the proposed bounty on the spinning of the finer counts of yarn or the differential duty against Japan, but have come to the conclusion that the cotton spinning industry can fairly claim additional assistance. The Tariff Board found that the unfair advantage enjoyed by the Japanese spinning mills, owing to night work by women, was 10 per cent of the selling price at the time they reported, whereas the existing revenue duty is only 5 per cent. They found also that the Japanese competition was most intense in respect of the counts of yarn from 31s to 40s and that the unfair advantage of a mill spinning an average of 32s was 16.55 pies per pound. It appears from these figures that a specific duty of one and a half annas per pound would neutralise the unfair competition of the Japanese mills at the point where that competition is most injurious to the Indian cotton spinning industry. The Government of India have, therefore, decided to bring before

the Legislature a Bill providing that up to the 31st March 1930, the duty on cotton yarn, irrespective of the country from which it is imported, should be one and a half annas a pound or five per cent *ad valorem*, whichever is the higher. The effect will be that duty will be leviable on all imported yarn at the rate of one and half annas per pound, unless its value exceeds Rs. 1-14-0 per pound, in which case the duty will be 5 per cent *ad valorem*. For protective purposes a specific duty is always preferable to an *ad valorem* duty, which varies with the price and is apt to give inadequate protection when the price is low and excessive protection when the price is high. Under the Japanese Factory Law, night work by women will be prohibited from the first July 1929, and it is expected that all yarn produced by mills employing women on night work will be off the market before the 30th March, 1930.

3. The Government of India have considered the effect of the one and a half annas duty on the handloom industry, and their re-examination of this question has satisfied them that the consequences are not likely to be very serious. The price of the finer counts of yarn will be increased but little, or not at all, while on the other hand, in respect of counts up to 30s the direct Japanese competition is negligible, and the total imports are less than one half per cent of the Indian production. The price of such yarn must be determined largely by internal competition, and it is quite uncertain to what extent, if at all, the price will be increased. The bulk of the imports from Japan are of the medium counts from 31s to 40s, and here the price may be raised to the full extent of the duty. The total consumption of this class of yarn is about 50 million pounds a year, and if the handloom industry is assumed to take half of this quantity, it represents less than 10 per cent of the handloom consumption of yarn. The Government of India are anxious, however, to do what is possible to minimise the burden on the handloom industry, and with this object and also to facilitate the diversification of the mill production, they have decided to include in the proposals to be placed before the Legislature the reduction from 15 to 7½ per cent. of the duty on artificial silk yarn, which is being used in increasing quantities both by the handloom weavers and by the cotton mills.

4. After considering the representations of the Millowners, the Government of India have also decided to include in the list of machinery and mill-stores to be exempted from duty bobbins and pirns, picking sticks, roller skins, and roller cloth, clearer cloth and sizing flannel. They have also endeavoured to word the definition of the dyes to be exempted from duty in such a way as to cover all coal tar derivatives used in dyeing. This is a point to which the millowners attached importance.

5. The Government of India have carefully considered all that has been urged in favour of a higher duty on piece-goods, but their review of this question has not led them to modify their original conclusion. They are satisfied that, apart from the unfair advantage of the Japanese mills, no valid grounds for protection or safeguarding has been established, and they cannot ignore the fact that the unfair advantage is already neutralised

by the existing 11 per cent duty. They cannot, therefore, agree that a safeguarding duty should be added to the revenue duty or that the duty should be increased on other grounds. The reasons for this decision have been explained at greater length in a separate letter addressed to the Bombay Millowners' Association.

**N. J. Roughton.**

for Secretary to the Government of India.

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*Copy of the wire sent to the Secretary Government of India, Commerce Dept.*  
SIMLA, on 20th August 1927.

" My Association is greatly disappointed with the revised proposals of Government which offer meagre relief to a portion of the yarn section of the industry. But which altogether ignore the vital and imperative question of protecting the weaving section which in fact constitutes the Textile Industry of India stop hope Government would realise that failure to obtain adequate relief at critical juncture will ruin a great National Industry. "

PRESIDENT MILLOWNERS' ASSOCIATION.

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No. 1554/115 of 1927.

THE MILLOWNERS' ASSOCIATION,

BOMBAY, 24th June, 1927.

THE SECRETARY TO THE GOVERNMENT OF INDIA,  
DEPARTMENT OF COMMERCE, SIMLA.

SIR,

I am directed to acknowledge the receipt of your letter No. 341-5 (38) dated the 15th of August 1927 enclosing a copy of the Press Communique in which Government set forth their revised conclusions and their reasons for arriving at their decisions. In the first instance, I am instructed to state that my Committee are gratified to note that as a result of the representations made by the industry, the Government of India have considered it necessary to modify their original conclusions regarding the measure of assistance required by the industry. At the same time, my Committee would point out, that they cannot possibly agree that the proposed increase in the duty on low and medium counts of yarn, unaccompanied as it is, by an addition to the import duties on piece-goods, will be sufficient to enable the industry to overcome its present difficulties. Nor, can they, for reasons herein set forth agree with the Government of India that the present revenue duty on piece-goods is sufficiently protective in its effect to offset the unfair competition from Japan owing to inferior labour conditions and the additional disabilities which have been imposed on the industry during recent years under circumstances entirely beyond its control.

2. In view of Government's refusal to refer back to the members of the Tariff Board the specific question as to whether they have taken into consideration the protective effect of the existing eleven per cent revenue duty on cloth before arriving at their main conclusions, and in view of the fact that Government have thought fit to persist in the attitude they have taken up on the question of protection against unfair competition in piece-goods, it appears necessary to re-state in some detail the Industry's point of view in regard to the duties on cloth. Before proceeding to do so, however, my Committee desire to state that they would have been in a better position to offer criticism had Government been good enough to enunciate the 'principle' referred to in para 2 of their letter under reply. The only principle on which, in the opinion of my Committee, Government should base their decision is that protection should be granted to an industry when its need is definitely and properly established after an investigation by an impartial body like the Tariff Board.

3. In the fourth and fifth paragraphs of their letter, the Government of India dispute the contention of the Association that both the majority and minority of the Tariff Board considered that an addition to the existing revenue duty was necessary in order to safe guard the industry at least against Japan. The Government of India contend that according to Mr. Moyce, the only valid claim established by the industry was that the unfair advantage of the Japanese Mills (which he assessed at 4 per cent of the selling price) should be neutralised by a safeguarding duty and he therefore proposed that this duty should be added on to the existing revenue duty in accordance with the numerous precedents from the legislation of several countries including India. In effect, the Government of India maintain that in Mr. Noyce's opinion, the Cotton Textile Industry would have no grounds for complaint even if the existing revenue duty on piece-goods were reduced to four per cent. That this conclusion is absolutely unjustifiable is obvious for several reasons. In the first place, had Mr. Noyce considered that a four per cent duty would be sufficient to enable the industry to withstand competition from Japan, it would have been entirely unnecessary for him to take into consideration the effect of the existing revenue duties or to make any comparison between the cost of imported goods and Indian goods. It is significant that practically the whole of Chapter V of the Report is devoted to an examination of the comparative selling prices of Japanese and Indian goods and that this comparison was made in order to enable conclusions to be drawn "as to the correctness of allegations of undercutting." The Tariff Board, in conjunction with the Millowners' Association and the Custom Authorities made every effort to obtain accurate comparative figures, a most difficult task owing to the absence of reliable information regarding the prices of Japanese piece-goods, and the Board came to the unanimous conclusion that as regards the bulk of the Japanese imports of piece-goods, the selling prices in India are lower than the cost of manufacture to Indian mills even without making any allowance for profit or depreciation. This means that Mr. Noyce as well as his two colleagues on the Tariff Board have

found that even with an eleven per cent import duty, Japanese piece-goods were underselling Indian goods of the same quality which, in effect, could only mean that Mr. Noyce held that even an eleven per cent duty was insufficient to enable Indian mills to hold their own against Japanese competition, and that it would therefore be necessary to impose duties in addition to the existing duties in order to safeguard the industry adequately against the special advantage which the Japanese industry enjoys through the unfair labour conditions, depreciated exchange, the appreciation of the rupee and indirect subsidies. In other words, Mr. Noyce and his colleagues held that a fifteen per cent duty was necessary to enable the Indian Mill Industry to compete against Japan.

4. That the Government of India's conclusions in regard to Mr. Noyce's intentions are unjustified is further proved by his statement that he thought it was necessary to express his belief that the direct disadvantage to the industry due to stabilisation of the rupee at 1 s. 6 d. had been in the greater part rectified by the abolition of the Excise Duty. It would have been entirely unnecessary for him to make such a statement had he for a moment thought that the only valid claim established by the industry against Japanese competition was four per cent due to unfair labour conditions. Nor would it have been consistent on his part to join his colleagues in the unanimous conclusion on page 175 of the Report where it is stated:—

“ In paragraph 35 above, we have stated our conclusion that to the extent that conditions of labour in Japan are inferior to those in India in these respects (i. e. in regard to hours of labour and the employment of women and children at night) it must be held that there is unfair competition between India and Japan. We have further pointed out that Japanese competition is severely affecting the Indian industry in respect of both yarn and piece-goods, and our conclusion is that to the extent that this competition is facilitated by the unfair labour conditions in Japan, the industry has established its claim to protection against it..... We are agreed that in addition to the protection afforded by the present duty of 5 per cent. on yarn and 11 per cent on cloth, a moderate measure of protection can be justified for such period as the labour conditions in Japan continue inferior to those in India.”

5. As regards the majority recommendations of the Tariff Board in respect to additional import duty on cloth, the Government of India endeavour to make out that but for the fact that funds had to be provided to assist in the spinning of finer counts of yarn, they would have recommended no addition to the existing import duty on cloth. That this conclusion on the part of the Government of India is unjustifiable is clear from the fact that in no reference made to subject in the Report is it stated by the majority that the provision of funds for the bounty was the principal object of their proposals and in several passages ready quoted in our previous representation and even in the passage quoted in

the letter under reply, the majority have definitely stated the additional duty is imposed for several purposes. Even in the paragraph on which Government seem to lay stress, what the majority really stated was that the primary purpose of the duty was to give protection against unfair competition as well as to provide the funds required to stimulate the production of higher counts of yarn. It is inconceivable that both majority and the minority should say clearly in more than one place that an additional duty on piece-goods is necessary and yet in their final recommendations mean something entirely different as Government attempt to make out.

6. My Committee cannot agree with the Government of India that their claim to protection went by default for the reason that at any rate as far as Japan was concerned, competition with whom the Association held to be the main cause of the existing depression, the fullest facts were put forward. Evidence was led to prove that the Japanese were underselling Indian mills in both yarn and cloth owing to a variety of causes, and the facts ascertained in this connection by the Tariff Board, which are referred to in the earlier paragraphs of this letter, undoubtedly contributed to the conclusions arrived at by the majority and the minority of the Tariff Board, and led them to recommend an increase in the existing revenue duties.

7. As regards Government's attempt to make out that the advantages enjoyed by the Japanese industry in respect of piece-goods are covered by the existing revenue duty, my Committee feel bound to repeat that the Communique of the 7th June was the first occasion on which Government raised this issue and this is entirely an after-thought on the part of Government. This point has been fully dealt with in the representation of the 20th June, and I am to add that the wholly untenable nature of the position taken up by Government is clearly proved by the fact that beyond raising fine distinctions on the words "protection" and "safeguarding" in the eighth paragraph of their letter under reply, Government have not been able to advance any arguments in support of their attitude, or to answer satisfactorily the criticisms made in this connection in the representation of the 20th June.

8. My Committee also desire to point out that Government have observed complete silence on the question raised in the representation of the 20th June as to whether Government, while admitting Japan's advantage to be 10 per cent realised that the policy in which they are persisting would give to Japan a ten per cent preference against every other importing country in the world.

9. The Government of India state that it was evidently believed by the Millowners that if as a result of the enquiry, unfair competition was established and the amount of unfair advantage assessed at a particular figure, an additional duty would be imposed sufficient to offset the advantage. This is, however, hardly a perfectly correct representation of

the Association's attitude. What they really believed was that if it was proved that the Japanese had an advantage in the cost of manufacture owing to unfair labour conditions, and in addition it was proved that Japanese piece-goods and yarn were either underselling or depressing the price of Indian piece-goods and yarns, then an additional protection would be given to the industry. It was of course never understood that if upon enquiry by the Tariff Board it had been found that Japanese piece-goods and yarns were selling quality for quality and count for count at comparatively higher prices than Indian piece-goods and yarns an additional duty should be imposed to offset the advantage to Japan from unfair labour conditions.

10 Little need be said in regard to the point as to whether the Government of India were justified in stating in their original resolution that in regard to the import from all countries there has been no change to the disadvantages of India as compared with the pre-war position. The point is not of very great importance, but it should be pointed out that the verbatim quotation to which the Government of India refer is taken from the middle of a paragraph which merely deals with the quantities of piece-goods and yarns imported from different countries, and in no way considered the position in regard to exchange or any other factors, and it was therefore legitimate for the industry to call attention to the fact that in the Chapter in which the majority of the Board reviewed the whole of the facts which had been placed before the Tariff Board, they had pointed out that the reasons for an increase in the import duty on cotton manufactures other than yarn were strengthened by the undoubted temporary handicap imposed on the industry by the stabilisation of the rupee at 1s. 6d.

11. My Committee most emphatically assert that it is irrelevant and misleading for the Government of India to use the argument that in the world as a whole the purchasing power of the consumer is less than the productive capacity of the mills for the reason that this certainly does not hold good in India where the productive capacity of the mills in piece-goods is certainly less than half the average consumption of the country.

12. Government have raised the question of the burden on the consumer. This well-worn argument against protection was very effectively disposed of by the Indian Fiscal Commission who, after pointing out in the 68th para of their report how import duties tend to increase the price of commodities go on in the succeeding paragraph to say:—

“It is not our intention to suggest that the burden on the consumer arising from protective duties is necessarily permanent. On the contrary, if the industries to be protected are selected with due discrimination, the burden should gradually diminish and eventually cease altogether. But the process of diminution is not likely to be rapid, or to commence immediately. So long as foreign imports continue to enter in appreciable quantities, the price of the goods

must in general be regulated by the price of the foreign imports, that is to say, the consumer will be paying the full foreign price plus the import duty. As the home industry develops in efficiency and reduces its cost of production there will be at first no reduction in prices, but the decrease in the cost of production will merely go to swell the profits of the home industry. This will lead to the more rapid development of the home industry and will hasten the time when it is able to supply the home market almost in full. As foreign imports dwindle to small proportions, prices will become regulated more and more by internal competition, and the consumer will then begin to derive the benefit from the increased efficiency of the local industry, and may in the end obtain goods as cheaply as if he were free to import them without a duty. If the industry is one for which the country possesses marked natural advantages, he may even obtain them more cheaply."

13. The utterly fallacious and untenable nature of the argument that the consumer would be unfairly penalised by the imposition of additional import duties on cotton manufactures, so well brought out in the above extract from the Fiscal Commission's Report, is further proved by the policy pursued by the Governments of different countries towards their indigenous industries. The United States of America, Spain, France, Australia, Japan and even Great Britain are all following a vigorous policy of developing their industries by adopting all possible measures for the protection of their industries against competition from other countries without being deterred by the temporary effects of such policy on the consumer. In this connection it is specially noteworthy that Mr. S Uyehara in his well-known book "The Industry and Trade of Japan" while dealing with the cotton Textile Industry of the country says:—

"The protective policy towards this industry not only keeps away foreign goods from the home market, but also enables Japanese firms to recover any loss occasioned by low quotations for export by raising prices in the domestic trade."

14. It should be further remembered that the Tariff Board themselves have very thoroughly examined this question of the effect on the consumer, and my Committee fail to understand why Government in their letter under reply while repeating this fallacious argument have totally ignored the very full examination of this question by the Tariff Board. The conclusions of the Tariff Board on this subject are contained in para 90 where it is stated:—

"It should be pointed out that, even if no countervailing duty is levied a rise in price is inevitable since, unless Japan is able to supply all the requirements of India at the low prices at which she is able to supply part of them, it is to her interest, once she has established herself in the Indian market, to allow prices to rise to the level at which other competitors can sell without loss but which would yield her larger profits. A rise in prices in this way would, however,

be far more gradual than that which would follow the imposition of a differential duty, and in the meantime serious and perhaps lasting damage might have been inflicted on the home industry. From the point of view of the consumer, therefore, the imposition of a differential duty against unfair competition merely hastens the rise in prices which would, in any event, be brought about by the play of normal economic forces."

15. My Committee are quite aware of the competition of upcountry mills and that if adequate protection were given to the piece-goods section of the industry, a proportion of mills which are idle and which are said to be under construction might possibly re-start work, but it is enough to emphasise again that at the present moment the Indian Mill Industry does not supply even half of the country's requirements thus making it impossible to retain in this country the wealth created by converting raw materials produced in the country into finished goods.

16. My Committee agree that the industry would be unjustified in asking to be protected against loss immediately after the cessation of a period of phenomenal prosperity, but an examination of the facts should be sufficient to convince the Government of India that the demand for protection is more than justified under the present circumstances particularly if, as in the case of the Steel Industry, Government agree that an eight per cent. return on capital invested in the industry is reasonable.

17. Coming to the assurance as implied in previous Government communications, the Committee of Bombay Millowners' Association were fully aware when bringing it to the notice of Government that Sir Charles Innes had stated that it was impossible for Government to give a definite pledge, that the Tariff Board or any similar Committee of Enquiry could only make recommendations, and that the responsibility of taking its own decision rested solely with the Government of India. It is obvious that Government were not pledged to give effect to any and every recommendation that may be made by such a Board. Even if no such statement had been made by Sir Charles Innes, Government were still free to take their own decisions. The Millowners have never disputed the technical right of Government to do so, but at the same time, Government cannot go past what they unmistakably conveyed in the many discussions which took place between them and this Association in the course of the last three years. There would be very little meaning in a Tariff Board Enquiry if the recommendations of such a Board were finally brushed aside by Government without putting forward any cogent or convincing reasons. My Association cannot but maintain that they had very valid grounds for assuming that if their case was proved before a Tariff Board, Government would be willing to afford protection to the industry.

18. In the end, I am to express my Committee's keen disappointment that even the revised decisions of the Government of India should leave the industry practically in the same position it was in before the Tariff Board began its investigations. It was after a very exhaustive inquiry

that the Board came to the conclusion that "a very great industry is in a serious condition", and they made certain cautious proposals—which fell considerably short of their findings—to enable the industry to withstand what was proved to be unfair competition. Instead of taking prompt and effective action on the lines recommended by the Board, Government set about discovering arguments to turn down the recommendations of the body which had carefully investigated the problem for several months. It is nothing short of a misfortune that, while the policy of the Governments of other countries towards industries is to regard them from a national point of view, in India the disposition of Government is to leave them to their own devices and not to protect them even against unfair competition, even though such competition is fully established before a competent tribunal. My Committee hope that the Government of India will even now realise the gravity of the situation in which the industry finds itself, and will not refuse it the assistance which, in the opinion of an impartial body appointed by themselves, the industry so sorely needs.

I have etc.

**J. P. Wadia.**

Asst. Secretary

## GOVERNMENT OF INDIA.

## LEGISLATIVE DEPARTMENT.

We, the undersigned, Members of the Select Committee to which the Bill further to amend the Indian Tariff Act, 1894, in order to safeguard the manufacture of cotton yarn in British India was referred, have considered the Bill, and have now the honour to submit this our Report, with the Bill as amended by us annexed thereto.

2. In the long title and in the preamble, we have substituted the word "protect" for the word "safeguard", as we prefer the more familiar term.

We have considered carefully the effect which the imposition of a specific minimum duty of  $1\frac{1}{2}$  annas a pound may be expected to have on the handloom industry. We recognise that this duty can benefit the cotton mill industry only to the extent to which the price of yarn is increased thereby, and that any increase in the price of yarn must be a burden on the handloom weaver unless he is able to receive a higher price for the cloth that he weaves. So far as the fabrics woven from the finer counts are concerned, the  $1\frac{1}{2}$  anna duty will often be less than the duty at 5 per cent. *ad valorem* and will seldom be appreciably higher. The weavers of this kind of cloth will be little, if at all, affected by the specific duty, and even when the price of the yarn they use is slightly raised, they may be able to obtain a slightly higher price from purchasers with whom quality rather than price is the first consideration. On the other hand, the imports of yarn of the counts below 30s. are very small, and we believe that the price of such counts in India is regulated to a large extent by internal competition. The great bulk of the yarn used by the handloom weavers is of this class, and we do not anticipate that the price will be raised, if at all, to anything like the extent of the difference between the  $1\frac{1}{2}$  anna duty and the duty at 5 per cent. *ad valorem*. On the other hand, the imposition of the specific duty should prevent any heavy fall in the price of the lower counts such as might result from the importation of large quantities of cheap yarn from China.

4. It is in respect of the medium counts that the Indian mills have felt the competition of yarn imported from Japan (and in recent months from China) most severely, and particularly the counts from 31s. to 40s. The annual consumption of yarn of these counts in India is about 50 million pounds, and as the production of the Indian mills is more than half of the total, the quantity taken by the handloom weavers is probably not more than a half. At present prices the  $1\frac{1}{2}$  anna duty would be equivalent to a duty of approximately 10 per cent. *ad valorem* on such yarn, and it is possible that the price may be raised to the full extent of the difference between the  $1\frac{1}{2}$  anna duty and the 5 per cent. duty. In that case the additional cost is estimated to be Rs. 12 lakhs a year. But the yarn of counts from 31s. to 40s. is probably not more than 10 per cent.

of the total yarn consumption of the handloom weavers, and the additional cost spread over their whole output would not seriously affect them. Our final conclusion is that the imposition of the 1½ anna duty will not materially prejudice the interests of the handloom industry, but we recognise the difficulties which always exist in forecasting the exact effect of an increase in duty, and we consider that the actual effect on the handloom industry should be watched. We recommend, therefore, that the Government should be asked to address Local Governments on the subject, desiring them to have special inquiries made and to report on the subject six months after the passage of the Bill into law.

5. The Bill was published in the Gazette of India, dated the 27th August, 1927.

6. We think that the Bill has not been so altered as to require re-publication, and we recommend that it be passed as now amended.

MOHAMMAD YAKUB\*.  
 G. RAINY\*.  
 R. K. SHANMUKHAM CHETTY.  
 VICTOR SASSOON\*.  
 PURSHOTAMDAS THAKURDAS\*.  
 W. S. LAMB.  
 D. CHAMAN LALL\*.  
 N. M. JOSHI.  
 GHAZANFAR ALI\*.  
 C. DURAISWAMI AIYANGAR\*.  
 JAMNADAS M. MEHTA\*.  
 SATYENDRA CHANDRA MITRA\*.  
 HIRDAY NATH KUNZRU.  
 ISWAR SARAN\*.  
 M. R. JAYAKAR.

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#### MINUTES OF DISSENT.

I consider that the change made by the Committee in the preamble and in the long title of the Bill by the substitution of the word "protect" for the word "safeguard" is inadvisable, and may create the impression that some change has been made in the scope and object of the Bill. The word "safeguard" is commonly used when the danger to which the domestic industry is exposed arises from one or more of the forms of competition ordinarily designated as unfair. The word "protect", on the other hand, has a wider significance, and is appropriate when it is proposed to maintain or develop a domestic industry, irrespective of the nature of the competition to which it is exposed. The unfair competition by which the manufacture of cotton yarn in India is endangered arises from differences in industrial conditions, and in particular from the fact that night work by

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\* Subject to Minute of Dissent.

women is permitted in Japan, whereas in India it is prohibited by law. I hold that the Indian spinning mills are entitled to be safeguarded against this competition, but not that they are entitled to be 'protected' if that word is to be given the wider meaning which it commonly bears.

The 30th August, 1927.

G. RAINY.

The 30th August, 1927.

MD. YAKUB.

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We are anxious to safeguard the manufacture of cotton yarn against foreign competition. We shall willingly support any measure which gives the much-needed relief to the mill industry without inflicting a corresponding loss on some other industry in the country. But unfortunately if the present Bill is passed, it is bound to prejudicially affect the handloom industry. It is our considered judgment that nothing should be done to hurt the interest of the handloom industry and thus save the poorer section of our people from additional loss or expenditure. We strongly recommend that in the interest of the mill industry the import duty on piece-goods be increased as recommended by the Tariff Board, but we have been told that this or any other proposal of a like nature is not open to us to make, and our motion on those lines was ruled out of order. We are, therefore, most reluctantly forced to say that this Bill be sent back to the Assembly with a suggestion that it be not proceeded with.

