

REPORT

OF

The Millowners' Association, Bombay.

Report for the Year 1940.

(Established 1st February 1875.)

PRESENTED TO THE ANNUAL GENERAL MEETING
HELD ON WEDNESDAY, 5th MARCH 1941.



Bombay :

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1941.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

REPORT FOR THE YEAR 1940.

LIST OF CONTENTS.

| | PAGES. |
|--|---------|
| SECTION I. Proceedings of the Annual General Meeting held on 5th March 1941.. .. . | i—xii |
| SECTION II. Foreword—Abstracts of subjects dealt with by the Committee during the year—Accounts of the Association for the year ending 31st December 1940 | 1—106 |
| SECTION III. Correspondence | 107—334 |
| SECTION IV. Financial Statement of the Government of India for the year 1941-42 | 335—351 |
| SECTION V. Statistics | 353 |
| SECTION VI. Rules and Regulations of the Association, etc. .. | i—xlvii |

CONTENTS.

| | PAGES |
|--|----------|
| Accounts of the Association | 104 |
| Acts :— | |
| Bombay Shops and Establishments Act—Enforcement of | 82, 261 |
| Excess Profits Tax Act, 1940 | 53, 200 |
| Motor Vehicles Act, 1939—Policy with regard to long distance traffic by road | 87, 273 |
| Trade Marks Act | 37, 158 |
| Adult Education in Bombay City | 94, 286 |
| Agricultural Commodities, Indian—Surplus of—Disposal of | 68, 235 |
| Air-raid precautions in Mills | 93, 284 |
| Arbitration on Dealers' Trade Marks | 16, 109 |
| Arbitration Rules of the Association, Piecegoods—Amendment of | 18, 114 |
| Assessment of toka lands and newly assessed lands | 21, 120 |
| Association's Representatives on :— | |
| Advisory Board of the Government Apprentice Scheme | 10 |
| Advisory Board of the Royal Institute of Science | 10 |
| Advisory Board of the Sydenham College of Commerce and Economics | 10 |
| Board of Visitors to the University Department of Chemical Technology | 9 |
| Empire Cotton Growing Corporation | 14 |
| Export Advisory Council | 11 |
| G. I. P. Railway Local Advisory Committee | 10 |
| Indian Central Cotton Committee—Technological Research Sub-Committee | 9 |
| Industries Conference | 14 |
| Labour Conference, Calcutta | 22, 129 |
| Prohibition Research Advisory Board | 11 |
| Provincial Advisory Committee for War Supplies | 11 |
| Auditors of the Association | 15 |
| Bevin Training Scheme | 91, 281 |
| Board of Scientific and Industrial Research | 12 |
| Bombay Cotton Mills—Results of working of—in 1939 | 14 |
| Bombay Industrial Disputes Act—Recognition of the Association under the | 23 |
| Brokerage—Payment of | 99, 295 |
| Chairman, Deputy Chairman and Committee of the Association for 1941 | 9 |
| China—textiles from—Competition in | 73, 243 |
| Cloth Covers for Cotton Bales, cotton | 92, 283 |
| Cloth prices—Control of | 78 |
| Commerce Member—the Hon'ble—Visit of | 14 |
| Commercial transactions—Elimination of pies from | 98, 293 |
| Commodity Prices—Slump in—Expansion of Credit facilities | 70, 238 |
| Compensation for war injuries—Payment of | 51, 197 |
| Cotton, American—Rebate on fumigation charges paid on | 100, 296 |
| Cotton, Californian—Imports of | 66, 232 |
| Cotton, "Call"—Fixation of | 67, 233 |
| Cotton cloth covers for Cotton Bales | 92, 283 |
| Cotton, Indian—Laboratory Tests on | 64, 227 |
| Cotton, Pressed—Statistics of—Proposed Compilation of—According to trade | 65, 229 |
| descriptions | 101 |
| Cotton stocks held by Mills | 26, 145 |
| Dearness Allowance and Strike | 58, 211 |
| Depreciation on Mill Buildings and Machinery under the Indian Income-tax | 16 |
| Amendment Act, 1939 | 15 |
| Domestic Affairs | 67 |
| Donations | 74, 247 |
| East India Cotton Association—Weekly Clearings | 93 |
| Egypt—Tariffs on Cotton Textiles in | 53, 200 |
| Employment of Released Prisoners in Mills | 40, 167 |
| Excess Profits Tax Act | 75, 251 |
| Exemptions under the Bombay Weights and Measures Act | 42, 172 |
| Exports Organization—Proposed establishment of | 47, 185 |
| Factories Act—Rules under the—Amendment of Rule 46(ii) | 76, 252 |
| Fire Insurance Rates for Woollen Mills | 46, 184 |
| Freight Space for export markets | 100, 296 |
| Fuel Oil Supplies to Cotton Mills | 75, 249 |
| Fumigation Charges paid on American Cotton—Rebate on | 79, 259 |
| Gold Coast—Imports of textiles in—Restrictions on | 42, 172 |
| Handloom Industry—Competition with Mill Industry | |
| Hoists in Mills and Factories | |
| Income Tax Act :— | |
| Ascertainment of Written-Down Value of Fixed Assets | 61, 218 |
| Depreciation Rates on Mill Buildings and Machinery | 58, 211 |

| | PAGES |
|---|----------|
| Indo-Burma Trade Negotiations | 72, 243 |
| Indo-Japanese Trade Agreement—Revision of | 70, 240 |
| Industrial Health Advisory Board—Medical Examination of Industrial workers .. | 25, 143 |
| Insurance Business carried on by Trade Unions—Proposed Control of .. | 90, 279 |
| Insurance Rates for Woollen Mills | 47, 185 |
| Insurance—War Risks (Goods) Insurance Ordinance | 47, 188 |
| International Labour Conference—XXVI Session | 23, 133 |
| Laboratory Tests on Indian Cotton | 64, 227 |
| Labour Conference, Calcutta | 22, 129 |
| Labour Matters—Discussion on—at Employers' Conference | 22, 127 |
| Labour Matters—Recommendations on | 34 |
| Manufacturing Particulars—Declaration of—in respect of goods exported to the United Kingdom | 77, 253 |
| McKenna, Sir James—Death of | 16 |
| Medical Examination of Industrial Workers | 25, 143 |
| Membership of the Association | 15 |
| Membership Subscription | 101 |
| Mill Holidays and Pay-days for 1941 | 102 |
| Mill Industry and War efforts | 91 |
| Motor Vehicles Act—Policy with regard to long distance traffic by road .. | 87, 273 |
| Native Share and Stock Brokers' Association, Rules of—Legislation to validate principal contracts | 97, 290 |
| Newly assessed lands—Assessment of | 21, 120 |
| Payment of Wages Act (Amendment) Ordinance, 1940 | 23, 134 |
| Payment of Wages Act—Definition of expression "wages" | 24, 135 |
| Picketing at workers' place of residence | 34, 157 |
| Piecegoods Market Reports | 100 |
| Pies—elimination of—from Commercial transactions | 98, 293 |
| Power Contracts | 45, 183 |
| Power Costs | 43, 172 |
| Practical Training of students of Government Handweaving Institute, Poona .. | 97, 289 |
| Price Control | 78 |
| Principal Contracts—Legislation to Validate—Rules of the Native Share and Stock Brokers' Association | 97, 290 |
| Public Holidays Committee | 96 |
| Railway Freight Rates on Cotton Piecegoods—Increase in | 62, 220 |
| Salaries of Employees called out for military duties | 93 |
| Sales Tax—Bombay Manufactured Cloth Sales Tax (Licensing Provisions) Rules, 1939 | 53 |
| Sheehy, Mr. J. F.—Meeting with | 14 |
| Shops and Establishments Act, 1939, Bombay | 82, 261 |
| Sickness Insurance | 51, 199 |
| Standard Contract Form, Association's :— | |
| 1. War Risks | 18, 115 |
| 2. "Seasonal" goods—definition of | 20, 118 |
| Statistics of Cotton Pressed according to Trade Descriptions—Proposed Compila- tion of | 65, 229 |
| Strike | 26, 145 |
| Tariffs on Cotton Textiles in Egypt | 74, 247 |
| Tariff Valuations under the Indian Tariff Act | 103, 297 |
| Technical Books in Vernacular for Jobbers | 96, 289 |
| Testing House | 99, 294 |
| Textiles, from China—Competition in | 73, 243 |
| Textiles—Government requirements of—during war | 91 |
| Toka Land Assessment | 21, 120 |
| Trade Description of Mixed Yarn | 39, 166 |
| Trade Marks Act, 1940 | 37, 158 |
| Trade Numbers—Registration of—by Association—Classification of Grey Flan- nelettes and cloths raised on one side | 16, 109 |
| Trade Unions—Insurance business carried on by—Proposed Control | 90, 279 |
| Vernacular text-books for Jobbers and Textile workers | 96, 289 |
| Wages—Definition of—under the Payment of Wages Act | 24, 135 |
| War and Government Requirements of Textiles | 91 |
| War efforts by Bombay Mill Industry | 91 |
| War injuries—Compensation for—Payment of | 51, 197 |
| War Risk Insurance | 47, 188 |
| War Risks—Amendment of Association's Standard Contract Form | 18, 115 |
| Weekly Clearings—Bye-laws of the East India Cotton Association | 67 |
| Weights and Measures Act, Bombay—Exemptions under the | 40, 167 |
| Written-down value of Fixed assets—Ascertainment of—under the Indian Income- tax Amendment Act, 1939 | 61, 218 |
| Yarn, mixed—Trade Description of | 39, 166 |

THE MILLOWNERS' ASSOCIATION, BOMBA

ESTABLISHED 1st FEBRUARY 1875.

List of Members.

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|--|---|
| AHMEDABAD ADVANCE MILLS, LIMITED. | MADHOWJI DHARAMSI MANUFACTURING COMPANY, LIMITED. |
| APOLLO MILLS, LIMITED. | MADHUSUDAN MILLS, LIMITED. |
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| BUCKINGHAM AND CARNATIC COMPANY, LIMITED. | NEW CHINA MILLS, LIMITED. |
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| CROWN SPINNING AND MANUFACTURING COMPANY, LIMITED. | PANKAJA MILLS, LIMITED. |
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Municipal Corporation—SIR HOMI MODY, K.B.E., M.L.A.
University of Bombay—MR. V. N. CHANDAVARKAR.
Royal Institute of Science—MR. V. N. CHANDAVARKAR.

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T. MALONEY, Esq., M.C., *Secretary*.

N. S. V. AIYER, Esq., *Asst. Secretary*.

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Provident Fund—SIR HOMI MODY, K.B.E., M.L.A., and SIR SORAB SAKLATVALA, Kt., M.L.A.

CHAIRMEN AND SECRETARIES OF THE MILLOWNERS' ASSOCIATION, BOMBAY.

Chairmen.