JAMNADAS M. MEHTA.

ISWAR SARAN.

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This Bill is framed in the spirit of offering a mere eye-wash to the clamouring Millowners of Bombay at the expense of the poor voiceless handloom weavers spread all over the country. It is admitted that whatever benefit is expected to be conferred on the Mill industry is at least to that extent a burden on the handloom weavers.

The handloom weavers have always been working at a great disadvantage as against the facilities given to and the influence of the Millowners.

At page 175 of the Report the Indian Tariff Board give it as their considered opinion that the imposition of any additional duty on yarn is undesirable in view of the effect that it will have on the handloom industry and that any assistance to be given to the spinning industry is best given in the form of a bounty. This Bill brushes aside most unceremoniously the considered view of the Tariff Board and sets an unprecedented and unwholesome example of giving shadow of a protection to one indigenous industry at the cost of its neighbour. Some of us suggested that a slight enhancement of the import duty on piece-goods will afford a better protection for the Indian textile industry as a whole, but the Hon'ble the Commerce Member would not accept it and the suggestion was ruled out of order.

In the circumstances, there is no other alternative than to reject this Bill.

The 30th August, 1927.

C. DURAISWAMI IYENGAR.  
SATYENDRA CHANDRA MITRA.

I sign the majority report subject to the following note:—

NOTE BY SIR VICTOR SASSOON, BART.

The principle underlying the Bill is to safeguard the Cotton textile industry in British India against competition in cotton yarn produced under industrial conditions which enable such yarn to be produced at a cost below that at which it can be produced in British India.

2. Certain accusations have been made against the industry, the more important of which I should like to answer before proceeding to give my views on the present Bill. It has been contended in some quarters that the present parlous condition of the Bombay Cotton Mill Industry is due to over capitalisation. Taking the Tariff Board's own valuations of the capital cost per loom with 30 spindles at Rs. 5,450 per loom, which represents Rs. 100 per spindle and Rs. 2,450 per loom, and allowing a reduction of 5% on these figures to compensate for the reduction in the import duty on machinery and mill-stores which has been proposed, the total capital value of the land, buildings and machinery represented by the mills in Bombay would work out at Rs. 48-50 crores (excluding the cost of dyeing, bleaching and finishing machinery the value of which exceeds Rs. 2 crores) against a block value of Rs. 46-72 crores given in Appendix VI of the Tariff Board Report. This clearly shows that according to the Tariff Board's own valuation the industry is certainly not over-capitalised as there is a margin of Rs. 3.78 crores, roughly 8% to allow for the increase in efficiency which might be obtained if all the machinery was new. In this connection I might point out the fact that the Tariff Board themselves definitely refuted the imputations made as regards inefficient machinery (*vide* para. 42 of the report), and this opinion is definitely confirmed by an outside authority—the Right Hon'ble Tom Shaw, M. P., the head of the deputation from the International Textile Workers' Association which visited India recently—who declared in the House of Commons: "In his opinion most of the Indian factories were better than the Lancashire ones and the machinery was mostly new."

3. It has also been urged, even by the Government of India themselves that "industrial concerns which made substantial profits at the expense of the consumer when conditions were favourable cannot fairly claim that they shall also be protected from loss at his expense when conditions change for the worse." If one takes the profit of the Bombay industry as a whole for a period of ten years from 1917 to 1926, which includes the boom years, it will be found that the average return on capital represented by land, buildings and machinery, after allowing for

depreciation, is even below  $7\frac{1}{2}$  per cent. Thus the consumer has given to the industry over a period of ten years a return less than what the Tariff Board and the Government of India are willing to concede is a fair return on industrial capital (*vide* Appendix A.)

4. A third charge which has been made is that the remuneration given to labour in Japan is much higher than in Bombay. A reference to the figures of wages paid in 1919 in Japan (Table LXX of the Tariff Board Report) substantiates the statement made on pages 107 and 108 of the United States Tariff Commission Report, 1919, on the Japanese Cotton Industry and Trade, where it is pointed out in response to severe public criticism on account of the low wages ruling in the cotton industry, the cotton mills decided to include in their published statement in addition to actual money wages the value of such other items as cheap board and bonus, cheap boarding, hospital and education, which were estimated to form 40 per cent of the wage now shown. No correct comparison of Japanese and Bombay wages can therefore be made since Bombay wages do not include the monetary equivalent of such services, but such comparisons as it is possible to make from the information available show that the Bombay industry has little if anything to fear in any correct comparison. In this connection it is also interesting to note that from the second half of 1920 to the second half of 1925 there has been a reduction of 19 per cent. in the number of operatives per 1,000 spindles in spinning mills, and a reduction of 30 per cent. in the number of operatives per 100 looms in weaving mills in Japan without any appreciable increase in the wages paid per operative (*vide* pages 57-58, Department of Overseas Trade Report on the Cotton Spinning and Weaving Industry in Japan, 1925-26).

5. With a view to removing misapprehensions as to the seriousness of the present position of the Indian Cotton Textile Industry, it is desirable to draw attention to the increase in imports from Japan which rose from 98 million yards in the first five months of 1926 to 131 million yards in the corresponding period of 1927, an increase of 33 per cent; similarly, during the first five months of 1927 the imports of yarn from China reached 2.1 million pounds (chiefly 40s. counts) as compared with the insignificant total of 8,000 pounds for the corresponding period of 1926. It is necessary to examine the prices at which these additional imports from China have been made and to compare them with the cost at which similar yarn can be manufactured in India. The price of Sino-Japanese yarn of 40s. counts bought on August, 18th, inclusive of the existing 5 per cent. duty was 15.75 annas per lb. laid down in Bombay. The cost of producing the same count of yarn in an efficient Bombay mill from cotton at the price ruling on that date (Rs. 620 per candy) was 19.71 annas per lb. exclusive of any allowance for depreciation. In other words, the cost of producing 40s. yarn in Bombay was 25 per cent. higher than the selling price of Sino-Japanese yarn. It is thus clear that even after the imposition of the specific duty recommended in this Bill, which would raise the price of Sino-Japanese yarn of 40s. counts to 16.50 annas

per lb., the handloom industry purchasing such yarn would have an advantage of roughly 20 per cent. when competing with cloth made from similar counts in Bombay mills. The latest shipments from China have, however, been of low counts of yarn.

6. The Tariff Board recognised the possibility of a rapid increase in the imports of coarse yarn at prices at which Indian mills would not be able to compete in the event of a continuation of the disturbed conditions in China (*vide* pages 72 and 192 of the Tariff Board Report), and were of the opinion that if this contingency arose, "an additional duty on yarn would be fully justified." The facts and figures quoted above eloquently prove that the contingency which the Tariff Board had in mind is arising.

7. To my mind the problem before us resolves itself into protecting the yarn industry against "dumping" and unfair competition without damaging the handloom industry. The Government of India estimate that the price of 25 million lbs. of medium count yarns consumed by the handloom industry might be affected by the imposition of the specific duty proposed in the Bill. If the prices of these yarns went up to the full extent of the increase in the duty, which I am confident will not be the case owing to the intensive competition now existing, the cost to the handloom industry would amount to less than Rs. 12 lakhs per annum on a turnover of over Rs. 30 crores, or less than  $\frac{1}{2}$  per cent.

8. The Tariff Board have dealt at length with the effect of such a rise in prices (*vide* paragraph 90, page 170 of the Report) and their unanimous conclusion was that the imposition of a duty to safeguard the Indian yarn industry would prevent a much greater rise in prices which would be bound to follow any crippling of the indigenous industry.

9. In a previous paragraph I have called attention to the fact that Sino-Japanese yarns have recently been sold in Bombay at 25 per cent. less than the bare cost of manufacture of similar yarn in Indian mills. Up till recently these importations have been in counts which are not extensively manufactured in Indian Mills, but the latest shipments of foreign yarn to Bombay have been in the lower counts which form the staple trade of Indian mills and a continuance of the disturbed conditions in the markets of the Far East will result in further importations of coarse yarns at prices at which Indian Mills will find it impossible to compete. The imposition of a specific duty would be of inestimable value to the mill industry during the present dislocation of the markets of the Far East, and would provide some defence against the importation of coarse counts at unreasonably cheap prices, and it is for this reason that I earnestly press for the adoption of the Bill. I recognise that the proposed duty will be insufficient to safeguard the yarn industry from the disadvantages of unfair labour conditions and the probability of 'dumping', but since it would be undesirable to penalise the handloom industry, it necessarily follows that the only way in which the cotton textile industry

can be adequately protected would be by increasing the duty upon both yarn and cloth. The case for an additional duty on cloth is further strengthened by the fact that, as in the case of yarn, there is every probability of even larger importations of cloth from Japan and China at prices much below the cost of production in India if the disturbed conditions of the Far Eastern markets continue.

VICTOR SASSOON.

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I do not think that this Bill provides sufficient protection to the Textile Industries, while, on the other hand, it is bound to do a good deal of harm to the handloom industry, therefore I am opposed to the passing of this Bill.

The 31st August, 1927.

GHAZANFAR ALI KHAN.

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I voted for the import duty on yarn in the Select Committee but wish to make it clear that the constituency which I have the honour to represent in the Assembly is not in favour of handicapping the handloom industry. It is admitted even by the Honourable Member in charge of the Bill that the imposition of this duty on yarn will affect the handloom weaver to a small extent. There is no doubt about Japan and China exporting yarn to India at rates amounting to their dumping yarn in India. That the mill industry should have protection against this must be admitted by all. But when this Bill is passed there is nothing to prevent these countries from exporting cloth to India on similar terms. The protection offered by the Bill therefore becomes more of an eye-wash than a reality unless an attempt is made to import coarse counts. If Government wish to protect the industry they must do it wholeheartedly and from every direction. The protection afforded by the Bill is most defective and permits of the countries against which protection is ensured shifting their methods. And this will nullify the protection contemplated by the Bill,

PURSHOTAMDAS THAKURDAS.

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I regret I cannot agree with my colleagues in recommending measures contained in the Bill further to amend the Indian Tariff Act, 1894 for the purpose of safeguarding the manufacture of cotton yarn in India. Protection whatever shape it might assume, is always a double edged sword. Invariably it affords assistance to an industry or a group of industrialists at the expense of either the consumer who happens in such cases usually to be the man-in-the-street or at the expense of some cognate industry thus neutralising by the imposition of burdens the advantages of protection. I turn to page 175, of the Tariff Board's Report. It is stated therein:—

“ The majority of us consider, however, that the imposition of any additional duty on yarn is undesirable in view of the effect that this

would have on the handloom industry which in 1925-26 according to figures given in Appendix IV, supplied about 26 per cent. of the total consumption of cloth in India.

It will also react unfavourably on the position of those mills which have weaving sheds only and are dependent on yarn either locally manufactured or imported."

Thus it is obvious that, keeping in view the interests of the handloom industry as well as the interests of weaving sheds in India, the Tariff Board's report turned down the principle of the proposal which now finds its way into this Bill.

Now there are various ways in which the Cotton industry of India might be safeguarded from attacks upon it by foreign competitors. One of the ways was dealt with at length by the Tariff Board, namely, internal economies and labour efficiency. Further although the Tariff Board's report declares that—neither over-capitalisation nor unduly high dividends in a boom period can be said to be the causes of a subsequent depression". Yet it is obvious that the dissipation of enormous profits during the boom period, in the shape of dividends, in order perhaps to boom the value of their shares, has robbed the millowners of the capacity to hold out against the period of cyclic depression without assistance from the State. Dividends from (not total profits) 1919 to 1922 inclusive represented 40.1, 35.2, 16.4 per cent.—that is dividends paid by the Bombay Mills. Figures for 1920, 1921, 1922 were 47.0, 40.5, 21.5 per cent. respectively. That an industry which has been in existence for a little less than a century, which has been in a position to pay such handsome dividends, which has done so little for the improvement of the life, education and efficiency of its workers because it was more concerned with profits, which has the command of cheap labour and cheap raw-material, which has an unrivalled market for its produce; that an industry which has and has had all these advantages should not be in a position to hold up its head against Japanese and Chinese competition is a fact which to me seems explicable only on the basis that capitalistic greed has outrun capitalistic caution. There is another factor which must be brought clearly to the notice of Honourable Members and that is this. The depression we notice is generally depression which is disastrous only to a certain proportion of the cotton mills of Bombay but that, although it adversely affects Ahmedabad and up-country mills, it cannot be said, by any stretch of the imagination, to be of a nature disastrous to them. For instance a report published on August 16th, 1927, of the general meeting of the Delhi Cloth and General Mills Co., Ltd., say.—

" The directors apprehended a gloomy future for the industry if immediate relief was not given to it by the Government.....*Dividend, free of income-tax, Rs. 45 per cent. per annum.*" In 1925 this mill paid 32 per cent. in dividends. The Tariff Board's Report on page 84 bears me out in my suggestion. " The best test is that of results and judging by these it is obvious that if the Bombay Mills had husbanded their

resources to a greater extent in the boom years and still more in the years which preceded them, they would have been in a better position to meet the subsequent depression.....”

“ Dividends in boom periods are apt to be governed by the share quotations rather than the quotation by the dividend. One very striking example of the results of cautious finance may be mentioned here. One mill in Bombay with a capital of Rs. 8 lakhs of which Rs. 2 lakhs were ordinary shares and Rs. 6 lakhs preference, utilised part of its profits during this period to pay off its preference shares and has in the last two years paid dividends of 150 and 130 per cent. respectively.” The sins of the millowners shall be visited upon the Nation. There is one other cause for the sorry plight of the Bombay millowner. During the boom period based on valuations of that period capital was increased and in some cases reserves were capitalised by the issue of bonus shares. It is estimated that out of 79 mills working in Bombay in 1924-25 nearly 30 mills were affected by one or other of these processes. But in spite of all these troubles the Tariff Board's Report confidently asserts that “no mill in India which could be regarded as run with fair efficiency and economy has up to the present been forced into liquidation as the result of depression. None of the mills which has so far gone into liquidation had the smallest chance of surviving except in boom conditions.....Liquidation was the result of incompetency and inefficiency and in some cases of dishonesty.” Further, more the general poverty of the agricultural classes, their reduced purchasing power has also militated against the industry. Having indicated some of the sins of the industry, I would like to point out that “almost all the mills which have spinning departments only except for striking exceptions in Madras, have been badly bit and have been unable to pay dividends for the last three years.” This is the verdict of the Tariff Board. It is alleged that it therefore becomes imperative to protect the yarn industry of India. The total quantity of yarn imported into India and affected by the provisions of the Bill is (in thousands of pound ) 37956 for 1925-26 and 18007 for the six months ending 30th September 1926. Out of the former figure 30·126 (thousands) of pounds of yarn were imported from Japan and out of this amount 20,053 thousands of pounds of yarn were Greys 31s. to 40s. imported from Japan. This import of yarn does not generally enter into competition with the yarn produced by Indian Mills which out of 28 million pounds odd produced by them utilise nearly 25 million pounds odd leaving for the market a bare three million pounds of yarn. Hence it is obvious that without in any important measure helping the mill industry of India the provisions of this Bill will operate to make Japanese imported yarn to the extent of over 20 million pounds (some compute it at 25 million pounds) which is used by the handloom industry of India and by none else, more expensive. Either the handloom industry, to that extent, will go under or the excess will be passed on to the consumer. I cannot set my seal upon this act of vandalism. Some of the millowners of Bombay were themselves of the opinion that the provisions of the Bill militated against the existence and prosperity of the handloom industry

without giving them an appreciable advantage which could extricate them from their present plight. It is obvious that the troubles of the mill-industry are due not only to world conditions but are also in a great measure of its own making. Nevertheless scientific, national scheme of assistance which would bring prosperity to the millhand, whose welfare should be our main consideration, would command the support of those who feel that the worker, the real producer of the wealth got out of this industry, has been made to bear the brunt of the suffering in the shape of low wages and unemployment as a result not only of the depression, but of the system under which he works. The proposals of the Bill instead of adding appreciably either to the prosperity of the industry or of the worker will ruin many homes of handloom workers throughout the country. I see no reason why the poor should be made to pay for the rich by conscious acts of the Legislature in which the opposition is supposed to protect the interests primarily of the masses. For these reasons I regret I cannot support the Select Committee's recommendations.

D. CHAMANLAL.

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[ AS AMENDED BY THE SELECT COMMITTEE. ]

(The word printed in antique and italics indicates the amendment suggested by the Committee.)

A

BILL

*Further to amend the Indian Tariff Act, 1894, in order to protect the manufacture of cotton yarn in British India.*

Whereas it is expedient further to amend the Indian Tariff Act, 1894, in order to *protect* the cotton textile industry in British India against competition in cotton yarn produced under industrial conditions which enable such yarn to be produced at a cost below that at which it can be produced in British India; It is hereby enacted as follows:—

1. This Act may be called the Indian Tariff (Cotton Yarn Short title. Amendment) Act, 1927.
  2. (1) In Item No. 44 of the Second Schedule to the Indian Tariff Act, 1894, after the figure and words "5 per cent." the figure and words "or 1½ annas per pound, whichever is higher" shall be added.
 

Amendment of the Second Schedule to Act VIII of 1894. VIII of 1894.
  - (2) The amendment made by sub-section (1) shall have effect up to the 31st day of March, 1930.
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GOVERNMENT OF INDIA.  
LEGISLATIVE DEPARTMENT.

We, the undersigned, Members of the Select Committee to which the Bill further to amend the Indian Tariff Act, 1894, was referred, have considered the Bill and have now the honour to submit this our Report, with the Bill as amended by us annexed thereto.

2. We have no remarks on the body of the Bill, but we propose the following amendments in certain items of the Schedule:—

- (a) In the proposed Item No. 18B, in the 7th line, the word "cards" where it occurs for the first time, should be "cords."
- (b) In the proposed Item No. 18C we have deleted the word "type" as the removal of the duty on this article might prejudicially affect type foundries which are now working in India. This involves the retention of Item No. 54 of the present Schedule but in the reduced form containing only the entry "Printing Type," which will remain subject to 2½ per cent. duty.
- (c) In the proposed new Item No. 43A we have deleted the words "warps and artificial" as we are given to understand that the words "artificial silk yarn" include artificial silk warp.

3. The Bill was published in the Gazette of India, dated the 27th August, 1927.

4. We think that the Bill has not been so altered as to require re-publication, and we recommend that the Bill be passed as now amended.

G. RAINY.  
MD. YAKUB.  
M. R. JAYAKAR.  
W. S. LAMB.  
PURSHOTAMDAS THAKURDAS.  
ISWAR SARAN.  
D. CHAMAN LALL.  
GHAZANFAR ALI.  
R. K. SHANMUKHAM CHETTY.  
H. N. KUNZRU.  
VICTOR SASSOON.  
N. M. JOSHI.  
JAMNADAS M. MEHTA\*.  
SATYENDRA CHANDRA MITRA\*.  
C. DURAISWAMI AIYANGAR\*.

The 30th August, 1927.

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\* Subject to Minute of Dissent.

## MINUTES OF DISSENT.

While we have agreed to accept this Bill being sent back to the Assembly without any amendment, we wish to state that we have not done so wholeheartedly in some particulars.

Item 8 [18A(2 & 3)]. We are unable to understand why the machines, apparatus and appliances operated by manual or animal labour should not have at least the same advantage, if not more, as those which are operated by electric, steam, water, fire or other power. To laymen like us, it looks unpardonable to place purely manual industry at a great disadvantage compared with the one carried on by the cheaper aids of refinement which a few urban localities alone can afford.

*Item 10 (43A).*—The introduction of cheap artificial silk yarn and thread aimed at by this amendment may, we are afraid, tell greatly on the indigenous silk industry, as well as the extent of the cotton textile industry.

The 30th August, 1927.

C. DURAISWAMI AIYANGAR

SATYENDRA CHANDRA MITRA.

The remissions of the customs duties on machinery and stores proposed in the Bill are intended, it is claimed, to give some relief to the mill industry; the loss of revenue involved is estimated to be Rs. 85 lakhs a year, only half of which will benefit the mill industry. We are of opinion that, unless a duty on foreign piece-goods is imposed, the indigenous textile industry cannot get any real protection, and as Government are tenaciously holding out against the recommendation of the Tariff Board in the interests of Lancashire, the proposed remission will really operate only as a relief of so much taxation. We do not think that the Indian Exchequer is overflowing with surplus money; and if it is, there are other claimants to relief, *e. g.*, salt tax, postage, etc., which ought to have the priority against the proposed remissions which do not seem to press with equal severity on those who import machinery and stores. We are, therefore, decidedly against so much loss of revenue unless we are satisfied that the Indian industry secures effective protection in its present perilous position.

The 30th August, 1927.

JAMNADAS M. MEHTA.

C. DURAISWAMI AIYANGAR.

[AS AMENDED BY THE SELECT COMMITTEE.]  
 (Words printed in italics indicate the amendments  
 suggested by the Committee.)

A  
 BILL.

*Further to amend the Indian Tariff Act, 1894.*

Whereas it is expedient further to amend the Indian Tariff Act, 1894, in order to remove or reduce the customs duties VIII of 1894. on certain machinery and materials of industries; It is hereby enacted as follows:—

1. (1) This Act may be called the Indian Tariff (Amend-  
Short title and commencement. ment) Act, 1927.

(2) It shall come into force on the 1st day of October, 1927.

2. In the Second Schedule to the Indian Tariff Act, 1894,  
Amendment of the Second Schedule, Act VIII of 1894. there shall be made the amendments VIII of 1894. specified in the Schedule to this Act.

THE SCHEDULE.

( See section 2. )

1. In Item No. 1A, for the word and figures "No. 68" the words, letter and figures "Nos. 1B and 68" shall be substituted.

2. After Item No. 1A, the following item shall be inserted, namely:—

"1B | Sago flour."

3. After Item No. 6, the following heading and item shall be inserted, namely:—

"TALLOW, STEARINE AND WAX."  
 6A | Tallow."

4. After Item No. 8, the following item shall be inserted under the heading "MISCELLANEOUS," namely:—

"8A | China Clay."

5. After Item No. 13, the following item shall be inserted, namely:—  
 "13A | Bleaching paste and bleaching powder."

6. After Item No. 14, the following item shall be inserted, namely:—  
 "14A Magnesium Chloride."

and item No. 14A shall be renumbered 14B.

7. After Item No. 14B, the following heading and item shall be inserted, namely:—

DYES AND COLOURS.

14C | Dyes derived from coal-tar and coal-tar derivatives used in any dyeing process."

8. After Item No. 18, the following heading and items shall be inserted, namely:—

" MACHINERY.

18A | Machinery, namely, such of the following articles as are not otherwise specified:—

- (1) prime-movers, boilers, locomotive engines and tenders for the same, portable engines (including power-driven road rollers, fire engines and tractors), and other machines in which the prime-mover is not separable from the operative parts;

- (2) machines and sets of machines to be worked by electric, steam, water, fire or other power, not being manual or animal labour, or which before being brought into use require to be fixed with reference to other moving parts;
- (3) apparatus and appliances, not to be operated by manual or animal labour, which are designed for use in an industrial system as parts indispensable for its operation and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose:
- (4) control gear, self-acting or otherwise, and transmission-gear designed for use with any machinery above specified, including belting of all materials and driving chains, but excluding driving ropes not made of cotton;
- (5) bare hard-drawn electrolytic copper wires and cables and other electrical wires and cables, insulated or not; and poles, troughs, conduits and insulators designed as parts of a transmission system, and the fittings thereof.

*Note.*—The term 'industrial system' used in sub-clause (3) means an installation designed to be employed directly in the performance of any process or series of processes necessary for the manufacture, production or extraction of any commodity.

18B | The following TEXTILE MACHINERY AND APPARATUS, by whatever power operated, namely, healds, heald cords and heald knitting needles; reeds and shuttles; warp and weft preparation machinery and looms; bobbins and pirns; dobbies; Jacquard machines; Jacquard harness linen *cords*, Jacquard cards; punching plates for Jacquard cards; warping mills, multiple box sleys; solid border sleys; tape sleys; swivel sleys; tape looms; wool carding machines; wool spinning machines; hosiery machinery; coir mat shearing machines; coir fibre willowing machines; heald knitting machines; doobby cards; lattices and lags for dobbies; wooden winders; silk looms; silk throwing and reeling machines; cotton yarn reeling machines; sizing machines; doubling machines; silk twisting machines; cone winding machines; piano card cutting machines; harness building frames; card lacing frames; drawing and denting hooks, sewing thread balls making machines; *cumbli* finishing machinery; hank boilers; cotton carding and spinning machines; mail eyes; lingoos, comber boards and comber board frames; take-up motions; temples and pickers; picking bands; picking sticks; printing machines; roller cloth; clearer cloth; sizing flannel; and roller skins.

18C | PRINTING AND LITHOGRAPHIC MATERIAL, namely: presses, aluminium lithographic plates, brass rules, composing sticks, chases, imposing tables, lithographic stones, stereo-blocks, wood blocks, half-tone blocks, electrotype blocks, roller moulds, roller frames and stocks; roller composition, standing screw and hot presses, perforating machines, gold blocking presses, galley presses, proof presses, arming presses, copper plate printing presses, rolling presses, ruling machines, ruling pen making machines, lead and rule cutters, type casting machines, type setting and casting machines, rule bending machines, rule mitreing machines, bronzing machines, leads, wooden and metal quoins, shooting sticks and galleys, stereotyping apparatus, metal furniture, paper folding machines, and paging machines, but excluding ink and paper.



## TARIFF SCHEDULES FOR THE NINE MONTHS

APRIL TO DECEMBER 1927.

*Supplement No. 1.*

The Indian Tariff (Amendment) Act, 1927, the Indian Tariff (Cotton Yarn Amendment) Act, 1927, the Bamboo Paper Industry (Protection) Act, 1927, and certain Notifications of the Government of India have caused changes in the above Tariff Schedule.

The principal changes are detailed below:—

1. Sago flour (serial No. 13) is free of duty with effect from 1st October 1927.
2. The Tariff Valuation of Molasses imported other-wise than in bulk by tank steamer (serial No. 19) has been changed to Rs. 2-13-0 per cwt. with effect from 4th June 1927.
3. Tallow (serial No. 40) is free of duty with effect from 1st October 1927.
4. Bleaching paste and Bleaching powder (serial No. 66) are free of duty with effect from 1st October 1927.
5. Magnesium Chloride (serial No. 66) is free of duty with effect from 1st October 1927.
6. Dyes derived from coal tar and coal tar derivatives used in any dyeing process (serial No. 81) are free of duty with effect from 1st October 1927.
7. Machinery as defined in serial No. 87 including driving ropes made of cotton and its component parts (serial No. 88) are free of duty with effect from 1st October 1927.
8. Textile Machinery and apparatus as enumerated in serial No. 88 A together with bobbins, pirns, picking sticks, roller cloth, clearer cloth, sizing flannel and roller skins and their component parts are free of duty with effect from 1st October 1927.
9. The first sub-head carrying specific duty at one anna per lb. under Printing paper (serial No. 99) has been amended with effect from 21st September 1927, to read "Printing paper (excluding chrome marble, flint, poster and stereo), all sorts which contain the mechanical wood pulp or in which the mechanical wood pulp amounts to less than 65 per cent. of the fibre content. The inclusion of printing paper containing no mechanical wood pulp under this head shall be deemed to have come into effect on the 21st September 1925.

*N. B.*—The next head carrying a tariff valuation of Rs. 0-2-3 per lb. should consequently read "Newsprinting paper, in which the mechanical wood pulp amounts to not less than 65 per cent. of the fibre content, glazed or unglazed, white or grey."

10. The head regarding writing paper (serial No. 99) carrying specific duty at one anna per lb. has been amended with effect from 21st September 1927, making "Ruled or printed forms (including letter paper with printed headings) and account and manuscript books and the binding thereof" liable to duty at one anna per lb. or 15 per cent. ad valorem, whichever is higher. The duty on "All other sorts" of writing paper remains unaltered.
11. Cotton twist and yarn, and cotton sewing or darning thread (serial No. 104) are liable to a duty of 5 per cent. ad valorem or one and a half anna per lb. whichever is higher with effect from 22nd September 1927.
12. Artificial silk yarn and thread (serial No. 106) is liable to a duty of 7½ per cent. ad valorem with effect from 1st October 1927.
13. China clay (serial No. 116) is free of duty with effect from 1st October 1927.
14. Cotton ropes (serial No. 118) are free of duty with effect from 1st October 1927.
15. Printing and Lithographic material together with component parts of machinery as enumerated under serial No. 132 excluding type, leads, brass rules, wooden and metal quions, shooting sticks and galleys and metal furniture are free of duty with effect from 1st October 1927.
16. Starch and farina (serial No. 139) are free of duty with effect from 1st October, 1927.

CALCUTTA:  
The 17th October 1927.

**D. B. Meek.**  
Director-General of  
Commercial Intelligence & Statistics.

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No. 1168/2.

HOME DEPARTMENT.

BOMBAY Castle, 20th July 1927.

From

J. MONTEATH, ESQUIRE,  
 Secretary to the Government of Bombay,  
 Home Department.

To

The Secretary,  
 MILLOWNERS' ASSOCIATION,  
 AHMEDABAD.

**Subject:—Law of Evidence.**

*Commercial documents accepted as prima facie  
 correct in mercantile Circles; amendment  
 of the.....so as to dispense with proof of.....  
 ( Indian Evidence Act ).*

Sir,

I am directed by the Governor in Council to forward herewith a copy of a Government Resolution in this Department No. 1168/2, dated this day regarding the proposed amendment of the Law of Evidence in regard to certain commercial documents and to request that you will be so good as to favour Government with the opinion of the Millowner's Association, in the matter.

I have etc.

**J. Bhansali,**

For Secretary to the Govt. of Bombay,  
 Home Department.

No. 1247.

MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 23rd Sept. 1927.

From

G. I. PATEL, Esq., B. A., M. L. C.,  
Joint Honorary Secretary,  
Millowners' Association, Ahmedabad.

To

The Secretary to the Government of Bombay,  
HOME DEPARTMENT, BOMBAY.

Sir,

With reference to your letter No. 1168/2, dated 20th July 1927, I am to state that the Committee of my Association favours the proposal regarding the amendment of the Law of Evidence with a view to permit, without formal proof, the admission in evidence of such commercial documents as are accepted as prima facie correct in commercial circles. Certain practical difficulties which are placed by the existing Law in the way of documents, which under the usual practice of the merchants are accepted as evidence and taken as prima facie correct, but which in a court of law cannot be admitted in evidence without regular testimony about their genuineness or the correctness of the statement made therein will no doubt be obviated by the amendment of the Act on the lines as suggested. The proposed amendment of the Evidence Act will facilitate the prompt disposal of commercial litigation and will remove the technical difficulties which sometimes create delays in the disposal of civil suits,

I have etc.

**G. I. Patel,**  
Joint Honorary Secretary.

No. F. I. 8226/27.

BOMBAY COLLECTOR'S OFFICE,  
Old Custom House,  
BOMBAY, 12th September 1927.

To  
The Secretary,  
MILLOWNERS' ASSOCIATION,  
AHMEDABAD.

Sir,

I have the honour to forward herewith copies of Government Notification Nos. 741 (a) to (c) and 741 (f) dated 12th August 1927 and request that they may be circulated to the members of your Association.

2. The question of exemptions was fully discussed with your Association in 1922 and 1923 but the Amended Factories Act of 1926 slightly extended the power of Local Governments with respect to them. Section 32-A also provides for the exemption of the engine and boiler Room staffs and this together with the exemptions provided by section 30 (1) of the Factories Act, has enabled a slight extension to be granted to firemen and attendants.

3. I think the members of your Association will particularly welcome the relief afforded by No. 741 (f) which dispenses with the necessity of maintaining the register of persons prescribed under Section 35 of the Act for all persons other than children employed during normal working hours.

I have etc.  
**G. A. Thomas,**  
Collector of Bombay.

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**GENERAL DEPARTMENT.**

Bombay Castle, 12th August 1927.

No. 741 (A)-In exercise of the powers conferred by Section 32-A of the Indian Factories Act, 1911 (XII of 1911) and in supersession of Government Notifications in the general Department, Nos. 3224 (a) dated the 10th July 1923 and 3224 (b) dated the 5th May 1924, the Governor in Council is pleased to exempt all factories, other than those employed on continuous processes from the provisions of section 22 of the said Act in respect of the persons employed in the engine room or boiler house, subject to the condition that no person shall be employed for more than six hours on the weekly holiday.

By order of the Governor in Council,  
**C. W. A. Turner,**  
Secretary to Government.

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## GENERAL DEPARTMENT.

Bombay Castle, 12th August 1927.

No. 741 (B)—In exercise of the powers conferred by clause (a) of Sub-section (1) of section 30 of the Indian Factories Act 1911 (XII of 1911), and in modification of Government Notification, General Department. No. 3224 (b) dated the 10th July 1923, and Government Notification General Department No. 3224 (a) dated the 5th May 1924, in so far as they relate to the exemption of firemen and their attendants, the Governor in Council is pleased to exempt the work of persons employed in the engine room or boiler house in all factories other than those employed on continuous processes from the provisions of sections 21, 27 and 28 of the said Act subject to the following conditions, namely:—

- (a) that intervals for food and rest shall be given to all persons employed on such work;
- (b) that no person shall be employed for more than 66 hours in any one week; and
- (c) that no person shall be employed for more than 12 hours in any one day.

By order of the Governor in Council,

**C. W. A. Turner,**

Secretary to Government.

## GENERAL DEPARTMENT.

Bombay Castle, 12th August 1927.

No. 741 (C)—In exercise of the powers conferred by clause (b) of sub-section (1) of sec. 30 of the Indian Factories Act, 1911 (XII of 1911) and in modification of Government Notifications in the General Department, Nos. 3224 (A) dated the 10th July 1923 and 3224 (b) dated the 5th May 1924, the Governor in Council is pleased to exempt the work of drivers on the lighting, ventilating or humidifying apparatus in factories, from the provisions of sections 21, 22, 27 and 28 of the said Act subject to the following conditions, namely:—

- (a) that intervals for food and rest shall be given to all persons employed on such work;
- (b) that no person shall be employed for more than six hours on the weekly holiday;
- (c) that no person shall be employed for more than 72 hours in any one week; and
- (d) that no person shall be employed for more than 12 hours in one day.

By order of the Governor in Council,

**C. W. A. Turner.**

Secretary to Government.

## GENERAL DEPARTMENT.

Bombay Castle, 12th August 1927.

No. 741 (F)—In exercise of the powers conferred by the first proviso to section 35 of the Indian Factories Act, 1911 (XII of 1911) the Governor in Council is pleased to exempt all Government Factories, cotton spinning, weaving and hosiery factories, silk and woollen factories and railway workshops from the provisions of the said section in respect of persons other than children, employed therein for definite periods laid down in the notice fixed in accordance with section 36 of the said Act.

Provided that this exemption shall not apply to any factory which works on a system of shifts nor to provision exempted from the provisions of sections 27 and 28 under clauses (a) and (b) of sub-section (1) or under sub-section (2) of section 30 of the said Act.

By order of the Governor in Council.

**C. W. A. Turner,**  
Secretary to Government.

No. I. A. 41/2837.  
Bombay, 4th October 1927.

To  
The Secretary,  
MILLOWNERS' ASSOCIATION,  
AHMEDABAD.

Dear Sir,

I forward herewith extract paragraph 1 of the letter from the Government of India No. L. 1522, dated 1st August 1927, addressed to the Government of Bombay, regarding the recommendations of the Indian Tariff Board, contained in paragraphs 59 to 71 of their report of the Cotton Textile Industry.

I request you to be so good as to let me know the action taken by the mill-owners in respect of the recommendations contained in the paragraphs referred to above as I am directed by Government to report to them the action taken by the millowners in this direction.

Yours faithfully,  
**G. A. Thomas,**  
Collector of Bombay,  
(Department of Industries.)

*Extract paragraph 1 of the letter from the Government of India,  
No. L-1522, dated the 1st August 1927.*

"I am directed to invite the attention of the local Government to the recommendations of the Indian Tariff Board contained in paragraphs 59 to 71 of their report of the Cotton Textile Industry. The majority of the recommendations contained in these paragraphs do not appear to the Government of India to call for any official action as the initiative in these matters must be taken by the millowners themselves. The Government of India would, however, be glad to receive, in due course, a report of the action taken by the millowners in respect of these recommendations."

No. I. A. 41/2839.  
Bombay, 4th October, 1927.

To  
The Secretary,  
MILLOWNERS' ASSOCIATION,  
AHMEDABAD.

Dear Sir,

I forward herewith extract paragraphs 1-2 of the letter from the Government of India, No. 1-276, dated 18th August 1927, addressed to the Government of Bombay, regarding the recommendations of the Indian Tariff Board, contained in paragraphs 68, 82 and 89, of their report on the Cotton Textile Industry.

I am directed by Government to report to them in consultation with the Millowners' Association, Bombay and Ahmedabad and the Chairman, Board of the Victoria Jubilee Technical Institute, Bombay, on the proposals contained in paragraph 68 of the report regarding the modification of the textile course in the Victoria Jubilee Technical Institute, and the preparation of vernacular text books for the use of jobbers and operatives. The Chairman, Board of Victoria Jubilee Technical Institute has been separately addressed on these proposals.

I request you to be so good as to favour me with your views in the matter at an early date.

Yours faithfully,  
G. A. Thomas,  
Collector of Bombay.

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*Extract paragraphs 1-2 of the letter from the Government of India  
No. 1-276, dated the 18th Aug. 1927.*

1. I am directed to invite the attention of the Government of Bombay to the recommendations of the Indian Tariff Board contained in paragraphs 68, 82 and 99 of their report on the Cotton Textile Industry.

2. In paragraph 68 of the report, the Board recommend:—

- (a) certain modifications of the textile course in the Victoria Jubilee Technical Institute;
- (b) the establishment of trade schools at an early date; and
- (c) the preparations of vernacular text-books for the use of jobbers and operatives.

The proposals are for the consideration of the Local Government in consultation with the cotton mill industry. but the Government of India would be glad to receive, in due course, a report of the action taken on these matters.

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MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 2nd December 1927.

To  
THE COLLECTOR OF BOMBAY,  
Department of Industries,  
Bombay.

Dear Sir,

With reference to your letter No. 1. A. 41/2839, dated 4th October 1927, the Committee of my Association has to make the following observations:-

The Committee fully endorses the suggestions embodied in paragraph 68, regarding the necessity for providing more upto date and scientific technical education which would enhance the efficiency of mill operatives. The establishment of Trade Schools on an enlarged scale in Bombay, Ahmedabad and other important textile centres through the assistance of the Department of Industries in consultation with the Millowners' Associations without further delay would be very helpful in improving the efficiency of mill Labour, particularly during periods of great depression and unfavourable circumstances. Special pamphlets and books drawn up in easy vernacular with copious illustrations would be issued by the Department of Industries for use in such schools. Such pamphlets would also be helpful to adult workmen who are working in mills. Information in regard to this subject should be obtained from the Trade Schools and similar other institutions in Manchester, Oldham, London, as well as in America.

In regard to paragraphs 82 and 99 it may be observed that certain factories specialised for bleaching, dyeing and printing have not been found to have obtained any success so far and the suggestion for undertaking on a large scale the establishment of large factories requiring heavy capital and expenses would not be acceptable to the investors of capital. Unless such an enterprise is protected by an heavy import duty no capital could successfully be attracted for a large factory of such a size as would be commensurate with the minimum cost of its upkeep and working. To equip a factory with the machinery mentioned by Mr. A. C. Coubrough, C. B. E., in the present circumstances, at an enormous cost would not prove a paying proposition. Unless special Government assistance is given for the starting of such a big factory with special subsidies, and enhancement in import duty for a period of over 10 years, the experiment would have no prospects of being successful.

G. I. Patel,  
Joint Honorary Secretary.

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MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 2nd December 1927.

To  
THE COLLECTOR OF BOMBAY,  
Department of Industries,  
Bombay.

Dear Sir,

With reference to your letter No. I. A. 41/2837, dated 4th October 1927, the Committee of my Association has to make the following observations.

Regarding the level of wages referred to in paragraph 59 of the Report of the Indian Tariff Board it may be stated that a cut of 15½ per cent. from the total wages paid to workmen in the mills at Ahmedabad was effected in the year 1923 and any further step in that direction would obviously adversely affect the efficiency in mills owing to the probable voluntary migration of skilled labour to other industries offering better prospects. Mill life in that case would be less attractive to labour as compared with the chance of earning wages in other sphere of life. It would be difficult to obtain higher efficiency in Ahmedabad mills, particularly on account of its special climatic conditions, however, mills have been lately adopting improvements in the method of humidification with a view to increase the efficiency of their workmen. The desired efficiency could only be obtained by gradually educating the labour class and by affording them better sanitary dwelling houses.

In regard to paragraph 60 it may be mentioned that in Ahmedabad mills the percentage of absenteeism among the operatives is not very large except after pay days, holidays and in times of seasonal sickness. Special attendance bonus is being paid in Ahmedabad mills with a view to keep low the percentage of absenteeism and it may be noted that this has effectively checked any increase in absenteeism. Most of the mills in Ahmedabad have in recent years made arrangements for free medical treatment in the mills as well as outside the mills and this has also produced the desired effect of preventing increase in absenteeism; further efforts in this direction are also in progress.

With reference to paragraph 61 it would be obviously difficult to introduce the system of piece-work in the Spinning Department in such a radical manner. Unless labour and capital harmoniously co-operate to effect such a change it would be difficult to solve the problem. This is a long and tedious process, especially in view of labour being so illiterate as not to be able to grasp the motive underlying the proposed action.

The efficiency of a weaver is hardly sufficient to work two looms satisfactorily and any attempt to increase the number of looms to one weaver would be at the cost of efficiency and is expected to result in an increased and damaged cloth. Efforts have already been made with partial success in reducing the number of operatives on frames used for the spinning of higher counts.

Recently special attention is paid by Ahmedabad mills in the use of cotton of superior quality which has resulted in the improvement of the quality of cloth and the reduction of waste in the Spinning Department as also in the percentage of damaged cloth. It is hoped that this will facilitate smooth working.

A change in the period of rest with a view to enable the workmen to take their morning meals as suggested in paragraph 62 is not likely to be found convenient. The starting of the mills at 6-30 a. m. instead of 7 a. m. would be practically impossible in the winter season. The working hours with sufficient daylight to allow the operatives to work in the mills are in winter season 7 a. m. to 6 p. m. In these circumstances when for some months in a year the suitable working hours are found to be 7 a. m. to 6 p. m. it would be difficult to make any alterations in these.

The recommendations embodied in paragraph 63, regarding recruitment of labour are usually followed in Ahmedabad mills.

The system of giving spoilt cloth to the weavers amounts to no grievance on the part of labour in view of the fact that the amount thus recovered from the weavers is materially insignificant as compared with the number of operatives and their wage bills. It may further be stated that the rates charged for the damaged cloth to weavers are wholesale rates which being lower than the retail prices the weaver does not lose appreciably in disposing it of. Moreover, spoilt cloth is given over to a weaver in the case of his gross negligence only; as for slight damages a very small fine is imposed on him as a disciplinary measure. Under these circumstances my Committee maintains that the practice prevailing at present is a necessity to keep up the efficiency of weaving department.

As regards the standardisation of wages mentioned in paragraph 65 the Committee has to observe that a practical system of standardised wages is obtainable in Ahmedabad mills in the blow-room, card, frame, ring-frame, reelers, winders, warpers, sizers, drawers, oilers, boilermen, firemen, folders, calendermen etc. These are all uniform except the weavers, where due to different qualities of cloth and varieties of counts it is not feasible to obtain the desired uniformity. Standardisation of wages in other departments is not a possibility as the rate of wages generally depends on the conditions of a mill. This question is also to be considered from various points of views such as the age, and working of machinery, the lay-out of building etc. etc.

As regards recommendations in paragraph 66, Ahmedabad millowners are fully alive to the effect on labour efficiency due to proper housing conditions. This question has been engaging their attention for the last 7 years during which period considerable progress has been made towards the building of good chawls for workmen by the employers. From the figures collected in the year 1926 it is evident that more than 30 mills possess about 4000 tenements for housing their workmen. It would not be out of place

to mention here that it is in fact the primary duty of the Municipality and the State to provide good sanitary housing accommodation to the workmen in general.

Regarding welfare work a good number of Ahmedabad mills have increasingly provided creches and medical aid to their workmen. A considerable amount has also been spent during the last three years for the upkeep and maintenance of labour schools conducted by the local Labour Union.

The Committee fully endorses the suggestions embodied in paragraph 68 regarding the necessity for providing more upto-date and scientific technical education which would enhance the efficiency of mill operatives. The establishment of Trade Schools on an enlarged scale in Bombay, Ahmedabad and other important textile centres through the assistance of the Department of Industries in consultation with the Millowners' Associations without further delay would be very helpful in improving the efficiency of mill labour particularly during periods of great depression and unfavourable circumstances.

Special pamphlets and books drawn up in easy vernacular with copious illustrations should be issued by the Department of Industries for use in such schools. Such pamphlets would also be helpful to adult workmen who are working in mills. Information in regard to this subject should be obtained from the Trade Schools and similar other institutions in Manchester, Oldham, London as well in America.

Automatic looms have been tried and they have not proved successful. From our information it is found that as far as machinery is concerned the Ahmedabad millowners are always alive to the advantages to be obtained from the most upto-date types of machinery.

On general grounds it is not desirable to have the night shift working. It would be difficult, if not impossible, to obtain the necessary complement of labour.

In regard to the labour in general it is a matter of regret that illiteracy of labour still continues to the same extent and despite the Compulsory Primary Education Act of 1923 no action has yet been taken by Government to introduce the same till now. The Committee hopes that no time will now be lost in giving effect to this important measure of compulsory education.

Yours faithfully,  
**G. I. Patel,**  
 Joint Honorary Secretary.

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## COPY OF PRESS NOTE ISSUED BY THE GOVERNMENT OF INDIA.

SIMLA, September 9.

The Government of India have been informed that the eleventh session of the International Labour Conference will be held at Geneva in 1928. The exact date will be notified later. The items on the formal agenda of the session are:-1. Minimum wage fixing Machinery. 2. Prevention of industrial accidents, including accidents due to coupling on railways. Under the new double discussion procedure which came into operation for the first time at the tenth session of the conference, there will be a final discussion on the first item and a first discussion on the second. The election of the governing body will also take place at this conference.

The representation of each state should include four delegates of whom, two will be Government representatives, one a representative of employers, and one a representative of labour. The right of nominating all delegates rest with Government but in selecting delegates for employers and labour the Government of India will attach importance to the recommendations made by the organised representative associations of employers and employed.

All suggestions as to nomination of non-Government delegates should reach the Secretary to Government of India in the Department of Industries and Labour at the earliest possible date, and in any case not later than 1st January 1928, in order to enable Government to make the selections, to report them to the International Labour Office, and to make adequate arrangements for the journey of the delegates. Allowances, (on a scale which can be ascertained by application to the Department of Industries and Labour) will be granted by Government to defray the expenses of delegates finally nominated.

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MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 8th November 1927.

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,  
DEPARTMENT OF INDUSTRIES & LABOUR,  
DELHI.

Sir,

My Association recommends the name of Sir N. N. Wadia, K. B. E. C. I. E., the ex-Chairman of Bombay Millowners' Association as the Employers' Delegate to the 11th International Labour Conference to be held at Geneva in 1928.

I have the honour etc.

**G. I. Patel,**  
Joint Honorary Secretary.

*Note:* As Sir N. N. Wadia was unable to attend this Conference the name of Mr. Narettamdas Morarji was subsequently proposed.

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MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 30th January 1928.

To  
The Secretary to the Government of India,  
DEPARTMENT OF INDUSTRIES & LABOUR,  
DELHI.

Sir,

With reference to my letter No. 1483, dated the 8th November 1927, I am desired by my Committee, to recommend the name of Mr. Narottam Morarji of the Scindia Steam Navigation Company as Employers Delegate to attend the 11th International Labour Conference in view of Sir Ness Wadia's inability to attend it.

I have the honour etc.

**G. I. Patel.**

Joint Honorary Secretary.

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No. 1305.

MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 4th October 1927.

To  
The Secretary to the Government of India,  
DEPARTMENT OF INDUSTRIES & LABOUR,  
SIMLA.