H. MAXWELL, 1875, 1876-77, 1877-78.
J. A. FORBES, 1878-79.
SIR DINSHAW MANEKJI PETT, 1879-80, 1880-81, 1881-82, 1882-83,
1883-84, 1884-85, 1886-87, 1888-89, 1889-90, 1891, 1892.
SIR GEORGE COTTON, 1893, 1894, 1895, 1896, 1897, 1898, 1899*, 1900*.
JOHN R. GREAVES, 1899*, 1900*, 1901, 1902.
BOMANJEE DINSHAW PETT, 1903.
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SIR VITHALDAS DAMODHER THACKERSEY, 1906, 1907.
SIR FAZULBHOY CURRIMBHOY, 1908.
SIR MANMOHANDAS RAMJEE, 1909.
HERBERT R. GREAVES, 1910.
SIR NESS WADIA, 1911.
SIR DINSHAW M. PETT, 1912.
J. F. BRADBURY, 1913.
NAROTTAM MORAJEE, 1914.
JEHANGIR B. PETT, 1915.
SIR NOWROJI SAKLATVALA, 1916.
SIR DINSHAW E. WACHA, 1917.
SIR CUSROW WADIA, 1918.
N. G. HUNT, 1919.
RAHIMTOOLA CURRIMBHOY, 1920.
SIR JOSEPH KAY, 1921, 1922.
SIR VICTOR SASSOON, 1923.
SIR SORAB SAKLATVALA, 1924.
SIR NESS WADIA, 1925.
A. GEDDIS, 1926.
SIR HOMI MODY, 1927.
J. B. PETT, 1928.
SIR HOMI MODY, 1929, 1930, 1931, 1932, 1933, 1934.
SIR JOSEPH KAY, 1935.
V. N. CHANDAVARKAR, 1936.
DHARAMSEY MULRAJ KHATAU, 1937.
T. V. BADDELEY, 1938.*
KRISHNARAJ MADHAVJI D. THACKERSEY, 1938.*
T. V. BADDELEY, 1939.
V. N. CHANDAVARKAR, 1940, 1941.

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DAVID WATSON (Acting), 1881-82.
JOHN MARSHALL, 1884-98.
FREDERICK NOEL-PATON, 1898-1905.
J. B. LESLIE-ROGERS, 1905-11.
R. E. GREGOR-PEARSE, 1912-20.
C. B. SAYER, 1921-24.
T. MALONEY, appointed 1924.

Millobners' Association, Bombay.

Section I.

PROCEEDINGS OF THE ANNUAL GENERAL MEETING
HELD ON THE 5th MARCH, 1941.

The Millowners' Association, Bombay.

ANNUAL GENERAL MEETING.

PROCEEDINGS of the ANNUAL GENERAL MEETING of the Members of the Millowners' Association, Bombay, held in the rooms of the Association (Patel House, Churchgate Street, Fort), at 11-30 a.m. (S.T.) on Wednesday, the 5th March, 1941, to transact the following business :—

- (1) to receive and adopt the Committee's Report for the year 1940 ;
- (2) to appoint Auditors of the Association's Accounts for the current year and to fix their remuneration ;

and any other business that may be brought forward.

MR. V. N. CHANDAVARKAR, Chairman of the Association, presided.

The following gentlemen were also present :—

Mr. H. K. Kirpalani, C.I.E., I.C.S., Chairman of the Port Trust ; Mr. P. N. Chandavarkar, Collector of Customs ; Mr. P. B. Advani, Director of Industries ; Mr. D. S. Bakhle, I.C.S., Commissioner of Labour ; Mr. T. W. Johnstone, O.B.E., Chief Inspector of Factories ; Mr. J. Pratt, Chief Inspector of Steam Boilers and Smoke Nuisances ; Mr. M. P. La Bouchardiere, Government Labour Officer ; Mr. P. N. Joshi, Principal, Victoria Jubilee Technical Institute ; Principal M. J. Antia, I.E.S., Sydenham College of Commerce and Economics ; Mr. R. P. Mathur, Controller of Purchase ; Dr. Nazir Ahmad, Director, Technological Laboratory, Indian Central Cotton Committee ; Mr. J. M. B. Gibbons ; Mr. G. H. J. Richmond ; Mr. C. H. C. Munroe ; Mr. W. S. Nelson ; Mr. J. K. Mehta ; Mr. A. S. Trollip, O.B.E. ; Mr. J. N. Mody ; Mr. N. Khaitan ; Mr. A. C. M. Cursetjee ; Sir Ness Wadia, K.B.E., C.I.E., and Mr. Neville N. Wadia representing the Bombay Dyeing and Manufacturing Co., Ltd. ; Sir Chunilal V. Mehta, K.C.S.I., representing the Century Spinning and Manufacturing Co., Ltd. ; Sir Joseph Kay, Kt., Mr. D. Moir, Mr. R. L. Ferard and Mr. H. G. H. Everitt representing the Colaba Land and Mill Co., Ltd., the New City of Bombay Manufacturing Co., Ltd., and the New Great Eastern Spinning and Weaving Co., Ltd. ; Sir Sorab Saklatvala, Kt., M.L.A., representing the Ahmedabad Advance Mills, Ltd., the Central India Spinning, Weaving and Manufacturing Co., Ltd., the Svadeshi Mills Co., Ltd., and the Tata Mills, Ltd. ; Mr. T. V. Baddeley and Mr. R. W. Bullock representing the Gokak Mills, Ltd., and the Simplex Mills Co., Ltd. ; Mr. Dharamsey Mulraj Khatau representing the Khatau Makanji Spinning and Weaving Co., Ltd. ; Mr. Hurgovandas Jamnadas Ramji, Mr. Krishnaraj M. D. Thackersey and Mr. Udaikant M. D. Thackersey representing the Crown Spinning and Manufacturing Co., Ltd., the Hindoostan Spinning and Weaving Mills Co., Ltd., the Indian Manufacturing Co., Ltd., and the Western India Spinning and Manufacturing Co., Ltd. ; Mr. H. F. Milne representing the Kohinoor Mills Co., Ltd. ; Mr. A. Pether representing the New Union Mills, Ltd., the Sassoon and Alliance Silk Mill Co., Ltd., and the Sassoon Spinning and Weaving Co., Ltd. ; Mr. F. Stones, O.B.E., M.L.C., and Mr. Charles Shuttleworth representing the Apollo Mills, Ltd., the David Mills Co., Ltd., the E. D. Sassoon United Mills, Ltd., the Edward Sassoon Mills, Ltd., the Elphinstone Spinning and Weaving Mills Co., Ltd., the Loyal Mills, Ltd., the Meyer Sassoon Mills, Ltd., and the Raymond Woollen Mills, Ltd. ; Mr. C. P. Wadia representing the Moon Mills, Ltd. ; Mr. Camar S. Tyabjee representing the Azam Jahi Mills, Ltd., and the Osmanshahi Mills, Ltd. ; Mr. Ramniwas Ramnarain and Mr. Madanmohan Ramnarain representing the Bradbury Mills, Ltd., and the Phoenix Mills, Ltd. ; Mr. Kaikobad Cowasjee Dinshaw

representing the Burhanpur Tapti Mill, Ltd. ; Mr. K. C. Cooper representing the Coorla Spinning and Weaving Co., Ltd. ; Mr. J. Edwards representing the Dhanraj Mills, Ltd. ; Mr. Gordhandas Govindjee and Mr. Gordhandas Vandravan representing the Digvijay Spinning and Weaving Co., Ltd. ; Mr. F. H. Mehta representing the Gaekwar Mills, Ltd. ; Mr. Motilal Tapuriah representing the Kamala Mills, Ltd. ; Mr. Cavasji Cursetji Dalal representing the Khandesh Spinning and Weaving Mills Co., Ltd. ; Mr. L. F. H. Goodwin representing the Lakshmi Cotton Manufacturing Co., Ltd., the New Pralhad Mills, Ltd., and the Vishnu Cotton Mill, Ltd. ; Mr. Vijayanand D. Sirur representing the Minerva Mills, Ltd., the Modern Mills, Ltd., and the Mysore Spinning and Manufacturing Co., Ltd. ; Mr. B. S. Dabke representing the Morarjee Goculdas Spinning and Weaving Co., Ltd. ; Mr. M. Subba Rao representing the Podar Mills, Ltd. ; Mr. Hiralal Atmaram Patel representing the Ruby Mills, Ltd. ; Mr. Makhanlal Gordhandas Seksaria representing the Seksaria Cotton Mills, Ltd. ; Mr. N. D. Bangur, Mr. G. D. Somani and Mr. B. D. Somani representing the Shree Niwas Cotton Mills, Ltd. ; Mr. T. Maloney (Secretary) ; Mr. N. S. V. Aiyer (Assistant Secretary), and Mr. R. G. Gokhale (Labour Officer).

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

GENTLEMEN,

During the last twelve months, the war in Europe, and to a lesser extent, the incident in China—our Japanese friends prefer not to call it war—have overshadowed all other matters both great and small. It is not for me, at any rate from this place, to discuss in detail the conflict between Hitlerism and Fascism on the one side and Democracy on the other, but I would like to say that the entire sympathies of the people of India are with England and the rest of the Empire in our struggle to overcome Germany's attempts to overrun Europe and the world. Whatever our political views may be, we all know that England is fighting the battle of Democracy and freedom, and India, in particular, which has been carrying on its own struggle for freedom, cannot afford to allow England to be defeated in this war, for with Britain we have at least a future to hope and live for. As an industry, we have been and will always be most anxious to assist in the Commonwealth's war effort and have already demonstrated to our own Government as well as the sister countries of the Commonwealth that, as far as cotton textile goods are concerned, we shall put forward our best endeavours to meet all demands made upon us. What we have realised, and what I hope other millowners in India have also realised, in connection with the war, is that special opportunities have been offered to us to play a great part in meeting the cloth needs of many Commonwealth and Allied countries, whose previous sources of supply of cotton piecegoods have been cut off, but that success in our efforts to meet these needs depends almost entirely on Britain's capacity to keep the seas open and to defend our trade routes. The debt of gratitude which we owe to the British Navy and to the officers and men of the mercantile marine is already immense, and we can only hope and pray that they will continue to be able to overcome the serious menace from enemy aircraft and submarines.