Sir,

My Committee understands that the 11th Session of the International Labour Conference is to be held at Geneva in 1928, and Government are to nominate an Employers' Delegate along with the Delegate's Adviser. My Association strongly recommends Mr. R. K. Shanmukham Chetty, M. L. A. of Coimbatore as the Adviser to the Delegate of Employers. My Committee hopes that Government will see its way to nominate the gentleman.

I have the honour etc.

**G. I. Patel.**

Joint Honorary Secretary.

No. L-1537.

GOVERNMENT OF INDIA,  
INDUSTRIES AND LABOUR DEPARTMENT,  
SIMLA, the 12th October. 1927.

To

The Joint Honorary Secretary,  
AHMEDABAD MILLOWNERS' ASSOCIATION,  
AHMEDABAD.

Sir

Acknowledges receipt of your letter No. 1305, dated the 4th October 1927. (Indian delegation for the next International Labour Conference).

Sd/-

Under Secretary to the Govt. of India.

No. 1306.

MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 4th Oct. 1927.

To

R. K. SHANMUKHAM CHETTY, Esq. M. L. A.  
Hawarden, COIMBATORE.

Dear Sir,

I enclose herewith a copy of the letter addressed by my Association to the Secretary to the Government of India, Simla, recommending your name as an adviser to the Delegate of Employers for your information.

Yours faithfully,

**G. I. Patel.**

Joint Honorary Secretary.

Hawarden, Race Course,

COIMBATORE, 11th October 1927.

To

The Honorary Secretary,  
MILLOWNERS' ASSOCIATION,  
AHMEDABAD.

Dear Sir,

I am in receipt of your letter dated 4th instant. Please convey to your Committee my grateful thanks to them for recommending my name as an adviser to the Employers' Delegate to the next International Labour Conference.

Yours faithfully,

**R. K. Shanmukham.**

MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 5th October, 1927.

To  
THE COLLECTOR OF CUSTOMS,  
BOMBAY.

Sir,

I am informed by the Ahmedabad Fine Spg. & Wg. Co. Ltd. of Ahmedabad, a member of my Association that duty on yarn imported by them from Liverpool through Messrs. P. N. Mehta & Co. of Bombay per s. s. Circassia which arrived at Bombay before the end of the last month has been charged at the new rate of one anna and six pies per pound. This duty had to be paid under the Bill of Entry for consumption by the importers Messrs. P. N. Mehta & Co. of Bombay, under general manifesto No. 550, dated 26-9-27, and under No. 75/78 of 26-9-27, I understand that the said cases of yarn were landed from the Steamer much earlier than the 29th and the Railway Receipt for the same from Bombay to Ahmedabad was also of the 29th September.

Will you kindly let me know how duty on this consignment has been charged at the enhanced rate which becomes applicable from the 1st of October to enable me to place this matter before my Committee for necessary representation to the Finance Department, Government of India.

An early reply is requested. Copy of the Bill for the payment of duty is enclosed herewith for your reference.

Yours faithfully,  
**G. I. Patel,**  
Joint Honorary Secretary,

No. A/8492.  
New Custom House,  
BOMBAY, 14th October, 1927.

To  
MESSRS. THE AHMEDABAD-MILLOWNERS' ASSOCIATION,  
AHMEDABAD.

**Subject:—Assessment-9 cases Cotton Grey Yarn ex S. S. "Circassia"—Bill of Entry No. 550/76-78 of 20/26-9-25 Importers Messrs. P. N. Mehta & Co. Bombay. Your letter No. 1312, dated 5-10-27 addressed to the Collector of Customs, Bombay.**

Gentlemen,

In reply to your letter cited above, I have the honour to inform you that the Indian Tariff (Cotton Yarn) Amendment Act 1927, which impose an alternative duty on cotton twist and yarn came into force from 22-9-27 and not from 1-10-27 as supposed by you. The consignment referred to by you was therefore correctly assessed to duty according to the new rate; the Bill of Entry therefore having been noted on 26-9-27 i. e. after the date of the said act.

I have etc.  
Sd/  
Asstt. Collector of Customs,  
(Appraising Department.)

GOVERNMENT OF INDIA.  
LEGISLATIVE DEPARTMENT.

The following Bill was introduced in the Legislative Assembly on the 5th September 1927:—

L. A. BILL NO. 40 OF 1927.

*A Bill further to amend the Indian Income-tax Act, 1922, for certain purposes.*

Whereas it is expedient further to amend the Indian Income-tax Act, 1922, for the purposes hereinafter appearing; It is hereby enacted as follows:—

1. This Act may be called the Indian Income-tax (Amendment) Act, 1927.
2. (1) In Section 59 of the Indian Income-tax Act, 1922, XI of 1922. Amendment of section 59, Act XI of 1922. after sub-section (2), the following sub-section shall be inserted, namely:—
 

“ (3) In cases coming under clause (a) of sub-section (2), where the income, profits and gains liable to tax cannot be definitely ascertained or can be ascertained only with an amount of trouble and expense to the assessee which in the opinion of the Central Board of Revenue, is unreasonable, the rules made under that sub-section may—

(a) prescribe methods by which an estimate of such income, profits and gains may be made, and

(b) in cases coming under sub-clause (i) of clause (a) of sub-section (2), prescribe the proportion of the income which shall be deemed to be income, profits and gains liable to tax, and an assessment based on such estimate or proportion shall be deemed to be duly made in accordance with the provisions of this Act.”

(2) Sub-sections (3) and (4) of the same section shall be re-numbered as sub-sections (4) and (5), respectively.

STATEMENT OF OBJECTS AND REASONS.

This is a formal Bill intended to remove a slight defect in the drafting of the Act which has come to light in connection with the question of assessment of Tea Companies. The clause proposed to be inserted sets out in clearer terms than at present what has always been the intention of section 59 (2) (a), and what has also been the basis of the various rules framed by the Central Board of Revenue in virtue of the powers conferred by that section.

BASIL P. BLACKETT.

W. T. M. WRIGHT.  
Offg. Secy. to the Govt. of India

## GOVERNMENT OF INDIA.

## LEGISLATIVE DEPARTMENT.

The following Bill was introduced in the Legislative Assembly on the 5th September, 1927:—

L. A. BILL NO. 41 OF 1927.

*A Bill further to amend the Indian Income-tax Act, 1922, for certain purposes.*

Whereas it is expedient further to amend the Indian Income-tax Act, 1922, for certain purpose hereinafter appearing; It is hereby enacted as follows:—

1. (1) This Act may be called the Indian Income-tax Short title and commencement. (Second Amendment) Act, 1927.

(2) It shall come into force on the 1st day of April, 1928.

2. In section 2 of the Indian Income-tax Act, 1922 Amendment of section 2, Act XI of 1922. (hereinafter referred to as the said Act),—

(a) after clause (b) the following clause shall be inserted, namely:—  
“(6A) ‘firm’, ‘partner’ and ‘partnership’ have the meanings assigned to them in the Indian Contract Act, 1872”; and

(b) for clause (14) the following shall be substituted, namely:—  
“(14) ‘registered firm’ means a firm registered under the provisions of section 39A;”

3. In sub-section (4) of section 23 of the said Act, after the word ‘judgment’ the words ‘and, in the case of registered firm, may cancel the registration and assess it as if it were unregistered’ shall be added. Amendment of section 23, Act XI of 1922.

4. After section 23 of the said Act, the following section shall be inserted, namely:— Insertion of new section 23A in Act XI of 1922.

“23A. (1) Where any firm or other association of individuals formed for the purpose of carrying on any business other than a Hindu undivided family or a company, is such that only one member thereof is competent to bind the firm or association by his acts, the Income-tax Officer may, with the previous approval of the Assistant Commissioner, pass an order that no assessment on the firm or association as such shall be made, and may thereupon include in the total income of each individual member thereof for the purpose of his assessment his share in the profits and gains of the firm or association.

(2) Where a company—

(a) restricts the right to transfer its shares, or

(b) limits the number of its members (exclusive of persons who are in the employ of the company) to fifty or less, or

Power to assess individual members of certain firms, associations and companies.

(c) prohibits or makes no provision for any invitation to the public to subscribe for any share or debentures of the company, and the Income-tax Officer is satisfied that the company is under the effective control of not more than five members, he may, with the previous approval of the Assistant Commissioner, pass an order that no assessment on the company as such shall be made, and may thereupon include in the total income of each individual member thereof for the purpose of his assessment his share in the profits and gains of the company”.

5. For section 28 of the said Act, the following section shall be substituted, namely:—  
Amendment of section 28.  
Act XI of 1922.

- “ 28. (1) If the Income-tax Officer, the Assistant Commissioner or the Commissioner, in the course of any proceedings under this Act, is satisfied that an assessee has Penalty for concealment of income or improper distribution of profits. concealed the particulars of his income or has deliberately furnished inaccurate particulars of such income, and has thereby returned it below its real amount, he may direct that the assessee shall, in addition to income-tax payable by him, pay by way of penalty a sum not exceeding the amount of the income-tax which would have been avoided if the income so returned by the assessee had been accepted as the correct income.
- (2) If the Income-tax Officer, the Assistant Commissioner, or the Commissioner, in the course of any proceedings under this Act, is satisfied that the profits of a registered firm have not been distributed in accordance with the shares of the partners as shown in the instrument of partnership registered under this Act, or with any declaration made under this Act as to the time of distribution of such profits, and that any partner has thereby returned his income below its real amount, he may direct that such partner shall, in addition to the income-tax payable by him, pay by way of penalty a sum not exceeding the amount of income-tax which would have been avoided if the income returned by such partner had been accepted as his correct income; and no refund or other adjustment shall be claimable by any other partner by reason of such direction.
- (3) No order shall be made under sub-section (1) or sub-section (2) unless the assessee or partner, as the case may be, has been heard, or has been given a reasonable opportunity of being heard.
- (4) No prosecution for an offence against this Act shall be instituted in respect of the same facts on which a penalty has been imposed under this section.
- (5) An Assistant Commissioner or a Commissioner, who has made an order under sub-section (1) or subsection (2), shall forthwith send a copy of the same to the Income-tax Officer.”

Amendment of section 30, Act XI of 1922. 6. In section 30 of the said Act.—

- (a) in sub-section (1) after the words "Income-tax Officer," where they occur for the second time, the words "and any firm objecting to an order of an Income-tax Officer refusing registration under sub-section (3) of section 39A" shall be inserted; and
- (b) in sub-section (2) after the words "under section 27", the words "or to register the firm under sub-section (3) of section 39A" shall be inserted.

Amendment of section 31, Act XI of 1922. 7. In sub-section (3) of section 31 of the said Act, between clause (c) and the proviso, the following words and clause shall be inserted, namely:—

"or, in the case of an order under sub-section (3) of section 39A,

- (d) confirm such order, or cancel it and any proceedings in relation to the assessment of the firm which the Income-tax Officer may have taken subsequent thereto, and direct the Income-tax Officer to make a fresh assessment, and the Income-tax Officer shall thereupon proceed to make such fresh assessment."

Amendment of section 32, Act XI of 1922. 8. At the beginning of sub-section (1) of section 32 of the said Act, the words "Any firm, association or company objecting to an order passed by an Income-tax Officer under section 23A, and" shall be inserted.

Insertion of new section 39, in Act XI of 1922. 9. After section 39 of the said Act, the following section shall be inserted, namely:—

"39A. (1) Application may be made to the Income-tax Officer on behalf of any firm, constituted under an instrument of partnership specifying the individual shares of the partners, for registration for the purposes of this Act and of any other enactment for the time being in force relating to income-tax or super-tax.

Procedure in registration of firms.

- (2) The application shall be made by such person or persons, and at such times, and shall contain, in addition to a declaration as to the time of distribution of the profits of the firm, such other particulars and shall be in such form as may be prescribed; and it shall be dealt with by the Income-tax Officer in such manner as may be prescribed.
- (3) The Income-tax Officer may inquire into the incidents of the partnership, and may refuse to register any association of individuals which, in his opinion, is not a firm."

Amendment of section 54, Act XI of 1922. 10. In sub-section (2) of section 54 of the said Act, after the first proviso, the following proviso shall be inserted, namely:—

“ Provided, further that nothing in this section shall apply to the production by a public servant before a Court of any document, declaration or affidavit filed, or the record of any statement or deposition made in a proceeding under section 39A, or the giving of evidence by a public officer in respect thereof.”

Insertion of new section 66B  
in Act XI of 1922.

11. After section 66A of the said Act, the following section shall be inserted, namely:—

66B. (1) Nothing in sub-section (2) or sub-section (3) of section 66 shall apply to an order under section 32 whereby the Commissioner decides an appeal against an order of an Income-tax Officer under section 23A.

Statement of case by  
Commissioner to High  
Court in cases arising  
under section 23A.

- (2) In such cases the firm, association or company may, by application accompanied by a fee of one hundred rupees, require the Commissioner to refer to the High Court any question of fact or law arising out of the order, and the Commissioner shall, within one month of the receipt of such application, draw up a statement of the case and refer it with his own opinion thereon to the High Court, together with all documentary or oral evidence produced before him, and the High Court shall decide thereon all questions of fact and law raised thereby.
- (3) The provisions of sub-section (4), (5), (6), (7) and (8) of section 66 shall, as far as may be, apply to such references, and for this purpose the term “assessee” shall be deemed to include an applicant firm, association or company, and the term “assessment” to include any assessment made on an individual consequent upon the original order of the Income-tax Officer.
- (4) The provisions of section 66A shall apply to references to the High Court under this section.

Provided that nothing in this sub-section shall be deemed to authorise an appeal to His Majesty in Council on a question of fact.

#### STATEMENT OF OBJECTS AND REASONS.

The Government have been considering for some time, in consultation with the commercial community and the officers of the Income-tax Department, the best methods of rendering illegal certain practices, now legal, which are adopted by persons desirous of evading the payment of income-tax and super-tax, and this Bill proposes to give the taxing authorities the necessary powers to check such evasion.

2. Broadly speaking, the proposals in Bill are—

- (1) to define a ‘firm’, ‘partner’ and ‘partnership’ in the same sense as in the Indian Contract Act, 1872;
- (2) to give discretion to the Income-tax Officer to treat as separate assessee the individuals comprising any association carrying on

business of which one member is competent to bind the association by his acts;

- (3) to give the Income-tax Officer discretion to treat the members of a company as separate assesses if the company restricts the right to transfer shares or limits the number of shareholders, exclusive of employees, to 50, or does not invite, or permit subscription to its shares or debentures by the public; and is under the control of not more than five members;
- (4) to permit the production by public servants before a Court of all documents or information relating to the registration of firms;
- (5) to impose penalties for failure actually to distribute shares of the profits of a firm in accordance with the provisions of the deed of partnership registered under the Income-tax Act; and
- (6) to give discretion to the Income-tax Officer to treat a registered firm as an unregistered firm if it fails to make a return of its income or to produce accounts or other documents called for by the Income-tax Officer.

3. The powers under (2) and (3) in paragraph 2 above will be exercised by the Income-tax Officer, with the previous approval of the Assistant Commissioner, and an appeal will lie against the orders of the Income-tax Officer to the Commissioner of Income-tax. Against the appellate order of the Commissioner, it is proposed to allow a reference to the High Court both on questions of fact and on questions of law instead of on questions of law only as in all other matters arising under the Income-tax Act.

BASIL P. BLACKETT.

3rd August, 1927.

W. T. M. WRIGHT.

Offg. Secy. to the Govt. of India.

MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 14th November 1927.

To

The Secretary to the Govt. of Bombay,  
FINANCE DEPARTMENT,  
BOMBAY.

**Subject: The Indian Income-tax  
(Second Amendment) Bill.**

Sir,

I have the honour to submit the views of my Committee on the Indian Income-tax (Second Amendment) Bill called forth by Government resolution No. 1988, Finance Department, of the 27th September 1927.

1. My Committee is of the opinion that the proposed insertion of the new Section 23A is a remedy worse than the disease. The provisions will not be able to check evasions but will surely be a source of trouble to many bona fide firms and companies. It is usual that in matters of importance as also in matters requiring technical skill the firm would be guided by the senior-most or other expert member. In some firms a partner may bring in his skill and management while others may contribute capital. There may again be firms where partners may be sleeping partners. All such firms are honest, bona fide firms though the management may be by one member who alone is competent to bind the firm. All such cases would come under the proposed Sec. 23A (1). Again a member may bind the firm by some of his acts and not by all his acts. It is not clear whether it is necessary that every act of the member must be binding on the firm in order to bring it within the meaning of the proposed Section. It is usual for businessmen to delegate their authority to one among them for dispatch of work. In Ahmedabad almost all the Agency Firms of the various Mill Companies get a commission from the Company and the right to manage the Agency Firm's, business is vested in one individual who is competent to bind the whole Firm by his acts. The earnings of the Firm are divided between the various partners. It would be an injustice and a real hardship to treat such Firms under Sec. 23A (1).

The sub-clause vests in the Income-tax Officer a discretion without specifying the statutory conditions of the exercise of that discretion. The necessity of the previous approval of the Assistant Commissioner is really no safeguard against unjust treatment or undue favouritism or even corruption in some cases. It is unsafe and undesirable in the interests of pure administration to vest the Income-tax Officer with such wide discretion. It practically places the assessee at the mercy of the Income-tax Officer.

The enactment of proposed Section 66B is no remedy against the above evils. When no conditions of exercise of discretion under Section 23A (1) are laid down, it is difficult to understand what a reference to High Court can mean.

The second clause of the proposed Section 23A (2) practically denies the assessee the right of floating private Limited Companies, though the same are perfectly legal under the Indian Companies Act. With the expansion of business, it should be the policy of Government to encourage the flotation of Joint Stock Companies. The effect of the proposed Clause would be to discourage such formations. It is also open to the above objections to Clause (1).

My Association is therefore strongly of opinion that Clause 23A ought to be dropped altogether.

2. As regards Clause 5 of the proposed Bill substituting new Section 28, my Association is of the view that the proposed safeguard against bogus registrations is an undue interference with the internal management of registered Firms. It will adversely affect business by forcing withdrawal of finances.

3. My Association is not in favour of compelling a firm to distribute its profits; much less does it therefore favour the distribution of profits at stated periods. My Association does not therefore approve the provisions as to declaration of the time of distribution provided for by the proposed Clause 39A (2).

4. The discretion proposed to be given by the Clause 39A (3) to Income-tax Officers to refuse registration is too wide, as also the power to inquire into the incidents of partnership. It is not clear as to what is meant by the "incidents" of partnership. My Association is against the giving of a blank cheque in this manner and therefore urges the deletion of that paragraph.

My Association is of opinion that the Bill as proposed is uncalled for and should be dropped.

I have etc.

**G. I. Patel.**

Joint Honorary Secretary.

MILLOWNERS' ASSOCIATION,  
AHMEDABAD 25th November 1927.

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,  
DEPARTMENT OF COMMERCE,  
DELHI.

Sir,

With reference to the inadequate action taken by the Government on the recommendation of the Indian Mercantile Marine Committee by way of the establishment of a Training Ship, I am directed by my Committee to state that the reservation of the coasting trade of India to Indian Shipping is imperatively necessary in the interests of Indian Mercantile Marine. The policy which would be finally adopted by Government in this connection should be such as would materially assist this great national industry and would establish the position of India as a great country in the International ocean-going trade. When other maritime countries of the world have already followed the policy of economic protection for the development of their Mercantile Marine a great country like India should not be allowed to remain in the background. India has up to now remained unable to develop its position even in its coasting trade when the last war has sufficiently established the necessity of the development of national shipping. It may further be observed that when foreign companies enrich themselves at the cost of this country even in the matter of its coastal trade it is high time for India to reserve this trade for its own nationals and to thus retain the wealth in the country on the one hand and afford a new and bright career to Indians on the other.

My Committee earnestly desire to point out that the policy of the Government of India should be solely guided by the main principle of the reservation of the coasting trade in India with the resultant advancement of its trade, industries and economic development.

In regard to the establishment of the proposed Training Ship an assurance of reasonable prospects of employment after completion of training and apprenticeship to the cadets is very necessary, particularly in the initial stages.

I have etc.,

G. I. Patel,

Joint Honorary Secretary.

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No. 1653.

To  
 The Secretary to the Government of India,  
 COMMERCE DEPARTMENT,  
 DELHI.

Dear Sir,

I am to invite your attention to the complaints made to me by some members of my Association that the "tallow substitute" imported by them has been charged the import duty by the Customs Authorities at Bombay, on the technical ground that "tallow substitute" was not separately specified along with tallow in the list of articles to be exempted from the levy of import duty.

In this connection I have to inform you that "tallow substitute" is a sort of tallow prepared from mineral ingredients and is used solely for sizing purposes in textile mills. Its use along with mutton tallow serves the same purpose as the mutton tallows itself. In fact the mineral and the mutton tallows are both tallows but the import duty is being charged on the former purely on the technical ground that the word "substitute" along with the word "tallow" in the schedule of the duties has not been specially mentioned. I am therefore to request you to make the necessary change in order to avoid the technical difficulty which is being experienced in passing off the "tallow substitute" duty free and to inform us about it.

Yours faithfully,

**G. I. Patel,**  
 Joint Honorary Secretary.

No. 261-T (16).

GOVERNMENT OF INDIA,  
 DEPARTMENT OF COMMERCE,

From,  
 RAI BAHADUR L. SEN, B. A.  
 ASSISTANT SECRETARY TO THE GOVT. OF INDIA.

NEW DELHI, 26th January 1928.

To,

The Joint Honorary Secretary,  
 THE AHMEDABAD MILLOWNERS' ASSOCIATION,  
 AHMEDABAD.

**Exemption of certain cotton mills stores from import duty.**

Sir,

I am directed to refer to your letter No. 1653, dated the 15th December 1927, on the above subject.

2. In reply I am to say that the Government of India are not prepared at present to extend the list of Cotton mill stores exempted from import duty. They regret, therefore, that they are unable to accede to your request.

I have etc.

**L. Sen.**

Asstt. Secretary to the Govt. of India.

No. 317-G/28.

REVENUE DEPARTMENT.

Bombay Castle, 16th March 1928.

From

J. W. SMYTH, Esquire, I. C. S.,  
 SECRETARY TO THE GOVERNMENT OF BOMBAY,  
 REVENUE DEPARTMENT.

To

The Secretary,  
 MILLOWNERS' ASSOCIATION, AHMEDABAD.

**A Bill further to amend the  
 Subject:-Indian Merchandise Marks Act, 1889.**

Sir,

I am directed by the Governor in Council to forward a copy of Government Resolution No. 317/28 dated 16th March 1928 and to request that Government may be favoured with the opinion of your Association on the provisions of the Bill further to amend the Indian Merchandise Marks Act, 1889.

2. The reply to this reference may, please be forwarded so as to reach Government not later than 25th April 1928.

I have the honour etc.

Sd/.

For Secretary to the Government of Bombay.  
 Revenue Department.

**(To be introduced in the Legislative Assembly.)**

A

BILL

*Further to amend the Indian Merchandise Marks Act, 1886.*

Whereas it is expedient further to amend the Indian Merchandise Marks Act, 1889, for the purpose hereinafter appearing; It is enacted as follows:—

Short title and  
 commencement.

1. (1) This Act may be called the Indian Merchandise Marks (Amendment) Act, 1927.

(2) It shall come into force on the first day of January 1928.

Insertion of new section  
 12A in Act IV of  
 1889.

2. After section 12 of the Indian Merchandise Marks Act, 1889, the following section shall be inserted, namely:—

"12A. (1) The Governor General in Council may, by notification in the Gazette of India, prescribe the kind, description or class of goods brought into British India to which a trade description giving the place or country in which they were made or produced shall be applied.

(2) The Governor General in Council may, after previous publication, make regulations, either general or special, prescribing—

- (a) the form in which the trade description shall be applied;
- (b) the manner in which the trade description shall be applied, whether by a mark to be placed upon the goods, or in some other manner; and
- (c) the time or occasion when the trade description shall be applied, and, in particular, whether the trade description shall be applied on importation only, or also on sale of the goods, either by wholesale or retail, in British India.

(3) If a person who is required under this section to apply a trade description to any goods fails to do so or contravenes any regulation made under sub-section (2), he shall be punished in the same manner as if he had been guilty of applying a false trade description to goods."

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#### STATEMENT OF OBJECTS AND REASONS.