A year ago when I took over the chairmanship from Mr. Baddeley, one of the ablest Chairmen the Association has ever had, we were in the throes of a totally unjustifiable general strike and the immediate outlook for the industry was extremely depressing. Happily the strike was of comparatively short duration, and we have had no other major labour troubles during my year of office. The prospects of the industry have also improved, but as I have just said, these prospects are very largely dependent upon our ability to supply our new overseas markets with the cotton goods they need and our capacity to ship those goods when once orders have been obtained. At the outbreak of the war in September 1939, the industry was in a very precarious condition. Production had outstripped demand, and goods were becoming unsaleable. The immediate effect of the war was an unhealthy rise in prices of agricultural commodities including cotton. The rise in prices which took place, was largely due to speculative transactions, and being unnatural could not be maintained. By January 1940, Broach cotton, which stood at a figure of something like Rs. 150 before the war, had advanced to about Rs. 330, but owing to the heavy stock position, cloth and yarn prices lagged behind, and manufacturers' margins which were negligible in August 1939, did not increase. Nevertheless, the stock position as far as Bombay mills were concerned,

had strikingly improved by the end of 1939. In January 1940, the speculative rise in cotton and other commodity prices came to an abrupt end and was followed by an almost equally abrupt deterioration. These great speculative fluctuations in cotton prices very adversely affected the financial position of merchants who had purchased cloth and yarn during the rise in prices, and from January to about July 1940, offtake and prices were extremely poor. Standard longcloth which stood at 11 annas per lb. at the beginning of the year, had fallen to as low a figure as 8 annas in August, and the small sales made by mills during the whole of this period resulted in many instances in actual losses. Spindle and loom activity in all mills doing bazaar trade showed a consistent decline, and thousands of permanent workers were temporarily thrown out of work. The position might have been even worse had it not been for the fact that for the six weeks period of the strike the low offtake from the bazaar was offset by a practical cessation of production as far as Bombay mills were concerned. Contributory factors to the depression which existed in the first seven months of the year were, of course, the successes of the German armed forces in Norway, Holland and Belgium culminating in the collapse of French resistance in June. Hope which had sunk almost to zero at this stage culminated in the entry of Italy into the war, and brought a threat to Egypt and the Suez Canal. With the successful resistance made by the Royal Air Force to the German *Blitzkriegs* over Britain in August and September, confidence was restored to a great extent, and economic forces began to operate which materially changed the industry's position and prospects. The renewal of confidence brought about by Britain's successful resistance to German attempts at invasion stimulated offtake in the home market, and in addition substantial orders were obtained by a number of mills for cloths required for military purposes owing to the expansion in the Empire's military forces. In addition, orders were received in increasing numbers and for increasing quantities from various parts of the Empire and from neutral and Allied territories. It is, however, doubtful whether, taking into consideration the depressed state of the industry and lack of offtake for the greater part of the year, the financial results of the Bombay mill industry were any better than those of the year 1939, which were, as you all know, worse than the results of 1938. Things may be better in 1941, but in times like the present, it would be dangerous to be dogmatic. The signs at the moment are no doubt encouraging. From August last year, the position has improved. At the end of January this year, unclaimed stocks with mills were comparatively low and our market reports indicate that stocks with merchants in the more important consuming centres are also not heavy. The prices of cloth and yarn have also risen to more reasonable levels, and if this state of affairs continues, the industry generally should make fair profits in 1941. After a period of almost unrelieved depression since 1923, during which the industry in Bombay has been fighting a battle for existence against foreign and domestic competition, I feel that nobody will grudge us any little profit that may come to us, especially as almost the whole of it will have to be paid to Government by way of income-tax and excess profits tax. There is, however, one word of warning which I should like to make. Whatever adventitious profits may come to the Bombay mills during these or any of the succeeding war or post-war years, they cannot, in the future interests of the industry and those whom it employs, be frittered away either by way of increase in dividends to shareholders or in wages to employees. The lessons of the last post-war depression dictate that the first duty of the prudent millowner is to ensure that provision is made for the renewal and renovation of productive plant. In the last seventeen years, great arrears of depreciation have accumulated, and mills have in addition very large capital and funded debts and other liabilities to discharge, and these ought, in my view, to be considered as a first charge on future profits. The Bombay mill industry paying the very high wages which it now does and subject as it is to many other disabilities in the shape of heavy Provincial and Municipal taxations compared to its competitors in other parts of India and overseas, can only survive by increasing its efficiency to the maximum and decreasing costs of production to a minimum, and for this purpose, the first essential to-day is new and up-to-date machinery in every branch of manufacture. Expenditure, as and when opportunities offer, for new machinery must, I maintain, be a first charge.

The increase in production which mills have been able to effect during the last six months on account of greater demand from the bazaar, military authorities and from overseas, has not only benefited the mills themselves, but has greatly relieved the Government of India's anxieties in regard to the offtake of Indian cotton. The Indian cotton crop averages between $5\frac{1}{2}$ and 6 million bales per annum, of which about 700,000 to 800,000 bales were

normally exported to countries in Europe with which communication has now been cut off as a result of the war. In addition, exports to Japan and China were always considerable though they have been decreasing in the case of Japan for a number of years. So far, exports to the last two named countries have been maintained fairly well since the war started, but if the short-staple cottons formerly exported to European countries cannot find alternative markets, then the prices of these types at least are likely to be forced down to very low levels. The only two substantial alternative markets are the United Kingdom and India. In the case of the United Kingdom, demands for Indian cotton have increased, but have been chiefly for staple varieties, and freight difficulties have come in the way of despatching the quantities required. In India also, the additional demand for piecegoods for military requirements and from overseas has been mainly for cloths which cannot be made from Oomra types of cotton. The net result has been that parities for staple cotton have greatly increased in this country. In these circumstances, a complete and satisfactory solution of the Indian cotton crop problem cannot immediately be expected, although the offtake of Indian cotton by Indian mills in December last was nearly 60,000 bales greater than the average monthly offtake for 1939-40 and nearly 50,000 bales greater than the average monthly offtake for 1938-39. A final solution of the Indian cotton crop problem will only be brought about by growing more long-staple cotton in areas previously devoted to the growth of Oomras, and the possibilities in this direction might be seriously considered by the Department of Agriculture and the Indian Central Cotton Committee, since with the existing parities a switch-over to long-staple varieties might be profitable from the cotton grower's point of view which was not always the case in pre-war years. If a switch-over to long-staple varieties is not possible in the Oomra cotton growing areas, then during the war at least the mill industry might have to consider seriously lowering the average count of the yarns used in the bread-and-butter lines produced for the home market, since it cannot be expected that overseas markets which have been in the habit of consuming high grade cloths, would be content even temporarily to take up cloths which can be manufactured from short-staple Indian cotton.

EXPORT MARKETS.

As I have indicated, the war has stimulated the demand for Indian cotton piecegoods from a number of Empire countries, such as East Africa, West Africa, South Africa, the Straits and Australia. The Netherlands East Indies and Egypt have also recently evinced an interest in purchases from India, with the result that from month to month exports have shown a tendency to increase, and a valuable export trade is now being built up. Provided that the necessary freight can be obtained, our industry will retain this trade during the war, but what is more important, and particularly in the case of Bombay mills, is that we should be able to retain it after the war has ended, for India will then have to face the full force of competition from other great cotton manufacturing countries. The Commonwealth countries appear to be very willing to substitute goods made within the Empire for goods made outside it, but judged from past experience, a great deal of this new overseas trade will be lost unless Indian mills cater specially for export markets. The goods which we send out must be beyond reproach as regards quality, pattern, design, finish and make-up, and mills must be prepared to quote c.i.f. port of delivery instead of ex-mill. Hitherto, with a very extensive home market, export business, as far as mills themselves were concerned, had been more or less a side-line, but with growing internal competition, the export trade for Bombay mills is becoming, if it has not already become, a necessity, and I should like to see our overseas markets and the methods of catering for their needs thoroughly studied during the next year or two. The Government of India also appear to have awakened to the need for a development of our overseas trade, and there is no doubt that they might be in a position to help its growth considerably by assistance towards a solution of the freight problem; by the grant of reasonable facilities in regard to chemicals and dyestuffs required for the production of coloured goods; and by opening negotiations with Empire countries which would ensure that Indian cotton piecegoods and yarn enter those markets on terms similar to those accorded to exports from the United Kingdom. Government might also at long last respond to the demand which has been made for many years by the Association for a compensatory rebate or subsidy on exports of cotton piecegoods and yarn sufficient to offset the import duties which Indian mills have to pay on long-staple cotton, dyestuffs,

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machinery and all classes of millstores, which, in normal times, constitute burdens which render it impossible for Indian mills to compete against the more lightly penalised mills of Japan and other countries. The United States of America like India has her cotton problems, and in order to overcome them, she has for some time been granting exporters of cotton manufactures a subsidy or export bounty of 3½ cents per lb. on all the main types of cotton goods sent overseas. A similar policy by the Government of India would do much towards stabilising any markets which our industry is now building up. Government might also seriously consider the advisability of appointing more Indian Trade Commissioners in potential markets and sending out Trade Missions to a few of the more important of these for the purpose of studying their exact requirements in all classes of commodities which India is in a position to export. At the same time, these missions might also report on the types of goods or commodities which the countries visited desire to export in greater quantities, for, in the long run, India cannot hope to sell more and more goods overseas, unless she is prepared to take something in exchange. In other words, it must be borne in mind that greater exports may have to be paid for by greater imports.

Many problems have been created by the war in connection with the supply of various types of millstores, machinery and raw materials. Great difficulties have already been overcome or are in process of being overcome by the production of substitute materials in India, but deficiencies still exist in many directions which can only be satisfactorily solved by the development of new subsidiary industries. I acknowledge with gratitude the valuable research work which has so far been accomplished by the Board of Scientific and Industrial Research established about a year ago and the further step taken by the Government of India to expedite the practical application of the research work that has been done by establishing an Industrial Research Utilization Committee and by guaranteeing to protect, after the war, approved industries built up to supply war-time needs. It does, however, seem rather a pity that nothing was done in the direction of implementing the recommendations made by the Association in 1938 regarding the cotton mill industry's essential needs in war time.

WAR SUPPLIES.

At the very outbreak of the war, we offered to Government our wholehearted co-operation in the matter of war supplies realising that a struggle of the magnitude which had been entered into would greatly increase the Allies' needs for certain classes of cotton goods. Before the war, few mills on this side of India interested themselves in the production of cloths required for military purposes, and our main object since the war started has been to interest as many member mills as possible in the manufacture of those types of goods which the army requires, so as to ensure that no matter what the demand was, it could be expeditiously and satisfactorily met. Many mills have responded to the Association's invitation to produce samples against the types of goods required by Government in large quantities and have submitted them for test, but the actual results of their endeavours to assist Government have not been particularly happy in all cases. Some mills have at considerable sacrifice entirely changed the character of goods normally manufactured and upset the balance of their mechanical equipment in order to produce the cloths which have been required. Others have spent large amounts on experimental work in connection with the supply of various kinds of specialised products, but the fact remains that even to-day things are far from satisfactory. The rigidity of Government methods is to my mind largely responsible for this state of affairs, and the solution of Government's problems is far more difficult to-day than it would have been even six months ago owing to the mills in general being booked far ahead with general trade orders and the lack of attractiveness of Government business due to a slavish adherence to peace-time methods and peace-time contract conditions which are totally unsuited to a war-time programme. We shall continue to do our best to assist Government in regard to their textile needs, but a good deal of the existing red tape will have to be cut out before the average millowner's reluctance to substitute Government business for bazaar or export business can be overcome. I admit that Government on their side have their difficulties to contend with, but a closer and more real contact with the Bombay and Ahmedabad mill industries; a greater readiness to meet the wishes of the mill industry in regard to the terms and methods of purchases, and a more generous policy in regard to educational orders and new suppliers are necessary. An earlier initiation of a system of run-

ning contracts combined with some modification of the tender system in the case of goods, where potential sources of supply might be expected to be inadequate unless utilised and developed to the full extent, would also have helped in overcoming many of Government's present problems. I hope that the Director-General of Supply will take an early opportunity of visiting Bombay and Ahmedabad with the object of placing his needs and difficulties before a general body of millowners in these two great centres and hammering out a solution with the actual people who might be expected to have to supply the goods required. I can assure him that the response from the industry would adequately justify such a visit.

LABOUR PROBLEMS.

I have indicated earlier in my speech that for the last ten months we have had no major labour trouble, but that is not to say that we have had no labour problems. Perhaps, the busiest man in the whole of our organisation is the Association's Labour Officer, Mr. Gokhale, who has had to deal with no less than 214 cases under the Bombay Industrial Disputes Act during 1940. None of these cases, I am glad to say, resulted in a serious dislocation of work, but I think it is a tribute to Mr. Gokhale as much as to the Bombay Industrial Disputes Act. That Act is a cumbersome and imperfect piece of legislation and has certainly not yet achieved one of the objects for which it was intended, namely, the building up of real trade unionism. It needs drastic amendments in many directions, and we have submitted our views to Government in the matter. We hope that the necessary amendments will shortly be made, for the Act has a number of virtues and has achieved the satisfactory settlement of a number of disputes and difficulties. It failed rather miserably in the case of the demand for dearness allowance, since, despite the fact that a Board of Conciliation had been appointed and despite the fact that the millowners had accepted the recommendations of the majority of that Board in their entirety, unions which, as a matter of fact, had no status under that Act, could bring about a strike and maintain it for nearly six weeks, during which terrorisation and intimidation were rampant, especially at the workers' residences. There was absolutely no justification for the last strike. The millowners who, despite the serious depression which existed in the industry at the time, had opened pre-war price grain shops to meet the rise in the cost of living, had voluntarily undertaken to accept the majority report of the Conciliation Board which gave to the mill workers of Bombay a greater monetary increase in wages than had been given or has since been given in any major industry in the country or in any important centre, despite the fact that Bombay mills had already granted an increase in wages between 11 and 12 per cent. following the Interim Report of the Bombay Textile Labour Inquiry Committee. We shall, of course, loyally abide by the recommendation of the Board of Conciliation, which provides for the continuance of the payment of the present dear food allowance of 2 annas per day until the official Working Class Cost of Living Index has exceeded 123 for a period of three months. What is not generally realised is that Bombay and Ahmedabad cotton textile workers are the highest paid in India. In addition to these high wages, many mills in the City and Island have welfare schemes of a varied character. Fifty mills have cheap grain shops where essential grains and other necessities of life can be purchased on credit at wholesale cost prices. Notwithstanding the opposition of labour leaders, these shops are becoming increasingly popular as the workers realise that the commodities sold are superior to and are cheaper than those obtainable from the outside grain shops. Another scheme of welfare work which has been extended considerably during the year is the system of mill-managed canteens. The success and popularity of these canteens with the workers have been phenomenal. The scheme of Mill Labour Officers has been gradually extended, and they are doing excellent work in dealing with minor difficulties and grievances which constantly arise in large industrial establishments. It can truly be said that more and more of the Association's time and attention is being devoted to labour and welfare matters and that our record in these matters compares most favourably with that of any other centre or any other organisation in the country.

INDO-JAPANESE TRADE AGREEMENT.

Official negotiations between the Indian and Japanese Governments' Delegates for the completion of a new Trade Agreement commenced as far back as October 1939, but no agreement has yet been reached. The Protocol to the original Trade Agreement has been

allowed to lapse, but pending the conclusion of a new agreement, it has been announced by the Hon'ble the Commerce Member that no special action will be taken against Japan unless the exports of cotton piecegoods to this country exceeded 400 million yards. When this decision was known, the Association, in a representation to Government, said that it was bound to have important psychological effects during the concluding phases of the trade negotiations and reiterated its objections to a Protocol which only dealt with exports of raw cotton from India and imports of cotton piecegoods from Japan. Cheap imports from Japan have crippled many a nascent Indian industry, and even in the case of textile manufactures, a very large proportion of the trade between the two countries was not covered by the Protocol, there being no limitation to the quantities of cotton yarn which Japan could export to this country, nor any restriction whatsoever on the quantities of artificial silk yarn and piecegoods, wearing apparel and other forms of made-up goods produced from cotton which she might send to this country. Towards the end of June last year, it was officially announced that circumstances connected with the progress of the war with Germany had so developed as to oblige the Government of India to reconsider the whole position before entering into any long-term commitments and that before entering upon any new obligations concerning the exports of raw cotton, Government desired to review the position regarding that commodity with reference to the desirability of directing the course of trade into the most suitable channels and of tightening up control of the cotton export trade so as to ensure that supplies from India should not find their way to Germany. Subsequent developments in the political situation have since precluded the resumption of negotiations for a new Protocol.

INDO-BURMA TRADE REGULATION ORDER.

The present Indo-Burma Trade Regulation Order which came into force in April 1937, provided for the maintenance of a free trade regime between the two countries. The original Order had a definite life of three years and was to continue in operation until the expiry of twelve months' notice of termination by either side. On the 31st March 1940, the Government of Burma gave notice of their desire to terminate the agreement at the end of March 1941. The question of negotiating a new Trade Agreement was subsequently taken up by the Government of India, and the Indian Government Delegation is being assisted by a panel of non-official Advisers on which the Association is represented by Mr. Fred Stones. The final results of the negotiations are not yet to hand, but it is hoped that the maintenance of a free trade regime or something closely corresponding to it will be secured as far as Indian cotton piecegoods and yarn are concerned, since the Burma market is the largest single overseas market which the industry possesses. Judged by the balance of trade figures, India is in an extremely strong bargaining position and should, therefore, be able to secure a new Trade Agreement satisfactory to Indian interests.

HANDLOOM FACT FINDING COMMITTEE.

The economic position of cottage handloom weavers in India has for a number of years been receiving the attention of the Government of India and Provincial Governments. For some years, financial assistance has been granted to Provincial Governments from Central revenues for the purpose of improving the cottage industry's organisation, and purchasing and marketing methods, but Provincial Directors of Industries report that the industry is still in a depressed condition. Many one-sided recommendations have been made from various sources to remedy this state of affairs, most of which have wrongly assumed that the weak position of the cottage handloom weavers has been due to competition from the power-loom industry. Various recommendations which have been received by the Central Government from Provincial Governments, were considered at a conference called by the Government of India early in December last year. The purpose of the conference was to submit suggestions to the Industries Conference to be held later in December as to how the position of the handloom industry could be safeguarded and how the conflicting claims of the handloom and mill industries could be reconciled. As a result of that conference, the Government of India agreed to appoint a Fact Finding Committee, but when the Committee was appointed, it was found that the terms of reference were unsatisfactory, since they did not seem to provide adequate opportunities for the elucidation of the true facts relating to

the handloom industry, about which the existing statistics are most misleading and incomplete. It might be disastrous for this industry if the Fact Finding Committee failed in what we consider its sole duty, namely, to obtain basic information regarding the cottage weaving industry. We have always maintained that the real interests of the hand and powerloom industries run parallel and that there is little, if any, real competition between them. What is really needed is the development of a better organisation for purchases of yarn required for, and sales of cloth turned out by, the handloom weaver. Penalisation of the mill industry by way of cesses, levies, taxes on or by restricting its production which have been suggested in many quarters, would in no way help the handloom industry in the long run, and would be an unwarranted imposition on the already over-taxed and over-burdened mill industry.

BUDGET PROPOSALS OF THE GOVERNMENT OF INDIA.

As expected, the Budget makes provision for heavy additional taxation, but we are, at any rate, glad to note that the Finance Member realises the impossibility of financing from taxation the whole of the additional expenditure which a war of this nature entails. I think he has divided the burden fairly between loans and extra taxation. The only serious criticism which I have to make in regard to the Finance Minister's proposals concerns the additional import duty on artificial silk yarn. Artificial silk yarn is already penalised fairly heavily, but despite that, the nascent Indian industry was beginning to capture a portion of the trade in artificial silk piecegoods previously monopolised by Japan. What the Finance Member seems to have accomplished by this additional tax on yarn is to give encouragement to further imports of Japanese artificial silk piecegoods at the expense of the Indian artificial silk weaving industry, both hand and power loom. We have telegraphed to the Government of India asking that matters should be set right as far as artificial silk piecegoods are concerned and that the artificial silk weaving industry should also be given an opportunity of developing an export trade by placing it more or less on the same basis as Japan, which could be accomplished by granting a rebate equal to the amount of import duty paid on artificial silk yarn which is afterwards manufactured into cloth and exported out of the country.

DOMESTIC AFFAIRS.

Turning to our domestic affairs, you will see from the balance-sheet and statement of income and expenditure that the Association's finances are in a healthy state despite the fact that we have sacrificed something like Rs. 3,000 a year by investing one lakh of rupees in Interest-free War Loan and despite the fact that expenditure has grown as a result of the war and that our activities have continued to expand. We are, however, reaching a stage where husbanding of our resources is becoming very necessary. We hope to be able to carry on for a few years more without increasing the annual subscription, but I have no doubt that our members will respond loyally if, by reason of a further widening of our activities, our subscription rates have to be raised.

Sir Joseph Kay, who has been a member of the Committee since 1919 and thrice its Chairman, did not stand when the elections for the Committee for 1941 were recently held. He wished to make way for new blood and to give the younger men a chance. We shall miss him greatly at our meetings, for Sir Joseph, with his very wide experience and balanced views and precision of thought on all matters, has been a tower of strength to the Association. I have no doubt, however, that we shall continue to have the benefit of his advice and guidance.

Two other members of our Committee, Sir Ness Wadia, K.B.E., and Sir Sorab Saklatvala, have achieved distinction during the year. Sir Ness, who may justly be called the "Father of the Bombay mill industry," completed a fifty years' active connection with the Bombay Dyeing and Manufacturing Co., Ltd., one of the greatest and best managed cotton mill companies in the country, and what is more important to us, a forty years' connection with the Association. Sir Sorab, affectionately known to all of us as "S. D.," received the well-merited honour of Knighthood. To both of them I extend on your behalf our heartiest congratulations and hope that they will long continue to assist the Association with the benefit of their wide knowledge of the industry and public affairs.

It remains for me to acknowledge with gratitude the help and co-operation which I have received during the year from your Deputy Chairman, Mr. R. L. Ferard, and from every member of the General Committee and various Sub-Committees. Their willing work has made my task an easy one. The Secretary, Mr. Maloney, the Assistant Secretary, Mr. Aiyer, and our Labour Officer, Mr. Gokhale, have, as usual, given of their best, and the merits of their work are already well known to you. I must here make particular mention of the very strenuous work put in by our Secretary, Mr. Maloney. In addition to looking after the ever increasing work of the Association, he had on more than one occasion to carry out various responsibilities for the Government of India and also to assist two of our members, Sir Ness Wadia and Mr. Fred Stones, who were appointed by the Government of India as their Non-official Advisers for the Eastern Group Conference. Behind our secretariat, we have a small well-organised and most capable staff and as usual they gave of their best during the year.