There is no provision in the existing law in India which can compel the application of a trade description to imported goods. The result is that articles made in foreign countries, without any indication as to their local origin, are sometimes palmed off as Indian manufactures. It is a well known fact that a kind of piece-goods especially manufactured abroad is sometimes sold in India as hand-woven *Khaddar*. Again, cheap hosiery, particularly cotton undershirts, are imported from Japan without any trade description and sold in this country as local manufacture. In such cases, the local origin of goods should be indicated so as to prevent fraud on the consumers, and protect some of the struggling industries of India from unfair competition. It is proposed in this Bill to arm the Governor General in Council with power to specify any imported goods in respect of which the importer, or the wholesale or retail dealer, shall be called upon to affix a trade description giving the place of origin thereof. It may be mentioned that the provisions are mainly adapted from the recommendations of a Departmental Committee of the British Government regarding legislative action in the United Kingdom in the interest of certain Empire of British Goods.

The 23rd December, 1926.

K. C. NEOGY.

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MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 23rd April 1928.

To  
The Secretary to the Government of Bombay,  
REVENUE DEPARTMENT,  
BOMBAY.

Sir,

With reference to your letter No. 317-G/28, dated 16th March 1928, forwarding a copy of the Bill to amend the Indian Merchandise Marks Act 1889, and inviting the views of Committee thereon, I have the honour to state that my Committee is in favour of the proposed amendments.

My Committee thinks that an amendment of this character is essential, especially in view of the amendment that has already been made in the English Act upon which the Indian Merchandise Marks Act of 1889, is based. My Committee further holds that every consumer in the country should have sufficient opportunity to know the place of origin of the goods that he purchases. By amending the Act as suggested, all possibilities of concealing the original place of the manufacture of goods from the public will be effectively checked and to that extent the indigenous manufactures will be safeguarded from any unfair competition resulting from certain foreign countries palming off their goods as Indian manufactures.

With reference to Clause 2(c) my Committee is of opinion that no apprehension should be entertained by Government about the provisions of adequate establishment to enforce regulations with reference to the sale of goods, either by wholesale or retail in British India as any infringement of the provisions of the Act could be effectively detected in case the industrial and commercial bodies of the country having representation either in the Imperial or Provincial Legislatures are authorised by Government to register any complaints of the business community in this behalf and to forward them to the authorities for investigation and necessary action.

In conclusion my Committee would urge the necessity of applying the provisions of this amendment to the goods imported from all foreign countries without exception so that the real object underlying the Bill may not be defeated.

I have the honour etc.  
**G. I. Patel.**  
Joint Honorary Secretary.

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MILLOWNERS' ASSOCIATION,  
Din Bag, Mirzapur Road,  
AHMEDABAD, 5th April 1928.

**Circular No. 21**

The following correspondence with the Railway Companies on the subject of the difference in rates of piece-goods dispatched from Petlad and Ahmedabad to Madura is circulated for the information of the members.

The freight for piece-goods dispatched from Ahmedabad to Madura was Rs. 4-7-11 per maund and for those sent from Petlad to Madura was Rs. 2-10-11 per md. In consequence of our representation to the different Railway Companies on this subject the freight on piece-goods has now been brought down to Rs. 2-12-3 per md. from the 20th ultimo.

**Gordhan I. Patel,**  
**Shantilal Mangaldas,**

Joint Honorary Secretaries.

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MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 2nd February 1928.

To

- (1) The General Traffic Manager, M. S. M. Railway, MADRAS.
- (2) The G. T. M., S. I. Railway Co., TRICHINOPOLY.
- (3) The G. T. M., G. I. P. Railway Co., BOMBAY.

Dear Sir,

The question of Railway freights on different Railways in India, particularly from Ahmedabad a great industrial centre with as many as 60 cotton Mills and several other factories is under the careful consideration of this Association and I am to request you to let me know the details about certain inequalities in freight rates on your Railway.

I understand that Petlad Mills are given special Railway freight rates for yarn and cloth dispatched from Petlad to Madura and vice versa. The freight that they have to pay per maund is Rs. 0-7-10 M. S. M., Rs. 6-8-11 S. I. R., Rs. 0-11-2 G. I. P. whereas Ahmedabad Mills have to pay Rs. 0-15-11 M. S. M., Rs. 1-2-7 S. I. R., Rs. 1-5-1 G. I. P. per maund. I fail to understand why Ahmedabad Mills should pay as much as a hundred per cent. more in freight than the Petlad Mills for cotton manufactures dispatched to Madura.

The distances to be travelled on your line from Ahmedabad and Petlad to Madura are the same. I have accordingly to request you take into your consideration the very large difference between the two rates of freight and to extend the same concession to Ahmedabad Mills as is given to the Petlad Mills.

The B. B. & C. I. Railway Company have not given any special rates. The traffic on your Railway for consignments dispatched to Madura.

from Ahmedabad is considerably greater than the traffic from Petlad to Madura inasmuch as Ahmedabad has about 60 mills when Petlad has only two.

The freight from Ahmedabad should be particularly lower than that charged from other small centres. Instead of this my Association regrets to find that the freight for goods booked from Ahmedabad is more than double on your line covering the same distance.

I have therefore to request you to examine this question carefully and to reduce the present high rate of freight charged on your Railway for consignments from Ahmedabad on the grounds mentioned above. I am confident that by removing the present anomaly justice will be meted out to the Mills at Ahmedabad and that it will prove advantageous to the Mills as well as to the Railway Company.

It would not be out of place for me to mention here the principle underlying the fixing of rates. The volume of traffic should be the determining factor in fixing special rates for consignments of commodities on a large scale. On this ground, I think, this grievance of the members of my Association will not be found by you to be unreasonable or unfair and I trust you will comply with our request and let us know about it at an early date.

Yours faithfully,

**G. I. Patel,**

Joint Honorary Secretary.

MADRAS & SOUTHERN MARATHA RY. CO. LD.  
MADRAS, 30th March 1928.

To

The Secretary,  
MILLOWNERS' ASSOCIATION, AHMEDABAD.

Dear Sir,

**Re: Concession rate for piece-goods from  
Madura to Ahmedabad and vice versa.**

In reply to your letter No. 171 of the 2nd ultimo, I have the pleasure to inform you that, with a view to place all the cotton Mills over the B. B. & C. I. Railway on the same footing, a station to station rate of Rs. 1-11-11 per md. for piece-good press packed, at owners risk from Madura to via Dadar and vice versa (via Arkonam & Raichur) has been introduced with effect from the 20th instant and station-to-station rate of Rs. 2-10-11 per md. between Madura and Petlad has been cancelled from the same date.

The through rate from Madura to Ahmedabad (via Arkonam, Raichur & Dadar) and vice versa is Rs. 2-12-3 per md. from the 20th instant. I hope that this substantial reduction in freight will be appreciated.

Yours faithfully,

Sd/-

for Deputy Traffic Manager Coml.

SOUTH INDIAN RAILWAY COMPANY LTD.  
TRICHINOPOLY, 29th March 1928.

To

THE JOINT HONORARY SECRETARY,  
Millowners' Association, AHMEDABAD.

Dear Sir,

**Piece-goods in bales from Ahmedabad to Madura  
& vice versa. Special rates.**

Your letter No. 298 of 14-3-28.

I have the pleasure to inform you that the following special rates for piece-goods, cotton, woollen or artificial silk in bales press-packed and bound with iron bands or packed in boxes or cases have been introduced from the 20th instant:—

From	To	Rate for a Md.	Condition.
Madura Jn.	Via Dadar	Rs. 1-11-11 }	OR; P/19.
Via Dadar	Madura Jn.	„ 1-11-11 }	

For indications of the symbol P/19 please refer to page 561 of Indian Railway Conference Association General Classification of goods No. 13 of 1926.

For traffic to and from Ahmedabad the existing 4th Class rate of Rs. 1-0-4 a md. from via Dadar to Ahmedabad and vice versa should be added to these special rates. I trust that the members of your Association will take advantage of these very low rates.

Yours faithfully,

Sd/-

Chief-Commercial-Supdt.

TRICHINOPOLY, 30-3-28.

THE SECRETARY,  
Millowners' Association, AHMEDABAD.

Dear Sir,

In continuation of this office letter of the 29th instant I beg to inform you that the special rate of Rs. 1-11-11 a maund for piece-goods from Madura Junction to via Dadar a vice versa referred to in my letter quoted above applies via Arkonum and Raichur for traffic to and from B. B. C. I. Railway Stations only. Please note.

Yours faithfully,

Sd/-

for Commercial Supdt.

TELEGRAMS FROM THE ASSOCIATION REGARDING DISORGANIZATION OF RAILWAY TRAFFIC OWING TO HEAVY FLOODS.

To

THE PRESIDENT,

RAILWAY BOARD, SIMLA.

1. " Serious breaches between Baroda and Ahmedabad. Understand it will take least fortnight before goods traffic is resumed. Coal stocks Ahmedabad mills barely enough for ten days. Serious situation will develop if supplies not arranged via metre gauge. Please instruct E. I. R. & B. N. R. authorities to book coal Ahmedabad via metre gauge. Kindly wire reply:—President Millowners."
2. " Understand goods traffic not likely to resume for fortnight. Association will be obliged by your kindly arranging to allow cloth and yarn bales booked to Calcutta via metre gauge at same rates as existing on broad gauge route:—President Millowners."

To The General Traffic Manager, B. B. & C. I. Ry. Bombay  
and The Agent, B. B. & C. I. Ry., Bombay.

" Understand direct goods traffic not likely to be resumed for fortnight. Stocks of coal barely enough for ten days working of Ahmedabad mills. Serious situation likely to develop if supplies not arranged immediately via meter gauge. Could you kindly arrange immediately to redirect coal wagons booked Ahmedabad via metre gauge. Please wire reply:—President Millowners,"

To The General Traffic Manager, B. B. & C. I. Ry. Bombay.

" Please wire whether cloth bales can be booked to Calcutta via metre gauge at the special rate of 2/9 per maund during breaches and if possible please wire Ahmedabad authorities to accept consignments:—Chamanlal Parekh. "

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1. From, The President, Railway Board, Simla.

To, The President, Millowners, Ahmedabad.

" 2260-T. Your telegram 3rd. Coal can be booked by senders by available routes at the rates applicable to those routes:—Railways."

2. From, The General Traffic Manager, B. B. & C. I. Ry., Bombay.

To, President, Millowners, Ahmedabad,

" Your wire of 3rd. Diversion ordered via metre gauge:—Babcry. "

3. From, The Traffic Superintendent, B. B. & C. I. Ry., Bombay.

To, The Stationmasters, Ahmedabad and Asarva.

" R. 87. Piece-goods to Howrah may be booked via Ajmer and Agra East Bank at existing special rates so long as broad gauge route is closed."

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From, The General Traffic Manager, B. B. & C. I. Ry., Bombay.  
 To, D. T. S. Rutlam, Copy S. M., C. T. O. RTM., D. T. S. Mohow,  
 T. S., Ajmer, C. T. O. & D. T. S., Ahmedabad & S. M. Ahmedabad.

"M. 10. Divert coal wagons under load on your districts for Ahmedabad, Kankaria to Metre Gauge via Rutlam and advise number to T. S. Ajmer also to arrange for suitable stock at Rutlam and expedite despatch as mills short of coal at Ahmedabad."

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"Kindly wire probable date of resumption of goods Traffic Ahmedabad to enable Association to make necessary arrangements for mill supplies—President Millowners." 8-8-27.

From, General Manager, B. B. & C. I. Ry., Bombay.

"Your wire of 8th. Goods booking to Ahmedabad by direct route is not likely to be opened till 29th instant. Will advise you if any change in this date."

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From, District Traffic Superintendent, Ahmedabad.

To, Station Master, SBI. ADI. KKF. ASV.

No. M/252. If millowners require diverted coal coming into SBI in M. G. wagons to be transhipped into B. G. wagons and delivered into B. G. mill-sidings this may be done provided mills agree to pay the transshipment charges at SBI. Advise millowners accordingly."

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Medley Esqr. Co. Bombaroda BOMBAY.

Owing breaches Mills likely to be stopped for want of coal. Understand Railway has got big stock lying Ahmedabad and Sabarmati Station Yard. My Association will be highly obliged to Agent if certain quantity could be loaned or sold. Kindly consult Agent wire urgent and immediately:—CHAMANLAL GIRDHARDAS PAREKH. 5-8-1928.

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From, The General Traffic Manager, B. B. & C. I. Ry., BOMBAY.

To, President, Millowners' Ahmedabad.

"On payment of Twenty two thousand rupees to Station Master, Ahmedabad the District Loco Superintendent will allow you to remove one thousand tons of Railway coal for distribution among all mills requiring it. Repeated to Station Master, Ahmedabad and District Loco Superintendent, Ahmedabad:—Babery."

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No. 1666.

MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 17th December 1927.

To

THE GENERAL TRAFFIC MANAGER,  
B. B. & C. I. Ry. Co.,  
BOMBAY.

Dear Sir,

I am to acknowledge with thanks the receipt of your letter No. R129/26/76, dated 10th December 1927, enclosing therewith a statement showing the present rates and the rates in force in 1914 from Bombay to Ahmedabad.

I note that some of the existing rates are a hundred per cent higher than the pre-war rates. The trade of Ahmedabad has increased nearly four times since the war and the increase in freight rates is much heavier than the increase in the Railway expenses. Trade conditions are getting more unsatisfactory and Railway freights on textile commodities should be reduced to the pre-war level. The present high rates are a serious impediment to the internal trade and commerce of the country and it is but imperative that these should be reduced in order to stimulate the trade demand along with increased Railway Traffic. I shall thank you if you will let me know your views on this subject to enable me to place them before my Committee.

Yours faithfully,

G. I. Patel.

Joint Honorary Secretary.

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MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 3rd January 1928.

To

The General Traffic Manager,  
B. B. & C. I. RAILWAY COMPANY,  
BOMBAY.

Dear Sir,

With reference to our letter No. 1666 of 17th December 1927, I am to draw your attention to the fact that the present rate of Railway freight for cotton consigned from Bombay to Ahmedabad is Re. 1-1-1 whereas it was Re. 0-8-0 in prewar. That is to say existing rate is more than double the prewar rate. Cotton Mills are in a position to obtain their supply of cotton to an increasing quantity from Southern India and Bombay and I should like to impress upon you the imperative necessity of reducing the present high rate to its former level with a view to increase the traffic in this commodity as well as the facilities of the Mills on this side of the country.

Though Bombay and Ahmedabad are practically at the same distance from Calcutta, the freight from Bombay to Calcutta is Re. 1-8-0 while it is abnormally high as Rs. 2-8-0 from Ahmedabad to Calcutta. Thus there is an immediate necessity of making these rates uniform for piecegoods sent from Bombay to Calcutta and for those from Ahmedabad to Calcutta. Ahmedabad Mills are placed under a very great disadvantage in the Calcutta markets owing to an anomaly of this character and I shall thank you if you will be good enough to take immediate action in this matter at this juncture when the cotton trade is suffering under adverse conditions.

The rates of freight for other items in the list forwarded to us by you on 10th December 1927, are still under our consideration and I hope to write to you hereafter about them, if necessary.

Having regard to the present difficult times when trade is in a very bad condition and when competition has grown so keen, a substantial freight on cotton and piecegoods is greatly needed in the interests of reduction in cotton trade and the Railway traffic. I trust you will give your immediate consideration to this matter with a view to reduce the rates as far as may be practicable from the current year.

Yours faithfully,

**G. I. Patel,**

Joint Honorary Secretary.

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MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 12th January 1928.

To

THE AGENT,  
B. B. & C. I. RAILWAY COMPANY,  
BOMBAY.

Dear Sir,

I am enclosing herewith for your information copies of our representation to the General Traffic Manager and his reply thereto on the subject of the reduction in Railway freight for cotton and piecegoods consigned from Ahmedabad to Bombay, Calcutta etc.

From the list of existing and prewar rates of freight for cotton and cotton manufactures supplied to us by the General Traffic Manager we have directed his attention to the fact that there was more than a hundred per cent. increase in freight on commodities like cotton which are consumed in considerably large quantities in different textile and other centres.

The high level of Railway freights during the present times of keen competition coupled with the depressed condition of the textile industry seriously retard the progress and expansion of the staple industry of this country. When the expenditure of the Railway Company has gone up

since the war by about 12 to 15 per cent. the abnormal increase of over a hundred per cent. in freights is such as cannot be justified. Your very careful consideration to this feature of our demand and particularly in regard to the important commodities of large consumption in Industries is therefore invited.

You will no doubt agree that the development and progress of the trade and industry of this country are impeded by heavy freights and if I request you and the General Traffic Manager to give effective consideration to our representation on this subject and to reduce the existing high rates of freight at least substantially, if it is not possible for you to put them down to the prewar level at this juncture I am not making any unfair demand.

I also invite your attention to the second para of my letter No. 6 of the 3rd instant (copy enclosed) addressed to the General Traffic Manager and trust that the rates for piecegoods etc. consigned from Ahmedabad to Calcutta would be made uniform with those charged from Bombay to Calcutta. Kindly send me an early reply to enable me to place this matter before my Committee for further consideration.

Yours faithfully,

G. I. Patel,

Joint Honorary Secretary,

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No. T/380

BOMBAY, 13th February 1928.

To

The Joint Honorary Secretary,  
AHMEDABAD MILLOWNERS' ASSOCIATION,  
AHMEDABAD.

Dear Sir,

**Rates for Piece-goods from Ahmedabad.**

With reference to your letter No. 67 of 12th January 1928, I beg to state that nearly 7 lakh maunds of cotton full pressed were booked from Bombay to Ahmedabad during the last six months at the existing classified rate of Rs. 1-1-1 per md. Since large quantities of imported (American) cotton are moving at the present rates from Bombay to Ahmedabad, it is evident that the rate is not acting as a deterrent. It may also be mentioned that Indian cotton from upcountry to Bombay for local consumption in Mills and for export is paying the classified rates.

2. As regards piece-goods traffic from Ahmedabad to Calcutta the ordinary tariff rate is Rs. 4-3-10 per md. against which we have a reduced rate of Rs. 2-9-1 per maund via Ujjain and Naini and via Agra East Bank. This reduced rate is the sum of the rebooking rates from

Ahmedabad to Bombay and Bombay to Calcutta. The low rate of Rs. 1-8-0 per maund from Bombay to Calcutta quoted by the G. I. P. Railway, is due to steamship competition. It may be mentioned that the G. I. P. Railway charge both cotton full-pressed and piece-goods at one pie per maund per mile, while our ordinary rate is 0.62 pie per maund per mile only.

3. While this Railway has every desire to foster traffic in cotton and cotton piece-goods, I regret, in view of the above my inability to agree to any reduction in the existing rates.

Yours faithfully,

Sd/-

for Agent, B. B. & C. I. Ry. Co.

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No. 403.

MILLOWNERS' ASSOCIATION.  
AHMEDABAD, 21st April 1928.

To

THE AGENT,

B. B. & C. I. Railway Company,

BOMBAY.

Dear Sir,

With reference to your letter of 13th February, 1928, I may be permitted to state that Ahmedabad Mills have been lately importing African and American cotton in larger quantities for the manufacture of finer qualities of cloth and the classified rate of Rs. 1-1-1 per maund from Bombay to Ahmedabad decidedly acts as a deterrent.

The spindles and looms of Ahmedabad Mills were one million and twenty-thousand respectively in 1914 and these have by the year 1926 increased by 50 per cent. that is to a million and a half and thirty-thousand, respectively. In the latter period the consumption of African and American cotton has been introduced progressively with a view to meet the growing keen competition in fancy sorts of cloth manufactures. It would be to the benefit of the Ahmedabad Mills as well as the Railway Company to so facilitate the traffic in cotton and piece-goods as would increase the consumption of African and American cotton in Ahmedabad Mills.

Since the growing use of the African and American cotton in the Ahmedabad Mills special sorts suitable for Calcutta Market are being increasingly manufactured by local Mills. The piece-goods traffic from Ahmedabad to Calcutta and from Bombay to Calcutta should be practically so fixed as regards the Railway freights that the Mills in Bombay and Ahmedabad would be induced to manufacture piece-goods for Calcutta in larger quantities and compete with Japanese and other stuffs in the Calcutta market.

During these rapidly progressive times of international transport, international competition and scientific methods and organisation it is but proper that facilities by way of reduction in competitive freights as compared with competitive Steamship rates, should be granted by the Indian Railways with a view to assist indigenous industries and to secure a greater volume of traffic from industrial organisations and business community.

I have accordingly to request you to reconsider your views in the light of these facts and to let me know your final decision to enable me to place before my Committee this matter for their consideration.

Yours faithfully,

**G. I. Patel.**

Joint Honorary Secretaries.

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No. T/380.

B. B. & C. I. Railway Co.,  
AGENT'S OFFICE,  
BOMBAY, 9th May 1928.

To  
Joint Honorary Secretary,  
THE AHMEDABAD MILLOWNERS' ASSOCIATION,  
Din Bag, Mirzapur Road, AHMEDABAD.

Dear Sir,

**Rate for African and American Cotton from Bombay  
to Ahmedabad and for Piece-goods from  
Ahmedabad to Calcutta.**

With reference to your letter No. 403, dated 21st April 1928, it is remarked that African and American cotton is being used in the Ahmedabad Mills for the manufacture of "finer qualities of cloth." By this it is inferred that African and American cotton is as valuable, if not more than, Indian cotton. The Railway freight rates, as is well known, are based on the value of goods and also on what the traffic can bear. Indian cotton is at present carried over this Railway both to Mill Centres and to Bombay and Karachi for export at the classified rates and it is considered that there are no special grounds why preferential rates should be quoted for African and American cotton booked from Bombay to Ahmedabad only. The fact that African and American cotton is being booked from Bombay to Ahmedabad in increasing quantities, at the present classified rate, is sufficient proof that the rate is not acting as a deterrent.

2. As regards the rate for piece-goods from Ahmedabad to Calcutta, the matter is under consideration.

Yours faithfully,

Sd/-

for Agent.

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R. 196/24.

B. B. & C. I. RAILWAY Co.,  
General Traffic Manager's Office,  
BOMBAY, 22nd October 1927.

To  
The Secretary,  
MILLOWNERS' ASSOCIATION,  
AHMEDABAD.

**Subject: Packing conditions for Indian made Piece-goods  
in boxes or cases.**

Dear Sir,

I enclose an extract from the Goods Tariff showing the packing conditions attached to Piece-goods carried by rail, and you will observe therefrom that there is no packing condition at present provided in the Goods Tariff for Indian made Piece-goods packed in boxes or cases. As consignments of cloth and hosiery, packed in cases, are being booked from Ahmedabad by the Fine Mills, it is proposed to impose the following packing conditions for Indian made Piece-goods when sent in boxes or cases i. e. the same conditions as apply to Imported piece-goods in boxes or cases.

- (1) Boxes or cases must not be covered with gunny and must either be tin lined or the contents must be covered with thick paper and waterproof pitch paper. A declaration that the packing is in accordance with these conditions must be entered on the Consignment Note by the consignor.
- (2) Each box or case must bear the name of the consignee and the station of destination in English or vernacular, in addition to the private marks required by Rule 18 of the General Classification of Goods, before it is despatched by rail.

I shall be glad to be favoured with your remarks on this proposal.

Yours faithfully,

Sd/-

Ag. General Traffic Manager.

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No. 1488.

MILLOWNERS' ASSOCIATION.

AHMEDABAD, 9th November 1927.

To

THE GENERAL TRAFFIC MANAGER,  
B. B. & C. I. Railway Company,  
BOMBAY.

**Subject: Packing condition for Indian made Piece-goods  
in boxes or cases.**

Dear Sir,

I am to acknowledge receipt of your letter No. R. 196/24, dated the 22nd October 1927, inviting our observations on the proposal to impose the two packing conditions, contained in your letter, for Indian made piece-goods when sent in boxes or cases.

In reply I am to say that the conditions which are applicable to imported piece-goods in boxes or cases should not be made applicable to Indian mill-made piece-goods which are sent to different districts by rail. It is difficult to pack the contents with tin lined cases or to cover them with waterproof pitch paper. Packing conditions which are considered necessary during the transport by ocean should in no case be made applicable to the consignments of cotton manufactures intended for transport by Rail-roads in this country. We have no objection to clause 2 of your letter.

Yours faithfully,

**G. I. Patel.**

Joint Honorary Secretary,

No. R196/24-1.

B. B. &amp; C. I. RAILWAY CO.

BOMBAY, 14th November 1927.

To

The Joint Honorary Secretary,  
THE AHMEDABAD MILLOWNERS' ASSOCIATION,  
Din Bag, Mirzapur Road, AHMEDABAD.

Dear Sir,

Your letter No. 1488/27 dated 9th November 1927.

Will you please let me know what inside packing condition you suggest for Indian made Piece-goods in boxes or cases.

There have been instances detected at Ahmedabad of cases containing cloth and hosiery, tendered by local Mills, the planks of which were broken and contents were visible.

Yours faithfully,

Sd/-

Ag: General Traffic Manager.

No. 1560.

MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 23rd November 1927.

To

THE GENERAL TRAFFIC MANAGER,  
B. B. & C. I. RY. CO.,  
BOMBAY.

**Subject: Packing conditions for Indian made Piece-goods  
in boxes or cases.**

Dear Sir,

With reference to your letter No. R 196/24-1, dated 14th November 1927, on the above subject, I am to say that boxes or cases containing piece-goods or hosiery should be packed in a manner as would not allow the contents to appear visible. The contents must be covered with thick packing paper or gunny before they are packed in boxes or cases.

Yours faithfully,  
**G. I. Patel,**  
Joint Honorary Secretary.

No. 1665.

MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 17th December 1927.

To

THE DISTRICT TRAFFIC SUPERINTENDENT,  
B. B. & C. I. RY. CO.  
BOMBAY.

Dear Sir,

Serious complaints have been received by me from the Maskati Cloth Market Association as well as the members of my Association to the effect that the bales of piece-goods and yarns are damaged by rains particularly on account of booking yards remaining unprotected on the sides at Ahmedabad during the monsoon. Even though the bales are placed under the sheds the showers of rain damage them. I should like to request you to protect the open sides of these sheds by special water-proof canvass rolls which may remain unfolded in the monsoon season.

Yours faithfully,  
**G. I. Patel,**  
Joint Honorary Secretary.

No. C. 256/26.

B. B. &amp; C. I. Ry. Co.

AHMEDABAD, 13th January 1928.

To

The Joint Honorary Secretary,  
THE AHMEDABAD MILLOWNERS' ASSOCIATION,  
Din Bag, Mirzapur Road, AHMEDABAD.

Dear Sir,

Your letter No. 1665 of 17-12-1927.

It is not usual to provide protection as suggested by you, nor do I consider it necessary. In my opinion the damage to piece-goods consignments in the monsoons occurs during transit from the mill to the Goods Yard and the obvious remedy would be the provision of waterproof packing by the owners.

Yours faithfully,

W. R. Morley,

District Traffic Superintendent.

No. 108.

MILLOWNERS' ASSOCIATION,

AHMEDABAD, 20th January 1921.

To

THE DISTRICT TRAFFIC SUPERINTENDENT,  
B. B. & C. I. Railway Company,  
AHMEDABAD

Dear Sir,

With reference to your letter No. 256/26, dated the 13th instant, I regret to note that the point at issue has not been taken into proper consideration as mentioned in my letter of December 17th. The sheds in the Booking Yards remaining open on the sides in the monsoon would certainly damage the bales lying on all the sides. Even the best of consignments are in these circumstances in danger of being affected by side rains under such sheds. I shall, therefore, thank you if you will take necessary precautions to put up folding screens for the rainy season only so that no such contingency of the consignments being damaged may arise. Ahmedabad is a great industrial centre and consignments worth millions are sent from this Station. The Railway Company in view of such a large traffic should not grudge a small expense of screens to protect consignments in the monsoon.

Mills have been asked to be careful in sending their consignments to the Goods Yard so that no damage may occur during transit; however, any consignments under the Goods Shed unprotected from the sides are liable to be damaged by rains and I trust you will see your way to move in this matter and to do the needful.

Yours faithfully,

G. I. Patel,

Joint Honorary Secretary.

No. EC. 99-21/

THE DISTRICT TRAFFIC SUPERINTENDENT'S OFFICE,  
AHMEDABAD, Dated, 8th August 1927.

To  
The Secretary,  
THE MILLOWNERS' ASSOCIATION,  
Mirzapur Road, AHMEDABAD.

Dear Sir,

With reference to the following extract from letter dated 32-7-1927 from Messrs. Dalsukhram M. Dave & Sons, Carting Contractors, Ahmedabad City Booking Office, Ahmedabad, will you kindly let me have your views.

Yours faithfully,  
W. R. Morley,

District Traffic Superintendent.

We have been asked by several merchants of Ahmedabad, particularly senders of small consignments who find themselves rudely harassed by the Marfatias at the station, if a Branch in the heart of the city for booking of goods traffic of specific size and of specific weight and of specific commodities or descriptions of goods in a fixed quantity is possible for this city or whether you will be so good as to mind giving the Public the facility similar to that given for parcel and passenger traffic in the city which is highly appreciated by the Public.

We are also assured that if such a facility is provided it will be most convenient for a certain class of goods booking and a good many traders will take advantage of it.

We believe by the said facility the Railway has to lose nothing but in the long run it may gain much.

The suggestion seems to us worthy of putting before you for your consideration.

No. 1145.

MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 10th September 1927.

To  
THE DISTRICT TRAFFIC SUPERINTENDENT,  
B. B. & C. I. Ry. Co.,  
AHMEDABAD.

Dear Sir,

With reference to your letter No. EC99/21, dated the 8th August 1927, I am to inform you that we see no objection if the Railway Company opens a branch in the heart of the city for the booking of goods traffic of specific size and weight, provided the charges fixed are moderate and reasonable.

Yours faithfully,  
G. I. Patel.  
Joint Honorary Secretary.

INDIAN INSURANCE COMPANIES' DELEGATION,  
BOMBAY, 7th September, 1927.

To

The Secretary,  
MILLOWNERS' ASSOCIATION,  
AHMEDABAD.

Dear Sir,

We have the pleasure to inform you that the Indian Insurance Companies in the city of Bombay transacting Fire, Marine and other classes of business have formed into a Delegation since February last. This has been done with a view to approach all the Associations in India representing Indian trade and industry so that the Indian Insurance Companies may get a legitimate share of the Indian Insurance business.

Your Association represents one of the leading industries in India. We much appreciate the support that your members have given us so far, but we feel that an important Indian industry like yours is in a position to render to the Indian Insurance Companies a much larger support.

We may here mention that all the important trade Associations from the Indian Merchants' Chamber downwards in the city of Bombay have been good enough to receive a deputation of our Committee and have assured us every support. We request that your Committee would be so good as to give us an appointment to receive a deputation of our Committee for the placing of the case of the Indian Insurance Companies for full support from the members of your Association.

Trusting that your Committee will be pleased to comply with our request.

Thanking you in anticipation.

Yours faithfully,  
**K. S. Ramchandra Iyer,**  
Secretary.

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No. 1252/27.

MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 24th September 1927.

To

The Secretary,

INDIAN INSURANCE COMPANIES' DELEGATION,  
Ewart House, Tamarind Street,  
BOMBAY.

Dear Sir,

With reference to your letter of the 15th instant I am to inform you that my Committee will be glad to meet the members of your Committee on Saturday the 1st October 1927 at 3 o'clock in our Association Rooms. Please reply.

Yours faithfully,

**G. I. Patel,**

Joint Honorary Secretary.

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 INDIAN INSURANCE COMPANIES' DELEGATION,  
BOMBAY, 12th October, 1927.

To

The Secretary,

MILLOWNERS' ASSOCIATION,  
Din Bag, Mirzapur Road,  
AHMEDABAD.

Dear Sir,

I beg to send herewith for your information copy of the Minutes of the meeting held on the 1st instant at your office between your Committee and the Committee of the Indian Insurance Companies' Delegation.

Yours faithfully,

**K. S. Ramchandra Iyer,**  
Secretary.

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 MINUTES

The Committee of the Indian Insurance Companies' Delegation met the Committee of the Ahmedabad Millowners' Association at 3 p. m. on Saturday the 1st October 1927 at the Office of the Ahmedabad Millowners' Association. The following members representing the Delegation were present:

MR. R. J. DUFF,	"New India"
„ J. C. SETALVAD,	"Vulcan"
„ KANCHANAL VARAJDAS	"Universal"
„ K. S. R. IVER	"Jupiter"

Mr. Duff placed the case of the Indian Insurance Companies before the Ahmedabad millowners and in doing so he thanked them first for

the encouragement shown by the millowners of Ahmedabad as a whole towards the Indian Insurance Companies. It was also mentioned to the millowners that various countries throughout the world have developed their own Insurance Companies and that Government have passed favourable legislations. It was pointed out that Switzerland, France, Brazil, Argentine, Turkey and Spain and Japan as also the United States of America have built up their own Companies and that all their people have been wholeheartedly supporting them. A specific mention was made how Insurance Companies in Japan numbering about 50 have during the last few years been able to get to Japanese Insurance Companies practically the whole of the Insurance business in Japan.

Quoting extracts from the "Review" a leading British Insurance Paper, Mr. Duff pointed out that the Indian Insurance Companies as a group are remarkably well equipped with capital and that they have a capital which of itself can command respect and that the present capital was quite sufficient as a nucleus for the building up of very big business.

In conclusion he appealed to the Ahmedabad millowners to support the Indian Insurance Companies as far as possible. There was a general discussion and the Vice-Chairman of the Millowners' Association pointed out that it was possible that some difficulties would be felt in certain cases in dealing with Indian Insurance Companies. He specifically mentioned that inasmuch as the Bombay Fire Insurance Association is controlled by non-Indian Insurance Companies it was likely that when a Mill insured with an Indian Insurance Company is visited for inspection purposes by the Inspector of the Association there would be room for pin-pricks. The Delegation assured the millowners that so far as they knew nothing had happened but that if the millowners fear that such things would be possible that only shows that Indian Insurance Companies should be more and more supported by their own people and that when once this is done, these small inconveniences will disappear.

The Chairman in conclusion assured the Delegation that the millowners had every sympathy with the Indian Insurance Companies and that they would do everything in their power to support Indian Insurance Companies.

After thanking the millowners once again for the patient manner in which they listened to the Indian Insurance Companies' Delegation, the Delegation withdrew.

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MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 15th November 1927.

**Circular. No. 82.**

A Delegation of the Indian Insurance Cos. met the Committee of the Association on 1st October 1927, when Mr. Duff the spokesman of the Delegation put before our Committee definite facts and figures showing the importance of placing insurance business with the Indian Companies from a national point of view. Instances of Sweden, France, Germany and other countries of the world, were cited with necessary statistics emphasising the fact of retaining a large portion of the capital invested in Insurance Companies along with their annual premium in one's own country. It has been estimated that about ten crores of rupees which form the annual premium by way of Insurance in India could be retained in India in case the Indian people would realise their responsibility towards their own institutions. The Indian Merchants' Chamber, Bombay, the Indian Chamber of Commerce, Calcutta, and such other bodies have recommended their members to place their insurance with Indian Companies as far as possible. The Committee of our Association would also recommend the members to see their way to place their insurances with Indian Insurance Companies to a far greater extent than has been done so far.

Sd/- **Goverdhan I. Patel,**  
,, **Shantilal M. Shah,**  
Jt. Hon. Secretaries.

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No. 807.

INDIAN INSURANCE COMPANIES DELEGATION,  
BOMBAY, 17th November 1927.

To

The Secretary,  
THE AHMEDABAD MILLOWNERS' ASSOCIATION,  
Din Bag, Mirzapur Road,  
AHMEDABAD.

Dear Sir,

We are much obliged for your letter of the 16th instant sending therewith Circular No. 82 issued to your members impressing upon them the necessity of placing Insurance business with Indian Insurance Companies.

Our Committee much appreciate this action on the part of your Association and we only hope that this will have its desired effect.

Please convey our thanks to your Committee once again for their prompt action.

Yours faithfully,  
**K. S. Ramchandra Iyer,**  
Secretary.

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No. 7815/27.  
25, Wode House Road,  
BOMBAY, 2nd August 1927.

To  
The Secretary,  
MILLOWNERS' ASSOCIATION,  
AHMEDABAD.

Sir,

I am directed to invite the attention of the Committee of your Association to the present position in regard to the Cotton Transport Act in Surat. As you are aware notification No. 535-A, dated 18th August 1923, applying the Act to part of Gujarat notified for protection three zones, viz: the Surat zone, South Surat zone and the Olpad-Ankleshwar zone and prohibited the transport of cotton, kapas or cotton seed between these three zones except under license. As you are aware continual difficulties were met with in the administration of the Act and there was constant agitation for the removal of the restrictions on transport by road. The policy of the Agricultural Department is to extend one variety of cotton throughout the area south of the Narbada so that eventually all these three zones would grow one variety of cotton. At the time the Act was put into force this had been largely accomplished in the South Surat zone, to a very great extent in the Surat zone and to a less extent in the Olpad-Ankleshwar zone which lies north of the Tapti. Subsequently great success was met with in the introduction of the Surat 1027 variety (known to the trade as Surat 'Farm' cotton) in Ankleshwar and, as you are aware, Ankleshwar is now recognised by the East India Cotton Association as a cotton which may be tendered against Surat standards. There remained an area between the Ankleshwar Taluka of the Broach District and the Tapti viz. the Olpad area, in which the Sonsek group of Co-operative Societies were actively distributing an inferior cotton which originally had been Surat 1 A (a variety subsequently discarded by the Agricultural Department) but now hopelessly impure, mixed with Goghari, and generally inferior. After a long discussion in my Committee at which the Registrar of Co-operative Societies was present, it was decided that the policy to be followed should be the maintenance of one pure variety throughout the whole of the tract south of the Narbada and that that variety should be Surat 1027. The Co-operative Societies agreed to this policy and, in consideration of the undertakings which they gave, the Government of Bombay, by Notification No. 3798, dated the 12th of August 1926, relaxed the provisions of the Cotton Transport Act and permitted transport by road between the zones. The Notification, however, contained the following proviso:—

“ Provided that in the event of the cultivators being found to grow cotton of inferior quality hereafter in any of the said areas this notification will be cancelled. ”

My Committee regret to find that not only has growing of inferior cotton in Olpad been continued but that the Sonsek Societies have continued actively to distribute the inferior seed. It was found that the cotton being marketed by the Sonsek Societies at Surat was worse than ever and the investigations made by the Director of Agriculture showed that the seed of 1027, with which they had been supplied for distribution to members in accordance with the agreement, had been used for feeding cattle and even sold to merchants. My Committee has been supplied with a written statement signed by four members of the Sonsek Cotton Sale Society, stating that although 25 galls of 1927 cotton seed were obtained from the Agricultural Department none was distributed to them for sowing. We have also received other signed statement showing that the seed was in many cases sold for cattle food and we have signed a statement by a merchant who purchased about one-fifth of the total quantity of seed from the Society for ordinary trade purposes. The Director of Agriculture has taken the matter up with the Government of Bombay and with the Registrar of Co-operative Societies. My Committee have informed the Government of Bombay that as the conditions attached to the notification withdrawing the restrictions on road transport of cotton, kapas and seed between the three zones have not been fulfilled these restrictions should be re-imposed since inferior cotton is not only being grown but actively pushed in Olpad.

My Committee desire me to place these facts before your Association and in particular to invite attention to the fact that the principal reason why the Sonsek Co-operative Cotton Sale Societies have been able to continue the growth of this inferior variety is that they have sold their cotton under the description of Surat "Farm" cotton which it is not. My Committee have seen samples of this year's produce from seed distributed by these Societies and found them markedly inferior and impure being a mixture of Surat 1A and Goghari. This mixture has a high ginning percentage and if it can be sold under a mis-description as Surat 'Farm' cotton, it would obviously be profitable to the grower for the time being. The inevitable result of course would be that the reputation of Surat 'Farm' cotton would be destroyed, and then all growers of the Surat District would suffer.

The Technological Laboratory spinning reports ( Bulletin No. 7 ) of which you have received copies show the capabilities of genuine Surat 1027 cotton during three seasons and each season a type bale of authentic cotton is supplied to the East India Cotton Association in order that buyers may be able to obtain samples for comparison with any cotton offered to them as 'Farm' Surat. Members of your Association would be assisting the Agricultural Department and the growers of genuine Surat 1027 if they would refuse to accept as 'Farm' Surat cotton which is of inferior quality.

I have the honour etc.

Sd/-

Secretary,

Indian Central Cotton Committee.

No. 1142.

MILLOWNERS' ASSOCIATION,  
AHMEDABAD, 10th Sept. 1928.

To  
The Secretary,  
INDIAN CENTRAL COTTON COMMITTEE,  
BOMBAY.

Dear Sir,

With reference to your letter No. 7815, dated the 2nd August, 1927, I am to inform you that my Committee is strongly of opinion that there should be the maintenance of one pure variety throughout the whole of the tract south of the Narbada and the restriction should in no way be allowed to be relaxed in the interests of the agriculturists, as well as the industries. The information conveyed in your letter has been circulated to the members of my Association for their guidance.

Yours faithfully,

**G. I. Patel.**

Joint Honorary Secretary.

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THE AHMEDABAD MILLOWNERS' ASSOCIATION,  
Din Bag, Mirzapur Road,  
AHMEDABAD, 21st July 1927.

**Circular No. 41.**

The following copy of the letter from the Chief Inspector of Factories, Bombay Presidency, Bombay, is circulated for the information of members who are requested to note the recommendations embodied therein.

**Goverdhan I. Patel,**

**Shantilal M. Shah.**

Joint Honorary Secretaries.

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No. 1965.

BOMBAY, 28th June 1927.

To  
The Secretary,  
MILLOWNERS' ASSOCIATION, AHMEDABAD.  
Sir,

I have the honour to state that the question of the provision of automatic locking motions on card cylinder doors has been taken up with the Committee of the Millowners' Association, Bombay.

They have agreed to recommend to the members of their Association that all newly erected cards should be provided with the above protection and that old cards should be so provided when the financial position of the industry improves.

I shall be pleased if you will inform me whether your Committee will recommend the same course to your members.

I have the honour etc.

**T. W. Johnstone.**

Chief Inspector of Factories.

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No. F. I. 8472 of 1927.  
BOMBAY, 19th September 1927.

To  
The Secretary,  
MILLOWNERS' ASSOCIATION,  
AHMEDABAD.

**Subject:-Ventilation and Humidification in Cotton Mills.**

Sir,

I have the honour to state that the question of ventilation and humidification standards in cotton mills has been under consideration for a number of years. The Government of India appointed an Adviser on these problems in 1921. His report "Humidification in Indian Cotton Mills" is doubtless available for reference.

2. His recommendations included the fixing of an ultimate standard of atmospheric conditions based on cooling power as measured by the wet kata thermometer in all departments of mills in which cotton is manufactured and in the interim a measure of advance should be made by the control of humidification. It was also proposed that powers be given to the Inspector of Factories to order the white-washing or spraying of the roofs of factories.

It was felt that a further period of experimental enquiry before the adoption of a kata standard was necessary, but a standard of humidification and the provision of hygrometers were adopted by the Local Government by Rules 20 A to 20 J framed under the Act and published in the Government Gazette dated 24th March 1927.

3. In this connection the Chief Inspector of Factories requested all mills to forward to the Inspectors copies of the wet and dry bulb temperatures recorded from April to August. These have been analysed and the result communicated to you by the Chief Inspector of Factories in his No. 2536 dated 12th August 1927. It will be seen that the Schedule has been exceeded to a great extent in the Ahmedabad weaving mills but the mills show individual variations that are very striking. Thus one mill exceeded the Schedule on only 1.5% of the readings from April to June, a second on 5.2% whereas two others exceeded the standard on 100% of the occasions and a third on 99%. In the first two mills a fair measure of ventilation is provided whereas in the others humidity is simply pumped into the weaving sheds which are not provided with adequate ventilation and no measures are taken to reduce temperatures. The results obtained prove that if suitable measures are adopted it is not impossible to work to the Schedule. In Sholapur, for example, where the climate is very similar to Ahmedabad, the mills have for all practical purposes, observed the Schedule.

4. With respect to the proposed kata standard of 11 considerable amount of experimental work has been instituted in different mills either on their own initiative or at the request of the Factory Department. The Chief Inspector of Factories in his No. 2372 dated 3rd August 1927 forwarded an analysis of the results which he has recently discussed with your Managing Committee. The kata thermometer measures the combined cooling effect on the body of temperature, humidity and air movement. A reduction in temperature or humidity and increase in

air movement either separately or combined, result in improved atmospheric working conditions.

As regards temperature reduction, attention is invited to the results recorded in the mill in Sholapur where efficient roof spraying has been adopted. The hot weather temperature in Sholapur does not greatly differ from Ahmedabad. They entirely confirm the opinions and results recorded by the adviser on Humidification with respect to the efficacy of roof spraying. His experience that weavers objected to the roof sprays being turned off for observation purposes in the hot weather has been confirmed by the recent experience of the Inspector at Ahmedabad.

If temperatures are reduced in weaving sheds mills will not have so much difficulty in maintaining the relative humidity they consider essential and there will be less likelihood of the humidity Schedule being infringed.

The possibilities of improvement by means of increasing air movement have been explored and the conclusions reached are as follows:—Paddles on shafts offer limited scope for increasing air movement. Heald roller flaps on looms are often objected to by the workers themselves. Small Pankhas attached to looms are a cheap and effective method of increasing air movement but they suffer from the disadvantage, if driven from the loom of stopping when the loom stops; also, owing to the small size of the Pankhas the volume of air moved is small so that the improvement in the kata reading is confined to a limited space. A large number of weavers appreciate them but others object to the direct draft caused, especially shortly after attacks of fever. It would be almost impossible to base a legal kata standard on these methods alone, but they do offer a cheap and easy way in a large number of instances of overcoming the ill effects of high humidity and temperature. The method of increasing air movement by electric fans in weaving sheds is, from many points of view, an *excellent arrangement*, but their cost is heavy and is comparable to what must be considered the ideal way viz, the provision of a frequent change of cooled and humidified air which not only produces the requisite air movement but also reduces the temperature of the department.

5. Paragraph 4 deals with the problem of obtaining a kata standard based on air movement in hot departments. If, however, the air is frequently changed by the introduction of outside air cooled down by the evaporation of water to approximately the outside wet bulb temperature. It is obvious that relatively less air movement will be required owing to the reduction in internal temperature consequent on the adoption of this ventilating system. Ahmedabad with its relatively high dry bulb temperature and its low wet bulb temperature is particularly suited to this cooling method which has been in force for a number of years in the Empress Mills in Nagpur and in a number of sheds in Ahmedabad where gutter systems, somewhat inefficiently designed have been in operation. The Chief Inspector has forwarded a number of kata observations recorded in Sholapur and Ahmedabad mills which have installed efficient ventilating and cooling plants. Even in the hot weather, a high wet kata reading and a low temperature are possible in these circumstances. Particular attention is also directed to the results obtained in the Ahmedabad mills which

adopted a well designed gutter system. The marked improvement in the kata reading and the gain in production clearly prove that the cost of providing gutters in weaving sheds with efficient fans and cooling chambers will be soon recouped by the increased production.

6. To sum up therefore it is considered.

- (a) that in Ahmedabad a wet kata cooling standard of 11 or even a somewhat lower standard could not be prescribed in weaving sheds without the provision of expensive cooling and ventilating plants or by the provision of electric fans on a large scale, but that a considerable improvement in the kata cooling powers in existing sheds could be comparatively cheaply effected by a modification of existing gutter systems and by the provision in others.
- (b) that it is impracticable, if not impossible, except by the provision of costly electric fans, to prescribe a kata standard based on air movement alone, although simple devices enable very effective improvements to be made in a large number of instances;
- (c) that the provision of electric fans is ordinarily less desirable than improvements in the ventilation and cooling arrangements in weaving sheds;
- (d) that if a kata standard is not adopted by Government, the *regulation of humidity by humidity standard should be continued*, while powers should be granted to an Inspector, subject to appeal to order measures for temperature reduction, particularly roof spraying after the outside shade temperature exceeds a definite temperature to be fixed by the Local Government.

Under (d) it is felt that the right of appeal from an Inspector's order together with the strength of employers organisation will prove a sufficient safeguard to mills. In this connection, the English Regulations definitely prohibit all humidification after a wet bulb temperature of 75° is reached and after wet bulb temperatures corresponding to dry bulb temperatures to a far more rigid Schedule than that at present in force. Provision has also been made amongst others for regulations regarding the size of steam pipes, their lagging and the pressure of steam to be used, while, in addition, all roofs have to be externally white-washed and windows internally whitewashed each year and the ventilation must be such that the internal carbon-di-oxide does not exceed a definite amount.