You have done me the honour to re-elect me as Chairman for the coming year, and I should like to thank you publicly for the confidence you have placed in me. It was with a considerable amount of hesitation that I agreed to take over the duties of the chairmanship for another year. I do believe that it is not desirable that one person should continue to hold office year in and year out, and that the office of the Chairman should be held in turn by different members of the Committee, but the Committee desired that I should continue for another year, and I do not mind confessing that I readily agreed not only because I appreciated the compliment, but also because I found pleasure in the work. The office of the Chairman of the Association is a veritable bed of roses. The atmosphere of the Association is absolutely free from intrigue and jealousy. We have, of course, our differences, but I have always found that there is a genuine desire to come to an agreement and to make the task of the Chairman as easy as possible. The Committee allow the Chairman a great deal of latitude and are always ready and willing to stand by him in times of stress and difficulties. It is for these reasons that I agreed to continue for another year, although I know there are members both on the Committee and outside the Committee, who are better qualified to hold office than myself by reason of their greater experience and longer connection with the industry.

Gentlemen, I now formally propose "that the Report of the Committee for the year 1940 be and is hereby approved and adopted."

In seconding the adoption of the Report, Mr. R. L. FERARD, Deputy Chairman, said :—

GENTLEMEN,

Our Chairman has just dealt most ably with some phases of the Committee's activities during the year, but there still remain many important matters untouched upon to-day to a few of which I shall now refer.

AMENDMENT OF THE MERCHANDISE MARKS ACT.

The Indian Merchandise Marks Act was recently amended in certain directions. The amended Act gives effect to a number of suggestions which we had made to the Government of India during the last five or six years and will, I think, be generally welcomed by merchants and industrialists. Among other things, the Act provides for the stamping of the name of the manufacturer or of the wholesale purchaser on cotton piecegoods sold in India and also provides that all cotton yarn exposed for sale shall be stamped with the name of the manufacturer or of the wholesale purchaser as also the count and the weight of the yarn contained in the bundle or package. As far as imported goods are concerned, the Act requires the stamping of the name of the country of origin in all necessary cases by vesting power with the Central Government, to require, by notification, any class of goods to be so marked. Our main criticism of the measure is that it does not make immediate provision for the stamping of the name of the country of origin on all imported piecegoods, and we have asked for an assurance from Government which would ensure no undue delay in the publication of the notification which would be required to make the stamping of the country of origin compulsory on all imported piecegoods. The object underlying the requirement regarding the stamping of the country of origin was to prevent goods of foreign origin being passed off as

Indian, and this would not, in our view, be effectively achieved if it were not possible to secure relief the moment the Indian manufacturer or Government detected that imported goods with no indication of the country of origin were being sold as Indian.

WAR RISK INSURANCE ON COMMODITIES.

The Association took a prominent part in the preliminaries which led to the War Risks (Goods) Insurance Ordinance which became effective towards the end of last year. The all-India nature of the insurance has made it possible for cover to be obtained at a relatively low premium rate, namely, one-thirty-second per cent. per month or part of a month, but this rate may be varied from time to time according to the necessities of the case. In the preliminary discussions which we had with the Government of India in this matter, we expressed ourselves as being in favour of the introduction of a compulsory scheme of war risk insurance on the lines of the United Kingdom legislation and also suggested that the scope of the legislation should be extended to cover industrial properties and machinery which were ordinarily insured against fire risks. This suggestion was unfortunately not accepted by the Government of India, since they did not consider that an insurance scheme was a suitable matter for dealing with possible damage to immovable property resulting from war risks. Government, however, indicated that they were seriously examining the possibility of adopting as an alternative the procedure that had been adopted in the United Kingdom, where, it is understood, a Committee had been appointed to estimate the extent of any damage caused to immovable property by war risks as soon as such damage occurred. Government also indicated that they would, on the conclusion of the war, ask the Legislature to agree to give compensation to such extent as might be found possible in consideration of the total amount of damage that might have been suffered.

PAYMENT OF COMPENSATION FOR WAR INJURIES.

For some time now the Association and the "Mutual" have been endeavouring to persuade the Government of India to amend the Workmen's Compensation Act so as to exclude employers from liability to pay compensation for injuries caused by enemy action, or better still, to enact legislation on the lines of the Personal Injuries (Emergency Provisions) Act which was passed in England in September 1939 for the purpose of relieving employers of their liability under the Workmen's Compensation Act for injuries caused by enemy action. When the proposition was originally put to them, Government indicated that they had come to the conclusion that no such legislation was necessary in India, but it is understood that the view of Government has now changed, and that an amendment of the Workmen's Compensation Act on the lines of the United Kingdom measure will be placed before the Central Legislature at an early date. We can only hope that the introduction of the Amending Bill will not be unduly delayed, since it is obviously unfair that employers should be held liable for the payment of compensation for injuries caused to their workers by enemy action.

BOMBAY SHOPS AND ESTABLISHMENTS ACT.

When the draft of the Bombay Shops Bill was originally circulated for opinion, we expressed the view that commercial establishments should be excluded from the scope of the measure, since persons employed in such establishments were not generally called upon to work excessively long hours. Added emphasis was lent to our view by the conclusions which were reached at the first Conference of Labour Ministers held in January 1940 under the Chairmanship of the Hon'ble the Commerce Member, when it was held that the time was not yet ripe for legislation regarding commercial establishments. It was, however, agreed at that conference that the Central Legislature might pass an enabling measure for the compulsory closing of shops, with provision for exemptions in particular cases and particular areas, the minimum holiday being one day per week. Later on, we suggested that the enforcement of the Provincial Act so far as commercial establishments were concerned, might be postponed until the repercussions of the present war had died down and normal working conditions were once again restored. When the draft rules were published in the *Bombay Government Gazette* on the 25th September, we again urged that commercial establishments should be exempted from the provisions of the Act for the duration of the war. On the 8th of October, the Government of Bombay notified that the Act together with the Rules made

thereunder would come into force on the 15th November. We then represented that the . would create considerable difficulties in regard to departmental clerks employed in cotton and woollen mills, and we suggested that they might be exempted from the provisions of the Act. Eventually, Government agreed to give temporary exemption to particular classes of departmental clerks, provided that, as suggested by the Association, the hours of work, the number of holidays, etc., of all mill clerks would be regulated on the basis of a calendar month and that the total number of hours worked to be the number of mill working days multiplied by nine and that holidays would be granted at the rate of four per month. When the number of hours put in per month exceeded the normal, overtime was to be paid on a basis equivalent to that set out in the Factories Act. So far, the exemptions which have been granted are only for a period of six months, and mills are, in the meantime, expected to make such modifications in their working arrangements as to ensure that at the end of the period the exemptions need no longer be given. It is somewhat doubtful whether this will be feasible, and it is significant that at a recent conference in Calcutta when the idea of Central legislation concerning shops and commercial establishments was discussed, it was agreed that the clerks of an establishment actually employed in factories should be excluded from the purview of an all-India measure.

CENTRAL LEGISLATION ON LABOUR MATTERS.

Representatives of the Association recently attended a conference convened by Hon'ble the Commerce Member for the purpose of discussing certain proposals for legislation which had been made by the Labour Ministers' Conference about a year earlier, concerning a number of labour and social questions. At the conference, the principle of co-ordinating labour legislation in so far as it could be achieved in view of the fact that labour legislation is on the Concurrent List in the Government of India Act, was generally endorsed. The Government of India's intention in regard to Central legislation is that it should not encroach upon the Provincial Governments' powers, but that the Central legislation should form a basis on which Provincial enactments were based. It is probable that as a result of the conference, a Bill for the amendment of the Indian Trade Disputes Act will be introduced during the present year. The amendments are likely to be of a somewhat far-reaching character and are likely to bring the Central legislation more closely in line with the Bombay Industrial Disputes Act. As the Bombay Act contains many defects, it is hoped that the amendment of it will be taken in hand as early as possible in order to ensure that the same faults do not occur in the Central legislation. The possibility of introducing a system of sickness insurance is also being seriously considered by the Government of India, but the preliminary investigation incidental to any such legislation will take some time and the actual framing of the Bill will probably not be undertaken until 1942. Our views on the subject of sickness insurance and the questions allied to it are already known to the Government of India and to the Provincial Government. The main considerations in any such legislation, in our view, are that it should be of an all-India character, that it should apply equally to all industrial undertakings, and that the State, the employer and the employee should contribute equally towards the cost of sickness benefits.

TRADE MARKS ACT.

The Indian Trade Marks Act was passed by the Legislature and received the assent of the Governor-General on 11th March 1940. The Act as a whole has not yet come into operation, but sections 1 and 85 came into force almost immediately. Section 85 prescribes that the Central Government may, by notification, provide such procedure as it considers expedient to enable intending applicants to deposit trade marks at the Patents Office, before the coming into force of the remaining provisions of the Act. Accordingly, certain Rules governing the deposit of trade marks by their proprietors were published in the *Gazette of India* on 13th July 1940. The deposit of any existing trade marks, under these Rules, is permissible between the 1st October 1940 and 31st March 1941. The fee for deposit for a particular type of mark, according to these Rules, was to be one rupee, and while this fee appeared to be reasonable in the case of stamps and tickets, it appeared to be excessive in the case of trade numbers and trade names, the actual registration of which will be subject to certain conditions and restrictions as yet undisclosed. In these circumstances, the Association has been endeavouring, in the case of trade numbers and trade names, to get the fee for deposit reduced to a more reasonable figure, and meanwhile, the Association has been devoting

attention to the deposit of tickets and stamps. As the Association has been registering trade marks for a period of more than fifty years and has a complete record of all the original tickets and the minor variations introduced from time to time by member mills, it has been possible not only to assist mills materially with the completion of deposit application forms, but also to attach to deposit applications, certificates showing the classes of goods on which tickets and stamps have been used and the actual date of registration with the Association. These certificates have been provided to mills at a modest charge of eight annas each, and should undoubtedly facilitate and expedite registration under the Act. The services which the Association has been able to render in this matter, have been greatly appreciated by member mills and have obviated the necessity of employing trade mark agencies and the expenditure involved thereby.

The Chairman has been kind enough to refer to the assistance which he has had from me during the year, but with a Chairman so conscientious as Mr. Chandavarkar and with his great capacity for work, my task has, as a matter of fact, been a sinecure.

Gentlemen, with these remarks, I have very much pleasure in seconding the adoption of the Report, including the Accounts of the Association.

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

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

- “(a) that the amendments in the ‘Supplementary Provisions’ for dealing with disputes in connection with dealers’ trade marks circulated under Rule 7 of the Association’s Rules for the Registration of Trade Marks, approved and adopted by the Committee at their meeting held on the 16th September 1940, be confirmed ;
- (b) that effect be given to the ‘Supplementary Provisions’ regarding dealers’ trade marks—amended as suggested by the Committee in their resolution dated the 16th September 1940 and circulated to members on 17th September 1940—for a further period of one year from 1st April 1941 ;
- (c) that the amendments made by the Committee in the Association’s Rules for Arbitration on Piecegoods and Yarn, as per their resolution dated 13th May 1940, be confirmed.”