7. The Government of India require the considered views of the Local Government at an early date and I shall be pleased if you will forward to me as early as possible the considered views of your Association both on the present humidity Schedule and on the proposed kata standard and also whether your Association will support in the event of a kata standard not being adopted the proposal outlined in paragraph 6 (d) of this letter. I need hardly add that the views of your Association will be transmitted to Government with my report.

I have the honour etc.

**G. A. Thomas,**  
Collector of Bombay.

To

THE COLLECTOR OF BOMBAY,  
BOMBAY.

**Subject:—Ventilation and Humidification in Cotton Mills.**

Sir,

With reference to your letter No. F. I./8472 of 1927, dated 19th September 1927, the Committee of my Association has the honour to state as under:—

1. The question of ventilation and humidification in cotton mills has not yet passed through a period of necessary experimentation in India and according to the information available on the subject in no country in the World except England and a solitary state in America legislation in that behalf has been undertaken. That any legislation on this question is much in advance of the times and greatly premature in India will be seen from the following extracts from the paper read by Mr. F. Scarisbrick (The Cotton Spinners and Manufacturers Association) originally prepared for the Vienna Congress, and printed on page 108 of the International Cotton Bulletin No. 9 of September 1924.

- (a). So far as I know England is the only country, with the exception of one State in America, which has legislation dealing with the ventilation and humidification of weaving sheds, yet every country in the world where cotton cloth is woven use some method of adding moisture to the atmosphere of them. With our present state of knowledge it would be committing competitive suicide for any one nation to give up artificial humidification of its weaving or spinning mills. In my opinion its foreign trade would soon be captured by other nations where artificial humidification was permitted.
- (b) Having dealt very briefly with the changes that have taken place in factory legislation in England and the changed opinions of scientific men on the effects of Carbon Dioxide and wet bulb temperatures I propose to compare the English legislation and opinions with proposed legislation in India. My reason for selecting India is that I know no other country which has published sufficient details on this subject to enable me to make a comparison.
- (c) India with its high (out-of-doors) wet bulb temperatures and its acclimatized natives, cannot fix a wet bulb limit under the maximum out-door wet bulb temperature; in fact, it will have to be higher inside than outside if it is to be a practical working arrangement.
- (d) Habit becomes second nature for the inhabitants of the Arctic Circle and the Tropics live and enjoy themselves under totally different atmospheric conditions. Given time, suitable clothing and proper diet, the human body has an almost miraculous power of adapting itself to altered environments and when once acclimatized I very much doubt as to whether there is any injury to health owing to continued working under them.

However, this Association would not object to any reasonable measures of experiments in cotton mills with a view to arrive at a fixed workable standard of humidification and ventilation suitable to the conditions obtained in different centres of India and particularly in Ahmedabad.

2. In regard to the suggestions embodied in para 6 of your letter my Committee has to state the following views:—

- (a) It is not possible to arrive at a wet kata cooling power of 11 in Ahmedabad. The velocity of the air to be maintained in the departments would be so great as would prove injurious to the Health of the workers. There are periods in which the natural outside atmosphere is so closed that with the recent installation of one of the most modern plants called the Carriers in a mill in Ahmedabad it has not been possible to reach even wet Kata reading of 8.9. By the adoption of the suggestion of providing extensive cooling and ventilating facilities by the costly installation of electric fans on a large scale the velocity created in the department to reach the cooling power of 11 wet Kata would prove injurious to the health of the operatives and to the working as well. The installation of the simple devices as heald-roller-flaps etc. have been experimented upon on a very extensive scale by the Fatigue Research Board of England who opine that they interfere with the work of the weavers and fail to prove a positive appliance.
- (b) The schedule adopted by the Local Government by Rules 20 A and 20 J published in the Government Gazette, dated 24th March 1927, is unsuitable to the working conditions in the natural atmosphere of Ahmedabad, and my Committee would request you to take into consideration our protest contained in our letter dated 15th June 1926 to the Chief Inspector of Factories. My Committee would request you to move the Government to substitute the schedule mentioned in the Rules by the schedule proposed by us in our letter of 26th June 1926 (copy enclosed), by way of an experiment.

On the grounds mentioned above the Association is not in favour of adopting the proposed Kata cooling standard.

3. Regarding para 6 (b) my Committee, in spite of the opinion of the Fatigue Research Board of England, noted above, would not object to experiments being made in certain mills with simple devices which would enable effective improvements to be made in the matter of ventilation and humidification.

4. As regards para 6 (c) my Committee thinks that the provision of electric fans is ordinarily less desirable than improvements in the ventilation and cooling arrangements in weaving sheds.

5. As regards para 6 (d) we have already stated that the present humidity schedule is not workable in atmospheric conditions like that of Ahmedabad. In support of this the analysis of hygrometric readings of Ahmedabad mills for the months April to July 1927 as prepared by the Inspector of Factories, may be carefully analysed. Out of 58 mills which submitted 28669 readings so many as 19766 i. e. 68.9 per cent. were beyond the limits prescribed by the schedule in spite of earnest endeavours put forward by them to observe the schedule. This obviously establishes the necessity of adopting an easier schedule for Ahmedabad climate. For roof spraying the Association would accept the recommendations of Mr. Maloney embodied in para 8, Page 86 of his Report on Humidification in Indian Cotton Mills.

With regard to the appeal from an Inspector's order the Association proposes the appointment of a Committee consisting of the Factory Inspector, a nominee of Government, and two representatives of the Millowners' Association to dispose of such appeals.

I have the honour etc.

Sd/ G. I. Patel.

Honorary Secretary.

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#### EXTRACTS FROM THE REPORT OF THE INTERNATIONAL FEDERATION OF TEXTILE WORKERS.

The Delegation of International Federation of Textile Workers, which under the leadership of the Rt. Hon'ble Tom Shaw M. P. visited the Cotton Mills of this country in December 1926; published their report subsequently. Mr. Shaw's general impression of working in Indian Cotton Mills is summarised in the following extracts of his report:—

“ Taking the factories from the point of view of height of the rooms, space and ventilation, they are at least *equal to the factories of Europe*. The machinery is, with very few exceptions, of the latest and most upto-date type, and whilst there was abundant evidence that—taken generally—European conditions were not being reached, we saw many concerns, where in every respect, the *conditions were fully equal to the best European mills*. The classes of goods made, too, were a revelation. I venture to say that none of the delegates thought that technical development had gone so far as it has done in India. Many of the manufacturing processes were fully equal to European standards, and, in some cases, the variety of yarns spun and cloths woven, dyed and finished showed a range and variety which is probably not equalled by any individual European concern.”

\* \* \* \*

“I have already referred to the fact that in many cases the employers themselves are doing more to educate the people and to deal with the evil conditions than the authorities, whose work i ought to be. I now desire to enlarge on what I said about the housing of the people. Wherever the great employers of labour, either companies or individuals, have built houses in connection with their firms, there appears to have been a laudable attempt to give greater cleanliness, more air space, and better conditions than are found outside...I am quite satisfied that the worker who is working for the large firms of which I have spoken is generally better housed, better treated, and lives under more hygienic circumstances than the countless millions of workers who have to rent their chawls or bustees from private individuals, work generally for less wages, and without the amenities of which I have just spoken.”

\* \* \* \*

“It is precisely the great employers of labour in the textile trade who appear to be doing more for the education of the masses than either national or local governments. Over and over again, in the huge concerns that we saw in different parts of India, we noticed in the mill grounds, or compounds, schools that were being maintained by the employers for the purpose of giving instruction, first to the yong persons—boys and girls who were employed in the mills, and secondly in many cases, to the younger children of the workpeople employed. The same thing applied to the provisions of sickness benefit and medical treatment. Over and over again we found that there seemed to be absolutely no provision—or very meagre provision indeed—made by the authorities, but, judged by Indian standards, a remarkably good provision made by the employers.”

Messrs. Hindle and Brothers, two members of the Delegation, in a separate report, say :—

“Taken as a whole, the mills in India compare favourably as regards building construction, modern machinery, and uptodate labour saving devices with the mills in Lancashire.”

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THE AHMEDABAD MILLOWNERS' ASSOCIATION.  
AHMEDABAD, 17th August 1927.

CIRCULAR No. 59.

The following copy of the resolution of the Managing Committee of this Association held on 17th August 1927 is circulated for the information of members.

**Goverdhan I. Patel,**  
**Shantilal M. Shah.**  
Joint Honorary Secretaries.

"Members are recommended to not to cut the wages of the operatives for Tuesday and Wednesday the 26th and 27th July as a special case on account of the heavy and unprecedented rains which came in the way of working of the mills."

Circular No. 60.

It being desirable to assist the workmen in the rebuilding and repair of their houses with loans which may be advanced with adequate securities the Managing Committee at their meeting held on 17th August 1927 have adopted the following resolution:—

"The Association strongly recommends the members to assist their workmen with loans without interest for the rebuilding and repair of their houses damaged by the recent heavy rains."

**Goverdhan I. Patel.**  
**Shantilal M. Shah.**  
Joint Honorary Secretaries.

ધી અમદાવાદ મીલઓનર્સ એસોસીએશન.

નોટીસ.

ધી અમદાવાદ મીલ ઓનર્સ એસોસીએશનની કમીટી તરફથી આજ રોજ એવો ઠરાવ કરવામાં આવેલો છે કે, ગયા માસના ભારે વરસાદને કારણે પોતાની રહેવાની ઓરડીઓ પડી જવાથી જે મજુરો ખીલઓની સાથે હાલ રહેતા હોય તેમને એસોસીએશન તરફથી રહેવાની સગવડ કરી આપવાની તજવીજ કરવી. આવી અડચણવાળા મજુરોએ નીચેની વિગત પ્રમાણે મજુર પોતે કામ કરતા હોય તે મીલના અધિકારીને ખબર આપવી.

૧. પોતાનું નામ.
૨. પડી ગયેલી ઓરડીનું ઠેકાણું તથા વિગત.
૩. હાલ પોતે ક્યાં રહે છે, તથા રહેવાની જગ્યામાં કુલ કેટલા માણસોની સંખ્યા છે.

અમદાવાદ,  
તા. ૨૭ મી ઓગસ્ટ ૧૯૨૭.

ગોવર્ધન ઇ. પટેલ.  
શાન્તિલાલ મં. શાહ.  
ઓનરરી સેક્રેટરીઝ.

**The attitude of Japan in regard to the increase in the duty on yarn imported into India.**—A very admirable article appeared in the *Japan Chronicle* of 27th January 1927 giving a very convincing reply to the hue and cry raised in Japan in connection with the increase in the duty on cotton yarn imported into this country. The article states the case of the cotton mill industry of this country so effectively that it has been deemed advisable to reproduce it below in full:—

“I have carefully perused “Spinner’s” protests, the reproduction of the *Nichi-Nichi’s* article under the heading “Disturber of Commercial Peace,” other articles and leaders appearing since the 14th instant in the *Mainichi* and the *Japan Times* and am not at all surprised at the hue and cry raised in connection with the Indian duty. It is a common practice in Japan, newspapers contributing not a little to it, to create a sort of hubbub whenever any rise in import duty is declared in either India or China. Such a hubbub is getting clearly indicative of Japan’s efforts at asserting her “right of exploitation” in these countries on the strength of the fact that the former is under alien rule whereas the latter is under the burden of the Treaty right of the powers. Perhaps it is also indicative that Japan alone has a right to manipulate her tariffs to her advantage and that India has lost her right to safeguard her industries by any protective tariffs. This action on the part of Japan seems as if it was a venture at interference with the legislation of India, and the fact that for years Indian industry had practically no voice, as it was shelved for the sake of Lancashire interests, has enabled Japan to slip in and enjoy some share in the Indian textile trade, so that now Japan is emboldened to step a little further and dispute India’s propriety in legislation. Had India been a self-governing country she would have, in such circumstances, replied to Japan.”

“Mind your own business. If you know how to protect your industries we know how to protect ours.”

Japan’s most forceful argument, as is advanced by the spinners and the papers, centres round the fact that out of India’s cotton crop of six million bales Japan buys nearly one-third every year whereas compared with this India’s purchase of Japanese textiles is negligible. We have never seen a similar argument advanced by Japan that because America buys nearly 80 per cent. of her silk, the chief staple of export, imports from America should be released from the fetters of duties. On the contrary there are high duties on American stuffs such as papers, leather, coal-tar dyes, cotton and silk tissues, iron ingots, bars, wires, pipes, nails, plates and sheets, pig-iron etc., and the duties on some are still on the increase. International buying and selling, as is commonly carried on from ancient times, is not obligatory to either buyers or sellers. It is the necessity of nations that makes them carry on international trade. No country buys anything that it does not need earnestly, and Japan should also know once for all—and in fact she

knows it—that she does not oblige India in the least by her huge purchases of cotton. It is the Indian and American cotton that helps her to carry on her industries which give maintenance to hundreds of thousands of her populace. If Japan gets her supply of cotton from any other country cheaper than from India, she will not be so altruistic as to continue her purchases from India nevertheless. For the last two years American cotton is cheaper than before, and as Indian staple is comparatively dearer, Japan bought less Indian and filled the gap by so much more of American as will be seen below:—

Year.	Indian.	American.	Chinese	Egyptian	Total.
September 1924 to August 1925...	2801346	878954	585595	41852	2587747
September 1925 to August 1926...	1940364	1114807	511381	49055	3615607
September 1926 to July 1927 ...	1575416	1471268	485168	40712	3572264

Japan is also trying her best to grow her own cotton in Brazil, Manchuria and Korea in order to be less dependent on foreign supplies. In the circumstances, if some duty be levied on Indian cotton in Japan, as is advocated by the *Nichi Nichi*, it will hit Japan herself and not India, to whom it would serve as a further indirect protection. The fact that Japan buys so much cotton from India is of less importance compared with the importance that attaches to the task of rescuing the prime Indian industry from the continuous hammerings of unfair foreign competition, which she has been made to receive for years past and which is dragging the indigenous industry to the brink of ruin. If Japan takes it to be her pious duty to safeguard practically each and every of her industries by high tariff walls—in some cases as high as 355 per cent. to 520 per cent.—is it not India's bounden duty to stand by her tottering industry with the same weapon of rescue? Europe has constructed a strong tariff wall, France lately assisting with a substantial increase all-round. America has protected herself for a long time. Even the once free-trade England has seen the necessity of going inside the tariff wall. All this is not taken by Japan as anti-foreign and underhanded policies. Perhaps, in the light of the out-and-out selfish tariff policy which Japan has been following for some years past, she may be regarding all this as a step towards international harmony, and it may be therefore that a small increase in her tariff by India renders India anti-foreign in Japan's eyes as India has failed to vigorously contribute to that game of harmony in huge tariffs.

#### *The Threat of Reprisal.*

Then comes the threat of reprisal and revenge. The *Nichi-Nichi's* argument of revenge amounts to placing a duty on cotton as stated before. "Spinner's" argument as it is given in the *Mainichi* is "if the Indian cotton interests endeavour to shut out Japanese cotton yarn from India and start a tariff war, Japan has measures to resort to reprisal .....And furthermore, Japan can also resort to reprisal measures by increasing the tariff on Indian pig-iron." This implies that a further increase in the duty on pig-iron must have been sealed and settled,

but the declaration delayed in order to take advantage of the increase in the Indian duty on yarn as an excuse. As regards the duty to be levied in Japan on cotton as proposed by the *Nichi-Nichi* the sufferer will be Japan because Indian cotton formed nearly 56 per cent. of her total cotton imports during 1916-25. During the six years of 1920-25. Japan has imported cotton amounting to yen. 363.51 crores, out of which she exported yarn and piecegoods to the extent of crores 66.15 and 193.02 respectively, thus leaving a net balance of crores 104.34 i. e. every year Japan requires cotton for herself to the extent of nearly 17.40 crores for textiles and other usages. Taking into consideration the higher percentage of Indian cotton import any such duty on cotton would hit the people of Japan. At this juncture, taking advantage of the *Nichi-Nichi's* proposal, it would not be inopportune to say that it would be really to the interests of India to abolish the town duty of Re. 1/- per bale on cotton in Bombay and replace it by some duty on export of cotton from India, as India's consumption of cotton consists chiefly of her own cotton. In 1925 India's total consumption of cotton amounted to 2,440,000 bales out of which indigenous cotton alone is 2,347,000 bales. Thus any export duty will not directly hit India, but on the contrary it will relieve her people by abolishing other taxes instead. Again, as India's population is made up mostly of poor peasants, the major part of the piecegoods consumed by her is of cheap stuff, such as sheetings, shirtings, jeans, dhooties, khadi, etc., and these can be supplied to a great extent by India if she is not handcuffed by cheaper stuffs of other countries which are enjoying the full benefits of bounties, protection; shipping subsidies, etc., industrial facilities afforded to them by their paternal governments. Thus there would be greater room for indigenous cotton to be consumed in the country. Moreover, when cotton exports will not be lucrative in the future cotton-land would be utilised for some seeds, jute, grains or other purposes. There was a time when opium was exported by India to China in quantities amounting to crores of rupees. Now that export having dwindled opium-land is utilised for some other harvests.

The *Mainichi* asserts that partly because of the slump in Chinese markets to which they sell their produce the Indian mills have found maintenance of the industry increasingly difficult. In reality quite the reverse is the case. If one refers to the market-reports of Messrs. Noel, Murray & Co., of Shanghai, one finds the following figures in piculs for import of yarn in Shanghai:—

Yarn.	1924.	1925.	1926.
Japanese ... — ...	70623	111424	66907
Indian ... ...	1788	2846	1260

Even the European import is negligible. As regards import of Indian piecegoods it is practically nil nowadays. Once India was exporting to China very large quantities of yarn and piecegoods, but since Japanese goods have made huge inroads into that country and

since China herself has become self-supporting, Indian stuffs have been entirely driven out. Not only is China supplying her own market but she has exported nearly 16 lac pieces of sheetings and shirtings to other countries during the last eight months. Her exports are also to Indian ports, Aden, Djibouti and African ports, which were once India's customers. Here, it must not escape attention that Japan owns and controls more than 30 per cent. of the cotton mills in China. Even in Hongkong imports from India have been elbowed out by indigenous and Japanese goods. Thus, it will be seen that it is not owing to the slump in Chinese markets but owing to the incoming of Japanese and Chinese stuffs that India cannot sell her produce to China. Moreover, the raising of the value of rupee from 1s. 4d. to 1s. 6d. is also another factor working against Indian exports to the extent of 12 per cent. In 1921-22 India exported cotton manufactures of rupees 15 crores and her chief markets were Persia, Asiatic Turkey, Straits Settlements, Aden and Dependencies, Ceylon and East Africa. Now these have been captured or are about to be captured by Japan, and hence India is now obviously obliged to turn towards indigenous demands. Can Japan have the audacity to say that against such heavy odds of unfair foreign competition India's prime industry should not contrive to preserve for herself some share even in her home trade? Should all the huge capital invested in the industry be made to go to the dogs for the sake of foreign intruders? When most of the countries (Japan being one of them) are leaving no stone unturned in their efforts at reserving home markets for themselves, it would be perfectly foolish for India to starve out her own industry and invite robust foreign guests to feed upon her home markets instead.

#### *Question of Inefficiency.*

Insinuations of "bad management and inefficiency" are always flung at India whenever she tries to safeguard her industry. Even before, similar remarks were made by the *Mainichi* in its editorial on October 21, 1926. which ran as follows: "It may follow as the outcome of a violent anti-Japanese campaign waged by foreign industrialists, whose inefficiency, mismanagement and corrupt practices disqualify them in honourable and open competition as is now happening in India." Of course I cannot deny the fact that there must be some element of mismanagement and inefficiency and there may be even a bit of corruption in some of the Indian mills. Inefficiency is partly due to the migratory nature of labour, and partly to the neglect of the owners towards labour's welfare. Climatic effect has its part also so far as output per head is concerned. It is nature's law that there should be some parasites in every community and some refuse in nearly everything. But to argue that "for the sake of a few incorrigibles, the industry as a whole should be left to die is absurdly *per se*. Time weeds out the incorrigibles, as in this bustling world of constant competition there can be no room for them much longer. The fact that in spite of the continuous foreign competition all around, armed as those competitors are

by their paternal Government with profuse facilities in railway and marine freights—in rebates and in bounties and protection—many of the Indian mills—even without the good fortune of enjoying similar facilities have managed to exist decently goes to their credit and they deserve protection to a certain extent against these armed competitors. The *Mainichi* complains, “the spinning industry in India was extraordinarily prosperous during the Great War, but in the *post-bellum* period industrialists failed to take proper measures to meet the situation and so made serious blunders.” Yes, they did enjoy a sort of boom and so did practically each and every industry in Japan and China. Nevertheless, the clamour of Japanese industrialists for protection is not at an end, but on the contrary they are bawling out for it at the top of their voices. At present a discussion is going on owing to demands for protection from industrialists in iron, paper, woollen manufactures, and others being equally opposed by other interested industries. Compared with this, India’s demand may be a mere voice in a hubbub. The stigma of mismanagement, inefficiency and corruption also attaches to Japanese mills to a certain extent. A more prominent example than the one furnished by the failure of the Kiyo Shokufu K. K. will not be found elsewhere, when a concern can be closed owing to losses a week or so immediately after declaring a nice dividend of 14 per cent. As a matter of fact many of the small mills must not be very healthy, because whenever some great depression sets in in cotton trade their S. O. S. calls to influential mills for help being. The *Mainichi* has clearly given expression to this state of affairs in its article on October 21st 1926 in the following words:—“The machinery equipment of most of the minor mills is not well kept up, and, furthermore, most of them belong to the old type. Consequently, it is preferable to instal new equipment from the standpoint of efficiency. Most of the minor mill have large debts.” As regards labour complaints we have heard many in Japan also—of harsh treatment towards girls and lack of care for their welfare, etc. In sort, more serious blunders seem to have been committed here by industrialists, firms and banks after they were fattened by the War boom. As regards corruption, the less said, the better. Readers of newspapers are well aware of many serious scandals that have come out recently in respect of directors of Insurance Companies, Banks, and other companies and concerns. My great surprise is that in spite of the warm assistance given by the Japanese Government to many of the country’s industries, banking and commerce from time to time, the recipients, with some exceptions, have not been able to be healthier than before nor the economic aspect of the country made any the rosier.

After describing India’s unsuitability for the spinning industry the *Nichi-Nichi* advances the altruistic argument that “under such circumstances, to raise the Customs Duty will only serve to increase the burdens of the Indian people and will result in a loss to India.” The advice is no doubt sound in view of the fact that too much protection to any

industry renders it impotent to compete on its own merits and that is an impediment itself inasmuch as it kills the incentive for efficiency. But "what is sauce for the gander is also the sauce for the goose," and it is this fact which always slips from the Japanese mind even though "give us protection" has practically come to be the everyday slogan of the modern industrial Japan. Perhaps, it is this slip that renders such altruistic sobs all the more hypocritical, as such sobs are no new things in economy, politics, etc., throughout the world.

*No Discrimination.*

The specific duty is levied "on all imported yarn" but although the bulk of it will fall on Japanese yarn by dint of its greater share in importation, it cannot be taken as a discriminatory duty against Japan. Had there been any other country exporting these yarns to India they would have suffered the same fate. In this case no preference on similar yarns is given to any other country, and in that sense the measure cannot be called discriminatory. The Times of India of August 15th states that after most carefully considering all that has been urged by the millowners, the Government of India "have come to the conclusion that the cotton spinning industry can fairly claim additional assistance" and they "therefore decided to bring before the Legislature a Bill providing" for the duty. Thus the duty is not levied for flinging any discrimination at Japan, but for the express purpose of protecting India's indigenous prime industry. Many uncalled for remarks are made by the Japanese, such as this "legislative action is not really in line with the true sentiment of the Indian people." Another remark is "Wisdom requires, it seems, that the people of India view the matter from a broader viewpoint." Indians, through absolute necessity, are only following the footprints of other staunch apostles of protection in this post-war world, although their strides are very small compared with the huge strides made by those very apostles who have had the courtesy to preach at Geneva that they loved free-trade. In the light of the truth that by an increase in the duty on yarn India is stigmatised as being not of broad views, perhaps other countries, whose greed for protection never ceases, can be safely regarded as those with the narrowest view.