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

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

On the proposal of SIR CHUNILAL V. MEHTA, seconded by MR. C. P. WADIA, it was resolved :

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

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

On the motion of SIR JOSEPH KAY, seconded by SIR SORAB SAKLATVALA, a vote of thanks was accorded to the outgoing Chairman and Committee for their very able conduct of the Association’s affairs during the year.

Millobners' Association, Bombay.

Section II.

FOREWORD, PRELIMINARY REPORT AND ACCOUNTS
OF THE ASSOCIATION.

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

For the period 1st January to 31st December 1940.

FOREWORD.

ONE more year of grace—1940—has come to an end ; a year in which the world was inflicted with the miseries of the most dreadful war in history ; a year which saw the performance of most heroic deeds of bravery and the perpetration of acts of foul treachery ; a year which at one time threw the world into black despondency from which it was subsequently lifted by feelings of cheerful optimism engendered by the grim resolve of the British to fight single-handed for the democracies of the world. Every important event during the progress of the war had its repercussions throughout the world, not only in the political, but also in the economic field, affecting every phase of commerce and industry. In order to assess the real value of such changes, let us briefly survey the course of events.

The commencement of the year found the military situation in a static condition ; each side trying to wear out the other by a war of attrition ; but soon after the onset of Spring, things began to move and moved with a rapidity and suddenness that amazed the world. Germany annexed Denmark, and then made an attempt on Norway, but immediate and timely counter-attack by England foiled Germany in her objective of undisputed occupation of Norway. She then turned her eyes to Holland and Belgium. She attacked both these countries to push her way through to France, and by bringing into action parachute troops, Hitler succeeded in subjugating first Holland and then Belgium. This brought him face to face with the armies of France who were overpowered by superior equipment and organization within a few weeks. When France was on the verge of collapse, Italy entered the war on the side of Germany thinking it an easy way of claiming a share in the spoils. The debacle of France put England in a very grave plight. The only course left for the British Expeditionary Force was a timely withdrawal. In the teeth of a fierce onslaught by land and from the air by enemy forces, the evacuation from Dunkirk was a remarkable military achievement. It proved the turning point in the progress of the war and revived hopes of British victory in the end. It also led to a redoubling of war efforts throughout the British Empire with improved outlook for trade and industries.

The capitulation of France was received with mixed feelings in France as well as in her colonies. General de Gaulle openly accused the members of the newly formed French Government at Vichy of betraying the cause of

their country. He formed a new party of Free Frenchmen and resolved to carry on the struggle on behalf of his country in collaboration with England. Hitler had not demanded the surrender of the French Fleet ; but Mr. Churchill had no faith in Hitler's word and England stole a march over Germany by a brilliant and rapid coup which scattered or destroyed a good part of the French Fleet. Hitler then let loose on England his notorious *Blitzkriegs* hoping to land troops on English soil after subjecting the civilian population to intensive and terrifying bombardment from the air. But the cool courage and tenacity of purpose of the British nation combined with the heroic achievements of the Royal Air Force, and the mastery of the seas by the Royal Navy, have kept the Germans at bay and the much-vaunted invasion of England is as far away as ever.

Hitler's next move was yet another attempt to make a military alliance with Russia, but the latter refused to enter into such an alliance. He also failed in similar attempts with Turkey. In order to replenish his granaries and his oil supplies he encroached into Rumania and under the pretext of restoring order in that country which was in the throes of political turmoil, Germany got a strangle-hold on her. In the meantime, American aid to Great Britain steadily increased, and Germany made a blustering show of forming a Military Alliance with Italy and Japan, hoping thereby to cow down America, but the alliance had an effect the reverse of that anticipated. Since then American aid to Great Britain has increased in intensity and has been one of the main factors in the revival of trade and industries throughout the British Empire.

Italy who had been till then contenting herself as a silent partner of the Axis, now thought her turn had come to intervene actively in the war. She gave an ultimatum to Greece, who, however, was determined to resist Italy's unprovoked attack, and aided by the Royal Air Force and the Royal Navy succeeded in inflicting a series of defeats on Italy. The unexpected reverses of Italy on Greek and Albanian soils synchronised with an attack by British Forces on her African positions where General Wavell took up the offensive, to drive out the Italians from the outskirts of Egypt where they had entrenched themselves. The Italians were driven back, and by the famous victory at Sidi Barrani, where the British scored a signal success, they were forced to retreat to their stronghold of Bardia which subsequently also fell. Italy lost very heavily both in men and equipment but, above all, she lost prestige, because the Royal Navy not only compelled the Italian Navy to make itself scarce from the Mediterranean, but actually won triumphs in Italy's own territorial waters of the Adriatic Sea.

Hitler desired to cut off England from the Mediterranean by an attack on Gibraltar. With this object in view, he left no stone unturned to persuade General Franco to acquiesce in an attack through Spain, but that astute leader of Spain has so far kept himself out of the fray.

The review of the past year would not be complete without the mention of the epoch-making event that took place in the United States of America on the 5th November 1940, when that country re-elected Mr. Roosevelt as President for a third consecutive term of office. This election was a direct

and unequivocal reply to the recently resurrected Military Alliance of the Axis Powers. The views of President Roosevelt on the present war are too well-known to need repetition. He made every possible attempt, firstly, to prevent the war from starting and, latterly, to prevent it from spreading to wider theatres. For this purpose, he sent his own special emissary, Mr. Sumner Welles, to gain firsthand information regarding the views and policies of the belligerent parties, and it was only after a careful study of the report received from his representative who not only visited London but also made an extensive tour of the capitals of the more important European countries, that President Roosevelt decided to extend all help to England. This support to Great Britain has naturally reacted very favourably on the whole of the British Empire and other friendly countries.

The year witnessed the passing away of Mr. Neville Chamberlain. This sad event took place in November 1940. He became historically famous as the maker of the Munich Pact. Opinion was keenly divided as to the advisability or otherwise of that Pact, but he did not believe in peace at any price. He considered chains worse than bayonets and so when the time came, he unhesitatingly declared war on Germany and unflinchingly stuck to his post until failing health compelled him to give place to a more energetic man, Mr. Winston Churchill.

Events in the Far Eastern sector of the world always have a direct effect on our cotton, cloth and yarn markets, and reference should, therefore, be made to the Burma Road to China incident. In order to tighten the blockade, Japan wanted the Burma Road to China closed. She made a demand to that effect on England, who agreed to close the road for a period of three months during which Japan was expected to negotiate peace with China, but as the Chinese Generalissimo, Marshal Chiangkai Shek, refused to entertain any peace terms without the unconditional withdrawal of Japanese forces from China, the peace efforts proved abortive. On the expiry of the three months period, the Burma Road was reopened to traffic with China on the 18th of October 1940. During the interval, Japan received a clear enunciation of America's attitude towards Japan, in the grant of a loan of \$100,000,000 to China. Soon after the annexation of Holland by Germany, Japan cast covetous eyes on the Dutch Possessions in the East Indies which she wanted to take under her ægis, but had to desist from doing so on account of America's warning that she would tolerate no subversion of the balance of power in the East Indies. America's embargo on exports, first of scrap iron and subsequently of steel and every kind of iron manufacture, was another straw indicative of the wind blowing in America towards Japan's attitude of aggression.

In India itself during the year political controversies centred round the various declarations of His Excellency the Viceroy and the Secretary of State for India regarding the future status of India amongst the British Commonwealth of Nations. The political situation remained complicated at the end of the year, but in view of efforts still being made let us hope a way will be found out of the impasse so that India may make still greater efforts towards winning the War.

The first War Budget for India was introduced in March announcing higher taxation in the shape of the Excess Profits Tax to meet the heavy expenditure involved by the country's defence measures. The Bill as published had several objectionable features which were pointed out to Government by the business community all over the country. Government made suitable amendments which removed some of the important objections. A supplementary Budget was issued in November 1940 increasing income-tax by $8\frac{1}{2}$ per cent. and enhancing postal and telegraph rates. Such changes temporarily reacted on the markets, but it was the military situation which in the main affected finances and commerce:

As far as the textile industry was concerned, the following survey of the different markets will show that the textile industry was far from flourishing during the greater part of the year owing to higher costs of production. It was only during the last three months of the year that the situation altered.

Cotton.—The year commenced with Broach April/May 1940 at Rs. 310 ; Oomra January 1940 Rs. 273 ; Bengal January 1940 Rs. 226 ; New York May 10.75 cents and Liverpool May 8.55*d.* ; the cross rate being 3.95 $\frac{1}{2}$.

The beginning of the new year saw a continuation of the rising trend of December 1939 and Broach touched the high of Rs. 333 on January 5th. This rise was chiefly due to bullish activity and to the re-entry into the market of Calcutta operators consequent upon a fresh spurt in jute and hessians. Liverpool registered an advance on account of shortage of freight and anticipations of a falling off in supplies. The above factors coupled with the war programme in the U.S.A. gave an added stimulus to the New York Market, and these speculative tendencies brought about large daily fluctuations in the markets.

Owing to the absence of demand from local and Japanese mills, prices declined, and Broach touched Rs. 293 by the middle of January and after a small reaction declined sharply to Rs. 249 at the end of the month, although New York and Liverpool markets did not decline to the same extent. There was some easiness during the month of February on account of threats of mill strikes in Bombay and Ahmedabad on the issue of "dearness allowance," but towards the end of the month Broach advanced to Rs. 278 due to speculation by Calcutta operators.

Rumours of peace and talks of subsidy on cotton, strikes in local mills and heavy marketing of Broach cotton again brought about a decline in prices and Broach fell to Rs. 240 in the middle of March. There was a slight recovery but after incessant fluctuations the month closed with Broach Rs. 237 due to the uncertainty about the outcome of Indo-Japanese trade talks and liquidation by Calcutta operators.

In April there was a sudden drop and Broach touched Rs. 219 due to unfounded reports about Government imposing a ban on exports. However, good business was done for exports of Broach, Surat and Navsari cottons for the allied countries and France. But all this cotton eventually fell straight

into the hands of Germany who was gradually occupying country after country, and as a result all such consignments of cotton remained unpaid for and many big export houses and banks suffered heavy losses. Later, the price rose to Rs. 259 due to the textile strike being called off, but the improvement was offset by a falling off in demand for export markets.

New Broach April/May opened at Rs. 10 premium over July/August prices so that the difference between May 1940 and May 1941 stood at Rs. 20 per candy. Due to the depressed state of the cloth and yarn markets, the demand from local mills was poor, but prices closed at the end of April at Rs. 266, with a slightly upward tendency.

Owing to the higher parity of Indian prices, low grade American cottons found their way into India and prices naturally started to decline. Broach contract continued to decline and collapsed to Rs. 191 on the 18th of May as there were also reports of a large-scale German offensive in the west of France. In addition to this, there were reports about Government controlling all exports to prevent materials and supplies reaching enemy countries. Imports were also controlled, but those from Empire countries were exempted. These factors caused the market to become very erratic, and the new April/May contract fell to Rs. 195 while the July/August contract stood at Rs. 188 at the end of May.

The beginning of June found Broach at Rs. 184, but after a slight rise it dropped to Rs. 168 on reports of the possibility of Italy's early entry into the war, lack of shipping facilities and decline in mill consumption of cotton compared to the previous year. At this stage New York July contract stood at 9.65 cents and Liverpool July at 7.25d., so that whereas Broach had declined from Rs. 310 at the beginning of the year to Rs. 168, a difference of Rs. 142, New York had declined only 110 points and Liverpool 130. Fears of large tenders of Broach in the following month caused the market to decline rapidly and the difference between July/August 1940 and April/May 1941 contract widened to as much as Rs. 24, indicating weakness on the part of holders of this cotton, and by the middle of the month Broach stood at Rs. 183. The fall of France caused Broach to drop to Rs. 155, and after a slight reaction Broach went down at the end of the month almost to the low pre-war level of Rs. 152 on account of the trouble created by Japan over the Burma Road. New York July at this time stood at 10.20 cents.

Rumours about the temporary closing of the port of Bombay and apprehension regarding Japan's attitude and its possible effects on exports caused Broach to touch the lowest figure of the year, Rs. 147, in the very beginning of July. Prices, however, improved to Rs. 163 by the end of the week. The U.S.A. acreage report was published on the 8th of July giving the estimated area under cultivation at 25,077,000 acres which was almost the same as that of the previous year. After a short reaction, prices improved due to reports that Government was considering the introduction of a Commodities Insurance scheme on an all-India basis which had a reassuring effect on the markets, and Broach reached Rs. 186 in the middle of the month. However, reports of the resignation of the Japanese Cabinet and

lack of support by trade interests caused prices to decline to Rs. 166. Later, on reports of British successes the price improved to Rs. 191, but the advance could not be maintained and Broach fell to Rs. 178 on the last day of the month.

The month of August opened with Broach at Rs. 171. The first Bureau figures of the U.S.A., which were published on the 8th, estimated a crop of 11,429,000 bales with a yield of 222.3 per acre. Prices remained more or less steady on reports of crop conditions being satisfactory, and the July/August contract closed at Rs. 174 whilst the new April/May contract stood at Rs. 190.

The beginning of September saw a sharp rise and Broach April/May 1941 touched Rs. 211, due mainly to speculative activity, but by the end of the week had again dropped to Rs. 196 on news of war developments in Indo-China and the Middle East. The second Bureau estimate of the crop of 12,772,000 bales and a yield of 250.7 per acre showed an increase on the previous month's figures; but this had practically no effect on prices. Just before the end of September, Broach improved to Rs. 205 whilst New York May stood at 9.28 cents and Liverpool May at 7.36d., and the market remained more or less steady round this level. During the cotton year, fluctuations in New York had been within about $1\frac{1}{2}$ cents; but in India the highest figure registered by Broach was Rs. 347 and the lowest Rs. 147.

The third U.S.A. Bureau report was published in the beginning of October showing a very slight decrease. Broach remained steady with minor fluctuations. Prices declined to Rs. 190 in the middle of the month on fears of Japan's attitude towards the reopening of the Burma Road which would affect exports. There was a good demand from local mills due to large Government orders, and this factor coupled with good enquiries from China and Lancashire, and satisfactory cloth sales by Indian mills during *Divali* caused a slight upward tendency in Broach.

The fourth U.S.A. Bureau report had little effect on prices and Broach remained steady in the beginning of November between Rs. 190 and Rs. 200. Mills which had made sales during *Divali* were the chief buyers of spot cotton. As against this, straddle sales in Broach futures against purchases in New York militated against prospects of any advance in prices. Broach advanced to Rs. 206 by the middle of the month and to Rs. 213 on stronger Liverpool advices, but declined to Rs. 207 on account of political arrests during November and December which caused the markets to remain closed frequently, thus hampering business. At the end of the month, Broach stood at Rs. 207, but improved somewhat on reports of unseasonal rains in many centres, where not much damage to the size of the crop was reported.

The month of December showed a steady downward tendency owing to free arrivals at all up-country centres and heavy straddle selling pressure in Broach. The fifth U.S.A. Bureau crop estimate published on the 9th showed a crop of 12,686,000 bales. From Rs. 211 Broach registered small

but regular declines daily, and at the end of the month prices closed as follows :—

| | | | | | |
|------------------------------|----|----|----|----|--------------------|
| Broach April/May 1941 | .. | .. | .. | .. | Rs. 181- 8 |
| Oomra December/January 1941 | .. | .. | .. | .. | Rs. 152- 4 |
| Bengal December/January 1941 | .. | .. | .. | .. | Rs. 126- 4 |
| New York May | .. | .. | .. | .. | 10.38 cents. |
| Liverpool May | .. | .. | .. | .. | 8.27d. |
| Cross rate | .. | .. | .. | .. | 4.03 $\frac{3}{4}$ |

If shipping difficulties could be removed, prices are likely to be maintained, or with greater activity in the textile trade, even to rise, which would benefit the agriculturists, but everything really depends on how the war situation develops during the year 1941.

Cloth and Yarn.—Towards the end of 1939, bullish conditions prevailed and a rise in prices was anticipated. Jute, wheat, linseed, cotton and all other commodities participated in the rise in prices during the last two months of 1939 and the year 1940 began in hope. These hopes were short-lived. From the middle of January, bullish enthusiasm began to wane consequent on the war situation and by the middle of February had entirely evaporated. Even the strike in Bombay mills during March-April had no effect on the prices of cloth and yarn which continued to decline with offtake poor, while cotton fluctuating heavily showed a continuously lower tendency. The decline in prices was accentuated by events in Europe as Germany occupied country after country. Various rumours kept markets in an apprehensive and nervous state. The stand made by England against aerial attacks by Germany, and the failure of the German Air Force, however, restored confidence by the end of September. Demand from Empire countries for Indian piecegoods and yarns coming in at this time strengthened this confidence which was further enhanced by purchases of cloth on Government account for war purposes. As a result of all these forces, prices were steady in September, hardened a little by end of October, and fair sales were made on *Moorat* occasion. Merchants entered the market with greater confidence and prices registered a rise in November and December, the rise being particularly marked in drills and twills, grey, bleached and dyed, and in fine yarn cloth.

At the beginning of the year, some sales of grey calendered shirtings were reported at 11 annas per lb., and of 30/40 dhoties at about Re. 1 a lb. These were the highest prices of the year. Prices continued to fall from these rates, every sale reported being at lower prices than the previous sale till August, when sales were reported at 8 $\frac{1}{2}$ annas for calendered shirtings 20×20 and at 13 $\frac{1}{2}$ annas for 30/40 dhoties. At this period, grey drills were reported to have been sold as low as 7 to 7 $\frac{1}{4}$ annas a lb. With the turn in sentiment, the markets first steadied and then began to rise. During *Divali*, *Moorat* sales were effected at As. 9-6 for calendered shirtings 20×20, at As. 9-3 for grey drills and at As. 15-6 for 30/40 dhoties. At the close of the year, these

In the yarn market, the position was similar. In the beginning of the year 20½s yarn was quoted at As. 8¾ a lb. There was a practically continuous fall in prices until the low of about 6½ annas was reached towards the end of August. There was a small but steady recovery in September, while during the last three months of the year markets remained strong, prices rising to about 8 annas a lb. by the end of the year. Most of the rise is attributable to export demand. The internal demand always lagged behind, prices in consuming centres remaining all the time below Bombay parity.

The position of the textile trade during the year may be clearly seen from the fall and rise in the number of machines worked in Bombay. At the beginning of the year 36 per cent. of the spindles and 41 per cent. of the looms were working double shift. In spite of the strike during March and April of the year involving loss in production, the number of machines working double shift continued to fall until by the end of August only 25 per cent. of the spindles and 27 per cent. of the looms were working double shift. The improvement in demand during the last months of the year was reflected in the increase in machines working double shift, the figures at the end of the year being 44 per cent. of the spindles and 51 per cent. of the looms.

With the fall in demand, stocks in the hands of mills also increased, the highest stocks coinciding with the period of greatest depression, the end of August, when mills had 126,000 bales of cloth and 24,000 bales of yarn. With the brisk export demand, stocks began to diminish rapidly, the figures at the end of the year being 61,000 bales of cloth and 15,000 bales of yarn. These figures are the lowest since May 1937 in the case of cloth and December 1937 in the case of yarn.

So far as cloth and yarn are concerned, the year has closed with a promise of a good future so far as offtake is concerned. Whether prices will respond, only the future can show. The only deterrent to a rise in prices is the inability of cotton to follow the rise in manufactured goods owing to export difficulties.

ELECTION OF CHAIRMAN OF THE ASSOCIATION FOR 1941.

The annual ballot for the office of the Chairman of the Association for the year 1941 was held on 13th January 1941 and resulted in the re-election of Mr. V. N. Chandavarkar, Managing Director of Messrs. N. Sirur & Co., Ltd., Managing Agents of the Mysore Spinning and Manufacturing Co., Ltd., the Minerva Mills Ltd., and the Modern Mills Ltd.

ELECTION OF DEPUTY CHAIRMAN OF THE ASSOCIATION FOR 1941.

The ballot for the election of the Deputy Chairman of the Association for the year 1941 took place on the 20th January 1941, and resulted in the re-election of Mr. R. L. Ferard, Director of Messrs. W. H. Brady & Co., Ltd., Managing Agents of the Colaba Land and Mill Co., Ltd., the New City of Bombay Manufacturing Co., Ltd., and the New Great Eastern Spinning and Weaving Co., Ltd.

ELECTION OF THE COMMITTEE FOR 1941.

The ballot for the election of the Committee was held on the 27th January 1941, and the following members were duly elected :—

Sir Ness Wadia, K.B.E., C.I.E. ; Sir Chunilal V. Mehta, K.C.S.I. ; Sir Homi Mody, K.B.E., M.L.A. ; Sir Sorab Saklatvala, Kt., M.L.A. ; Mr. T. V. Baddeley ; Mr. B. S. Dabke ; Mr. Dharamsey Mulraj Khatau ; Mr. A. Geddis ; Mr. Hurgovandas Jamnadas Ramji ; Mr. Krishnaraj M. D. Thackersey ; Mr. A. M. Mehta ; Mr. H. F. Milne ; Mr. A. L. Paramor ; Mr. A. Pether ; Mr. G. D. Somani ; Mr. F. Stones, O.B.E., M.L.C. ; Mr. C. P. Wadia ; and Mr. Neville N. Wadia.

INDIAN CENTRAL COTTON COMMITTEE—TECHNOLOGICAL RESEARCH SUB-COMMITTEE.

ASSOCIATION'S REPRESENTATIVES.

Towards the end of February, in response to an invitation from the Indian Central Cotton Committee, the Committee of the Association nominated Mr. A. D. Walwyn and Mr. F. F. Bignell for co-option on the Technological Research Sub-Committee of the Indian Central Cotton Committee for the year 1940-41.

BOARD OF VISITORS OF THE UNIVERSITY DEPARTMENT OF CHEMICAL TECHNOLOGY.