Now I shall revert to some of the special advantages which Japan enjoys over India in cotton spinning:—

- (1) By subsidized shipping, ostensibly for carrying mails, Japan is able to import cotton from and export yarn and piecegoods to India as cheaply as possible, the rebate on freight paid by shippers of cotton in Bombay going to the spinners in Japan. This shipping of cotton from India to Shanghai and Japan is controlled by Japan so that the function of allocating freight space, even in the British ships of the Conference Lines, is in the hands of the local agents of the so-called Indo Menkwa Unso Kumiai.
- (2) Working of mills by double shifts for nearly 22 hours every day.

- (3) Most of the mills make their payments of cotton not by cash on delivery but by 60/90 days sight tegatas, an exemplary device to expand trade, and that that first class mills enjoy a preference in discount rates on their bills of about 2 per cent. over ordinary commercial bills.

Perhaps no other country in the world suffers the injustice of her export trade of such an important commodity as cotton being controlled by another country, her chief needy customer, and the fact that the Government of India allows it is all the more curious. Although America buys up every year almost all the exportable raw silk of Japan, this export, which is far more great in value than the cotton exports from India to Japan, is not controlled solely by America. Practically it is entirely free from such control because Japan would not stand it, nor would Britain stand it if similar procedure was applied to her.

*Impediments to Industry.*

One of the greatest impediments to Indian industries are the high rates of freight of coastal shipping and railways. Whereas, the freight per ton of yarn and piecegoods from Japan to Bombay and Karachi, a voyage of one month, is Y. 14½ and 19½ respectively, the freight from Bombay to Karachi, a voyage of three days, is as ridiculously high as Y. 12 or its equivalent in rupees. As regards railway freight, it is also constantly complained of as so high as to be an impediment to industries. Just to give an instance I will state as to how it worked to gag the glass factory of Jubbulpore. This factory could produce good quality of glassware, even being able to exactly copy some fine specimens of Austrian globes. As long as the goods were in factory they were reasonably cheap, but the moment they commenced their rail journey to Calcutta or any other part their value appreciated abnormally owing to high freights, so much so that Japanese goods from far-off Japan could easily undersell them. This is no heresay, for, I myself had the opportunity of dealing in these wares for some time during the War. The factory at that time even contemplated bringing the matter to the Industrial Commission. The importance of shipping and its advantages to India are nicely set forth by some witnesses to the Indian Commission 4 or 5 years ago. The Hon. Mr. Lallubhai Samaldas, in the course of his oral evidence, stated "till this country has its own Mercantile Marine, it will not be able to compete with foreign countries on equal terms. We want a Mercantile Marine started, if necessary, with some subsidies from Government." The Hon. Lala Harikishen Lal stated, as a result of his own shipping experience, that the shipping policy and freights are not fixed in the interests of Indian Commodities. Mr. Peterson of Tata Iron & Steel Co. Ltd., showed "that the cost of delivering steel or iron from Jamshedpur to Bombay, Madras, Karachi, Ceylon, or Rangoon was greater than the cost of sending steel from the English ports and Antwerp and Bremen to these ports." Against such heavy odds how can one expect any local industry to successfully compete with the outside fattened-with-facilities industries ?

Working mills by double shifts has its boon as "they secure double the output on a given capital outlay" although by constant running of machinery the depreciation charges increase to some extent. Even giving due allowance for Japanese efficiency, climatic help and the late increase in the number of spindles, in Japan there is a distinct advantage of the system as shown below by cotton consumed in two years ending 31st July:—

Year.	India.		Japan.	
	Spindles.	Bales.	Spindles.	Bales.
1925	8,500,000	2,440,000	5,292,000	2,459,000
1926	8,510,000	2,064,000	5,573,000	2,816,000

There may be some other causes, either strikes or curtailment of output, which may have reduced India's consumption in 1926, whereas Japan's increase in spindles by about 3 lacs in one year may be due to her efforts to meet the output when the double-shift system will be at an end in a couple of years. As a rule, those "who spin fine counts and manufacture finer goods, consume less cotton as the finer counts require more labour and working time with higher quality of cotton with less wastage." India consumes very little high cotton compared with Japan, who uses about 1 million bales of American cotton yearly, and in spite of that, with her less spindleage, her yearly consumption equals or exceeds that of India.

As regards discount rate on bills the following from the *Oriental Economist*, reproduced in the *Japan Chronicle* of January, 1926, is worthy of note here:—

"In comparing the market rate of discount for first class cotton mill bills, which are dealt with in Osaka, with the official rate, it is found to be now 1.75 sen per diem, *i. e.*, 6.3875 per cent. per annum, or 0.25 sen per diem, or about 1 per cent. below the official rate. The difference is thus about twice as much as that between the discount rate for first class bills and the official rate in England and America, which is usually  $\frac{1}{2}$  per cent."

"Further, the difference between the rate for loans at call or the discount of first-class spinning bills and the discount rate for ordinary commercial bills is 0.7 to 0.8 sen per diem or 2.555 to 2.92 per cent. per annum, *i. e.*, twice as much as or even more than the difference existing in England and America between the like rates."

In short, it is Japan's own business to safeguard her industries and the incentive to do to is well set forth in Article 5 of Japanese Tariff Law, which was pointed out by the Bombay spinners some time ago. The Article, as given by them, reads:—

"When important industries in Japan are threatened by the importation of unreasonably cheap articles, or the sale of imported

articles at unreasonably low prices, the Government may, under the regulations provided, by Imperial Ordinance, specify such articles, after submitting the matter to investigation by the Anti-Dumping Committee and impose upon them during a certain fixed period of time, duties not exceeding in amount their proper prices in addition to the duties provided in the annexed tariff."

In conclusion, all I wish to point out by this lengthy article is that it is no use raising such an uproar against the Indian duty on yarn, because any country would naturally try to defend her if she is gagged all round. And India's righteous claim for protection will only exist as long as her industries are unfairly barred out from access to those advantages of freedom in shipping, etc., which are enjoyed by others at present. At a time when these grievances are removed in future—although it is a question whether they would be almost removed—her claim to further protection will only mean nothing else but greed of capitalists to fatten their own pockets. Such capitalists fattening at the cost of consumers are a menace to the country, and therefore they should be made either to exist on their own merits or to fall with the fall in their efficiency, but no artificial help should be extended to such industries."

## THE AHMEDABAD MILLOWNERS' ASSOCIATION.

The following list of holidays to be observed in mills and factories prepared according to the provisions of the Indian Factories Act by the Committee of this Association, is circulated for the information and guidance of members.

If, owing to any special circumstances, a mill or a factory finds it necessary to make a departure from this list the Inspector of Factories should as usual be informed about the change in accordance with Section 22 of the Indian Factories Act.

AHMEDABAD,  
December 14, 1927.

} GOVERDHAN I. PATEL  
SHANTILAL M. SHAH  
Joint Honorary Secretaries.

### HOLIDAYS FOR 1928.

MONTH.	DATE OF HOLIDAY.	DAY OF THE WEEK.	FESTIVAL.
JANUARY ...	1st 8th 14th 22nd 29th	Sunday do Saturday Sunday do	<i>Makarshankranti.</i>
FEBRUARY ...	5th 12th 19th 26th	Sunday do do do	<i>Mahashivaratri.</i>
MARCH. ...	6th 11th 18th 24th 29th	Tuesday Sunday do Saturday Thursday	<i>Dhuleti.</i>  <i>Ramzan Id.</i> <i>Ram Navmi.</i>
APRIL ...	8th 15th 22nd 29th	Sunday do do do	
MAY ...	6th 13th 20th 30th	Sunday do do Wednesday	<i>Bakri Id.</i>
JUNE ...	3rd 10th 17th 24th 30th	Sunday do do do Saturday	<i>Mohorrum.</i>

## HOLIDAYS FOR 1928—(Continued.)

MONTH.	DATE OF HOLIDAY.	DAY OF THE WEEK.	FESTIVAL.
JULY ...	8th	Sunday	<i>Divaso</i>
	16th	Monday	
	22nd	Sunday	
	29th	do	
AUGUST ...	5th	Sunday	<i>Baravajal</i> <i>Baleo</i>
	12th	do	
	19th	do	
	29th	Wednesday	
	31st	Friday	
SEPTEMBER ...	6th	Thursday	<i>Gokul Ashtami</i>
	16th	Sunday	
	23rd	do	
	30th	do	
OCTOBER ...	7th	Sunday	<i>Dusseera</i>
	14th	do	
	23rd	Tuesday	
	28th	Sunday	
NOVEMBER ...	4th	Sunday	<i>Diwali</i> <i>New Year</i> <i>Bhai Bij</i>
	12th	Monday	
	13th	Tuesday	
	14th	Wednesday	
	18th	Sunday	
	25th	do	
DECEMBER ...	2nd	Sunday	
	9th	do	
	16th	do	
	23rd	do	
	30th	do	

## THE AHMEDABAD MILLOWNERS' ASSOCIATION.

The following list of holidays to be observed in mills and factories during the year 1929, which has been prepared according to the provisions of the Indian Factories Act by the Committee of this Association, is circulated for adoption by the members of the Association.

If, owing to any special circumstances, a mill or a factory finds it necessary to make a departure from this list the Inspector of Factories should as usual be informed about the change in accordance with Section 22 of the Indian Factories Act.

AHMEDABAD,  
December 8, 1928.

G. I. PATEL,  
Secretary.

### HOLIDAYS FOR 1929.

MONTH.	DATE OF HOLIDAY.	DAY OF THE WEEK.	FESTIVAL.
JANUARY ...	6th 14th 20th 27th	Sunday Monday Sunday do	<i>Makarshankranti.</i>
FEBRUARY ...	3rd 10th 17th 24th	Sunday do do do	
MARCH ...	3rd 13th 17th 26th 31st	Sunday Wednesday Sunday Tuesday Sunday	<i>Ramzan Id.</i> <i>Dhuleti.</i>
APRIL ...	7th 17th 21st 28th	Sunday Wednesday Sunday do	<i>Ram Navmi.</i>
MAY ...	5th 12th 20th 26th	Sunday do Monday Sunday	<i>Bakri Id.</i>
JUNE ...	2nd 9th 19th 23rd 30th	Sunday do Wednesday Sunday do	<i>Mohorrum.</i>

## HOLIDAYS FOR 1929—(Continued.)

MONTH.	DATE OF HOLIDAY.	DAY OF THE WEEK.	FESTIVAL.
JULY ...	7th	Sunday	
	14th	do	
	21st	do	
	28th	do	
AUGUST ...	4th	Sunday	<i>Divaso</i>
	11th	do	
	18th	do	<i>Baravajat</i>
	28th	Wednesday	<i>Gokul Ashtami</i>
	29th	Thursday	<i>Nom</i>
SEPTEMBER ...	8th	Sunday	
	15th	do	
	22nd	do	
	29th	do	
OCTOBER ...	6th	Sunday	
	12th	Saturday	<i>Dussera</i>
	20th	Sunday	
	27th	do	
NOVEMBER ...	1st	Friday	<i>Diwali</i>
	2nd	Saturday	<i>New Year</i>
	3rd	Sunday	<i>Bhai Bij</i>
	10th	do	
	17th	do	
	24th	do	
DECEMBER ...	1st	Sunday	
	8th	do	
	15th	do	
	22nd	do	
	29th	do	

**Rules & Regulations of The Ahmedabad Millowners' Association,  
as finally revised, confirmed and duly adopted by the Managing  
Committee and Extraordinary General Meetings of the Association.**

**These Rules are operative from 18th August 1928.**

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**1928.**

- Name.** 1. The Association shall be called the Ahmedabad Mill-owners' Association.
2. The office of the Association will be situated in Ahmedabad.
- Objects of the Association.** 3. The objects of the Association are:—
- (a) The protection of interests of millowners and users of motive power of any description in this part of the country and of those connected with them.
  - (b) The promotion of good relations between the persons and bodies using such power.
  - (c) The doing of all those acts and things by which these objects may be attained.
  - (d) The promotion and protection of the trade, commerce and manufactures of India in general and of the cotton trade in particular.
  - (e) To establish or aid in the creation of funds to benefit employees of the Association or the dependents of such persons and to subscribe, donate or guarantee for charitable or benevolent purposes at the discretion of the Association.
  - (f) The promotion of good relations between the employers and the employees.
- Persons eligible for membership and subscriptions.** 4. Any individual, partnership or Company owning a cotton, woollen or silk mill or a factory to which the Factory Act for the time-being in force has been applied and which is actuated by motive power of any description will be eligible for membership subject to  $\frac{3}{4}$ ths of the members assembled in a general meeting casting their votes in their favour by ballot or otherwise as may be decided by the Chairman of the meeting. For this purpose each member shall have a right to exercise one individual vote only. The entrance fee of Rs. 250/- and the annual subscription will be paid by the applicants in advance along with their application for membership and also the form of adherence to the Rules of the Association duly signed by them.
5. Each member of the Association shall pay the annual subscription to the Association which may, from time to time, be determined by the general body. The subscription to be paid by any individual, partnership or Company on entering the Association shall at present be Rs. 6/- per annum for every 1000

spindles and Rs. 6/- for every 100 looms set up in the Mill or Mills, Factory or Factories, subject to a minimum of Rs. 50/- per annum. For Mills and Factories other than Spinning and Weaving Mills the subscription will be according to Rules made, from time to time, subject to a minimum of Rs. 50/- per annum. The annual subscription will be payable, in advance, for each year commencing from 1st January and ending on 31st December. Full annual subscription shall be charged to a member for any part of the year during which his membership continues.

In case of spindles the figure for subscriptions should be in thousands and in case where it ended in a fraction of a thousand it should be taken as a complete thousand with the next higher figure. In case of looms the calculation is to be based per 100 on the same basis as above.

**Form of Adherence.**

6. The form of adherence to the Rules of the Association to be signed by members desirous of joining the Association shall be as follows:—

“ In consideration of the protection afforded by the members of the Ahmedabad Millowners' Association and in consideration of the general maintenance by the Association of the interests of the industry in which  $\frac{\text{I am}}{\text{We are}}$  engaged  $\frac{\text{I}}{\text{We}}$  ..... engaged in ..... in the town of ..... having carefully read and fully understood all the Rules of the said Association, do hereby declare and agree that I/We will during my/our membership of the said Association in all things conform faithfully and absolutely to all the said Rules and to such other Rules as the Association shall make by a resolution duly passed in accordance with the relevant provisions therein, and I/We will in all things endeavour to further the objects of the Association.”

**Registering of Trade Marks.**

7. Members may register their Trade Mark or Trade Marks with the Association on payment of a fee of Rs. 10/- per each Trade Mark.

**Default in Subscription.**

8. The name of a member who does not pay the subscription of the Association within two months from the date of the issue of the bill from the Association will be reported to the Managing Committee and the Committee will take such action as may be necessary or may even order the deletion of the name of the member from the list of membership of the Association. Any member who resigns from the Association or who ceases to remain as a member of the Association in any other manner shall forfeit all his rights and claims on the Association accrued up to that date.

**Voting power of Members.**

9. Each member shall have one vote for all ordinary business,

9 (a). Each member shall have one vote for every 10000 spindles or part thereof and also one vote for every 250 looms or part thereof for such special resolutions as are covered by Rule No. 33 and Factories other than cotton, woollen or silk mills shall have one vote each.

10. The person or persons empowered to act and vote on behalf of an individual or partnership, as a member of the Association shall be either a partner or a person signing per procuracy for the same individual or partner. The person or persons empowered to act and vote on behalf of a Company as member, shall be either one or more of the Board of the Directors, or the Agent, Secretary or Manager of the Company or that individual or a member of that Firm which shall act as a Secretary, Treasurer or Agent, or a person authorised by that individual or Firm to sign per procuracy.

**Mode of election on bodies or institutions recognised by Government.**

11. A member or an administrator of the Managing Agent's Firm or a Director of the Company or an administrator, who is empowered to act and vote on behalf of the Company, shall only be entitled to record his vote or be eligible for being elected as a representative of this Association on such bodies or institutions as are recognised by Government, that is, council of State, the Indian Legislative Assembly, the Bombay Legislative Council, Municipality and the like.

**Authority to Vote.**

12. The name of any person who is, from time to time, entitled or empowered to act and vote on behalf of any member of the Association in accordance with Rule 10 above, may be notified in writing to the Association to be entered in the register along with a letter of authority specifying the capacity in which such person is entitled or empowered to vote.

13. Where two or more persons are entitled to act and vote on behalf of one and the same member of the Association that one who takes priority in the order of precedence in the register shall alone be entitled to vote at such meeting.

**Quorum for General Meetings.**

14.  $\frac{1}{4}$ th of the members of the association shall be a sufficient quorum to form any general meeting when due notice of the intention to hold such meeting has been given in a manner hereinafter set forth but if within 30 minutes after the time appointed for the meeting, such a quorum be not present the meeting shall be adjourned to such time on the following day or other day as the members present may determine. Previous notice of such adjourned meeting shall be given to members by circular or in case of emergency by a message. If at such adjourned meeting the quorum be not present, those members who

are present shall be the quorum and they may transact the business for which the meeting was called.

Mode of Voting.

14 (a). The members of the Association who shall be spinning Mills, Weaving Mills, or Spinning and Weaving Mills situated in Ahmedabad may decide questions relating to them in a meeting the quorum of which will be  $\frac{1}{4}$ th of the total number of such members.

Mode of election of Office-bearers, Managing Committee and its functions.

15. The affairs, funds and properties of the Association shall be managed by a Committee which shall be called the Managing Committee consisting of not more than 10 members including the President, the Vice-President, one or two Honorary Secretaries (if desired); to be appointed and other members to be elected at the Annual General Meeting of the Association. Any casual vacancy of a member of the Committee, except the Office-bearers may be filled up by the Managing Committee for the remaining part of the year.

Electing Chairmen of Meetings.

16. The President of the Association shall be the President of the Managing Committee and if present and willing, shall preside at all meetings of the Committee or of the Association held during his term of office. In the absence of the President, the Vice-President shall, if present and willing, preside and in the absence of both of them the chair shall be taken by a member elected by the members present.

Mode of Voting.

17. If any one person shall, according to these Rules be entitled to act and vote for more than one member of the Association, such person shall be entitled to act and to exercise the right of voting, according to these Rules, for each member, on whose behalf he is so entitled to act and vote.

18. Voting at any meeting of the Association shall be by ballot or otherwise as may be decided by the Chairman of the said meeting.

19. In case of a tie in voting either in Committee or in a General Meeting the Chairman for the time-being of the meeting shall have a casting vote.

Quorum in Committee.

20. Four members present in person shall form a sufficient quorum at any meeting of the Managing Committee.

21. The meetings of the Association and that of Committees shall meet whenever and wherever it is necessary to do so.

Powers of the Committee.

22. The Committee for the time-being shall have the control of the funds of the Association and pay all necessary expenses and generally manage its affairs.

22 (a). They may disburse money from the Association's fund either by way of loan or gift for the purpose of furthering any

of the objects for the carrying out of which the Association is formed. They may advance money either by way of loan or gift to any member of the Association to assist him in conducting or defending a Law suit or carrying on an arbitration if, in their opinion, the principles involved in the said suit or arbitration, affect the interests of the members as a body and they may do all other things calculated to promote the general objects of the Association; provided always that no one sum exceeding Rs. 2500/- shall be advanced by way of loan or gift by the Committee, without the sanction of the majority of the members present at a general meeting called to sanction such a gift or loan. The Committee may also appoint legal advisers to the association who may advise them, when necessary.

23. For every Annual General Meeting the Committee shall prepare a statement of accounts of the Association which shall be circulated amongst the members seven days prior to the meeting.

24. The Committee may, from time to time, appoint a sub-committee or sub-committees to investigate and to report upon particular matters and may invite any member of the Association not being a member of the committee and/or any other expert or experts to act on such a sub-committee, if for any special reason such a course may seem to them advisable.

25. The Secretary or Secretaries and such other staff as required for the work of the Association shall be appointed and their remuneration, scale, time and such other conditions shall be fixed by the Managing Committee.

26. All the money or funds of the Association shall be paid into an account to be opened with a Bank or Banks or Firm approved by the Committee. All cheques on that account shall be signed by the Secretary and one of the Honorary Secretaries.

27. The Managing Committee may recommend to members without reference to the general body rates of various workers in Mills whenever it considers it expedient in the interests of members so to do; when time is no consideration reference may be made to the general body before making a recommendation.

28. The Committee shall have power to require from any member an explanation as to any act done or conduct pursued by such member which in the opinion of the Committee shall be in contravention of the Rules of the Association or to the detriment or discredit of the Association or shall be injurious to the welfare and interests of the Association. If any such explanation shall be refused or having been given shall be

deemed unsatisfactory the Committee shall cause a special general meeting of the Association to be convened to consider the acts and conduct of such members, and the the Association shall have power, if a quorum be present at such special general meeting to resolve by a majority of not less than  $\frac{2}{3}$ rds of the votes cast at the meeting to declare that such member is expelled from the Association.

29. The Committee shall have the power to determine the manner in which bills, loans, receipts, acceptances, endorsements, cheques, releases, contracts and documents shall be signed or executed by and on behalf of the Association.

**Annual Meetings.**

30. The Annual General Meeting of the Association shall be held at such time and at such place as the Committee may appoint and the Committee may at any time call a general meeting should it seem to them expedient to do so. Seven days notice of any Annual General Meeting shall be given by a circular.

31. Notice of meetings to any member shall be given in the ordinary manner in which notices are required to be given by post or otherwise but an accidental omission or non-delivery or late delivery and such other causes shall not invalidate the proceedings at any meeting of a Committee or a Managing Committee or a General Body.

**Mode of requisition.**

32. If any 10 members of the Association shall by a requisition in writing signed by the said 10 members addressed to the Committee and containing a statement of the reasons for the requisition request the Committee to call a general meeting of the members of the Association, the Committee shall cause such general meeting to be held within 14 days after the receipt by the Committee of the said requisition and if the Committee shall refuse or neglect to call such general meeting to be held within the time aforesaid, the said 10 members who shall have signed the said requisition shall have power themselves to call such general meeting to be held on such day as they themselves shall appoint.

**Special Resolutions to be binding.**

33. All special resolutions of the Association should be compulsorily binding on all local mills of the Association when the same are passed by a majority of  $\frac{3}{4}$ ths of the members present in the meeting and confirmed by a subsequent confirmatory meeting by a majority of  $\frac{3}{4}$ ths of the members present in the said meeting. If any member failed to observe such a resolution the Managing Committee will call upon the said member to explain his position and in case the Committee decided by a majority to put the said member out of the Association he will cease to be a member of the Association under the penalty of forfeiture of all his rights and claims on the Association accrued upto that date.

34. Minutes of all proceedings of the Association in Committee or General Meeting shall be made and entered regularly in a minute book to be kept by the Secretary.

Responsibility of Office-bearers, Committee and Secretaries.

35. Neither the President, Vice-President, Honorary Secretary nor any member of the Committee nor the Secretary nor the Asstt. Secretary, shall be answerable for anything other than his own act or default nor shall he be answerable for any act done by him for the sake of conformity only, or for any money of the Association other than such as shall come into his own hands or for any collector or receiver of money appointed by the Committee, or for any mistake, loss or damage happening to Association by reason of any deed done or executed by him by the President, Vice-President or member of the Committee, Honorary Secretary or Secretary or Asstt. Secretary, or by reason of any error in judgment or mere indiscretion on his part in the performance of his duties or otherwise on any account except for wilful negligence or fraud. Every person being President, Vice-President, Honorary Secretary or Secretary, or Asstt. Secretary, a member of Committee, his heirs, executors or administrators, shall at all times be indemnified and saved harmless out of the funds of the Association from and against all costs, losses, damages, and expenses whatsoever incurred or sustained by him in the execution of his powers or duties and every person having been or being a President, Vice-President or a member of the Committee or Honorary Secretary or Secretary or Asstt. Secretary of the Association, his heirs, executors and administrators shall be indemnified and saved harmless out of the funds of the Association against all actions, suits, claims, and demands whatsoever brought or made against him or them in respect of any engagement of the Association save such as may be incurred by his own personal wilful neglect or default.

The mode of altering the rules.

36. No alteration in these Rules & Regulations shall be made save and except by a majority of not less than  $\frac{3}{4}$ ths of the votes cast at a general meeting of the members of the Association duly convened and held for the purpose of considering such alterations, the terms of which shall have been fully set forth in the notice convening the meeting.

AHMEDABAD,  
August 17, 1928.