ASSOCIATION'S REPRESENTATIVE.

The term of office of Mr. V. N. Chandavarkar, the Association's representative on the Board of Visitors to the University Department of

Chemical Technology having expired on 31st January 1940, the Association was called upon to recommend the name of a representative to serve on the Board for a further period of two years. The Committee re-appointed Mr. Chandavarkar as the Association's representative on the Board.

ADVISORY BOARD OF THE SYDENHAM COLLEGE OF COMMERCE AND ECONOMICS.

ASSOCIATION'S REPRESENTATIVE.

Early in January, in response to a request from the Principal of the Sydenham College of Commerce and Economics, the Committee re-appointed Mr. B. S. Dabke as the Association's representative on the Advisory Board of the College for the triennium 1939-42.

ADVISORY COMMITTEE OF THE ROYAL INSTITUTE OF SCIENCE.

ASSOCIATION'S REPRESENTATIVE.

The term of office of the Advisory Committee of the Royal Institute of Science, Bombay, expired on 31st December 1940, and the Association was, therefore, called upon to nominate a representative to serve on the reconstituted Committee for the triennium commencing from 1st January 1941. The Committee appointed Mr. V. N. Chandavarkar to represent the Association on the new Advisory Committee.

G. I. P. RAILWAY LOCAL ADVISORY COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

Under Rule 9 of the Rules and Constitution of the G. I. P. Railway Local Advisory Committee, the term of office of Mr. Krishnaraj M. D. Thackersey, the Association's representative on that Committee, expired in May 1940, and the Association was, therefore, called upon to elect a representative to serve on the reconstituted Committee for a period of two years from June 1940. The Committee accordingly re-appointed Mr. Krishnaraj Thackersey.

^{Com}ADVISORY (BOARD) OF THE GOVERNMENT APPRENTICE SCHEME.

ASSOCIATION'S REPRESENTATIVE.

^{Early in Feb}Towards the end of February, the Director of Industries, Bombay, informed the Committee that the Government of Bombay had sanctioned the continuance for a period of three years with effect from 1st January 1940, of the Advisory Committee of the Apprentice Scheme and requested them to nominate a representative to serve on that Committee. The Committee of the Association re-appointed Mr. V. N. Chandavarkar as the Association's representative on the Advisory Committee.

PROHIBITION RESEARCH ADVISORY BOARD.

ASSOCIATION'S REPRESENTATIVE.

Early in January, on the invitation of the Government of Bombay, the Committee nominated Sir Homi Mody, K.B.E., M.L.A., as the Association's representative on the proposed Prohibition Research Advisory Board, Bombay.

PROVINCIAL ADVISORY COMMITTEE FOR WAR SUPPLIES.

ASSOCIATION'S REPRESENTATIVE.

Towards the middle of June, the Committee were invited to nominate a representative of the Association to serve on a Provincial Advisory Committee for War Supplies which the Government of Bombay, at the instance of the Government of India, Department of Supply, proposed to establish in Bombay with the following terms of reference :—

- (a) To advise the Government of India in the Department of Supply on any general question on which advice might be sought ;
- (b) To serve as a liaison link between the Government of India (Department of Supply), the Provincial Government, and the commercial, mercantile and shipping communities, to reconcile and to guarantee their interests to the general benefit of facilitating supplies, and to bring to the notice of the Supply Department any matters concerning war supplies that appeared to require action by the Central Government.

The Committee nominated Mr. Neville N. Wadia as the Association's representative on the proposed Committee.

EXPORT ADVISORY COUNCIL.

ASSOCIATION'S REPRESENTATIVE.

Towards the middle of May, the Government of India requested the Committee to nominate a representative of the Association for appointment on the Export Advisory Council which Government proposed to set up with the Honourable the Commerce Member, Diwan Bahadur Sir A. Ramaswami Mudaliar, as Chairman, and Sir Homi Mody as Vice-Chairman, for the following purposes :—

- (a) to act as a channel of communication between the Government of India and the exporting interests of the country so as to facilitate the discussion of difficulties arising out of the war and the legislation and regulations consequent thereupon ;
- (b) to make recommendations regarding the best means of expanding the aggregate exports of staple commodities, and in so far as the customary markets for such commodities were partly or wholly

closed as a consequence of the war, to suggest the appropriate ways and means for promoting a demand for these commodities in alternative markets ;

- (c) to make recommendations regarding the methods of expanding the exports of the products of Indian manufacturing industry and to promote interest among Indian manufacturers in the expansion of their sales overseas ; and
- (d) to make recommendations as to the assistance which should be given by the Government of India to unofficial trade delegations which might be despatched by organised trades or industries to study conditions in overseas markets.

The Committee nominated Mr. V. N. Chandavarkar as the Association's representative on the Export Advisory Council.

The first meeting of the Council took place in Simla early in June, and as a result of the discussion, special Provincial Port Committees were formed for the major maritime provinces. The Association is represented on the Bombay Port Committee by Mr. Chandavarkar.

BOARD OF SCIENTIFIC AND INDUSTRIAL RESEARCH.

On 27th April 1940, the Government of India announced their decision to set up, with effect from 1st April 1940, for a period of two years in the first instance, a Board of Scientific and Industrial Research. The Board's functions would be to advise Government as to the lines on which scientific and industrial research should be conducted and the channels into which it should be guided in order best to serve the object of ensuring the co-ordinated development of Indian industries, particularly of those the importance and possibilities of which had been prominently brought into the foreground as a result of the conditions created by the war.

It was felt that the war had deprived India of some of its essential imports and had curtailed others with the result that some of the existing major industries were finding difficulties in maintaining normal working. On the other hand, demands for war materials from the Empire and Allied countries and also for India's own requirements in this field called for an increase in industrial activities in the country. Government, therefore, decided that in order to enable India to make a fitting contribution to the war for the Allies and to take this opportunity of stimulating her existing industries and of exploring fresh fields of development created by the war, research work should be conducted on a larger scale than before.

The Board, it was explained, would utilize and co-ordinate the work of the organisation already employed in this field. It would survey the work that was and is being done by them, invite proposals from all sources, initiate discussions and make recommendations to the Government of India, who would prescribe from time to time the general lines on which industrial

research should be undertaken and pursued. The Board would also report to Government what specific problems should in its opinion be assigned for investigation to the staff directly under the Board on the one hand and to the various scientific and research institutions in the country including University Laboratories on the other.

The constitution of the first Board was announced as follows:—

Chairman :

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar, Member of the Governor General's Executive Council in charge of the Departments of Commerce and Labour.

Vice-Chairman :

The Chief Controller of Stores, Indian Stores Department (until further orders).

Members :

Dr. J. C. Ghosh, Director, Indian Institute of Science, Bangalore.

Dr. Nazir Ahmad, O.B.E., Director, Technological Laboratory, Indian Central Cotton Committee, Matunga, Bombay.

Dr. Meghnad Saha, Palit Professor of Physics, University of Calcutta, Calcutta.

Dr. S. S. Bhatnagar, O.B.E., Director of Scientific and Industrial Research, New Delhi.

Sir Homi Mody, K.B.E., M.L.A. (Central), Bombay.

Sir Syed Sultan Ahmad, Patna.

Mr. Kasturbhai Lalbhai, Ahmedabad.

Lala (now Sir) Shri Ram, New Delhi.

Mr. P. F. S. Warren, Director, Messrs. Jessop & Co., Ltd, Calcutta.

Dr. Narendra Nath Law, Calcutta.

Secretaries :

Mr. T. S. Pillay (General) and Dr. S. Parthasarathy (Technical).

It was further indicated that a sum of Rs. 5 lakhs had been provided in the budget estimates for the year 1940-41 in connection with the work of the Board, of which about Rs. 1 lakh will be utilized by the Board on its administrative side and the balance will be available for other purposes of the Board including distribution of grants and subsidies and establishment of research studentships, scholarships and fellowships.

TWELFTH INDUSTRIES CONFERENCE.

ASSOCIATION'S REPRESENTATIVE.

Towards the middle of September, at the request of the Secretary to the Government of India, Department of Commerce, the Committee appointed Mr. V. N. Chandavarkar to represent the Association at the Twelfth Industries Conference which was held at Lucknow on the 16th and 17th December 1940.

EMPIRE COTTON GROWING CORPORATION.

In accordance with bye-law 22 of the Empire Cotton Growing Corporation, the term of office of Mr. H. H. Sawyer, the representative of the Bombay and Ahmedabad Millowners' Associations on the Administrative Council of the Corporation expired in May 1940. The Committee of the Association, in consultation with the Ahmedabad Millowners' Association, re-appointed Mr. H. H. Sawyer as the representative of the two Associations on the Empire Cotton Growing Corporation for the triennium commencing May 1940.

VISIT OF THE HONOURABLE THE COMMERCE MEMBER.

Towards the end of July, the Committee of the Association took advantage of the opportunity provided by the visit to Bombay of the Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar, Kt., C.I.E., Member for Commerce and Industries with the Government of India, for an informal discussion of various matters which had formed the subject matter of correspondence between the Association and the Department of Commerce.

MEETING WITH MR. J. F. SHEEHY.

Mr. J. F. Sheehy, C.S.I., I.C.S., Member, Central Board of Revenue, visited Bombay early in September, and during his stay in the City, the Committee of the Association took the opportunity of meeting him for the purpose of discussing matters arising out of the administration of the Indian Income-tax and Excess Profits Tax Acts.

WORKING OF THE BOMBAY COTTON MILLS IN 1939.

In accordance with the usual practice, a combined Balance Sheet and Profit and Loss Account of the Bombay cotton mill industry for the year 1939 was drawn up by the Association and audited by Messrs. A. F. Ferguson & Co. The statement which covered the returns from 68 mills disclosed a total loss on the year's working of Rs. 28,94,658. This loss would, however, have been increased to Rs. 48,47,123 if managing agents had not given up interest, commission, and allowance to the extent of Rs. 19,52,465 due to them for the year. It might be pointed out that in the year 1938

the industry made a total profit of Rs. 21,46,000 (for 69 mills), exclusive of a sum of Rs. 14,43,757 voluntarily given up by managing agents from their claims for interest, commission and allowance.

MEMBERSHIP OF THE ASSOCIATION.

The total membership of the Association as at the end of the year 1940 was 107 as against 108 at the beginning. The Ahmedabad Jupiter Spinning, Weaving and Manufacturing Co., Ltd., and the Hyderabad (Deccan) Spinning and Weaving Co., Ltd., resigned their membership, and the Bombay Suryodaya Mills Ltd., and the Madras United Spinning and Weaving Mills Co., Ltd., were taken into liquidation. Messrs. Courtaulds (India) Ltd. ceased working as an independent unit, and is now being run as part of the Kohinoor Mills Co., Ltd. As against this, the Usha Woollen Mills Ltd., Bombay; the Shri Dinesh Mills Ltd., Baroda; the Cambay State Mills, Cambay; and the Shri Jagdish Mills Ltd., Baroda, were elected members during the year.

DONATIONS.

At the Annual General Meeting of the members of the Association held on Monday, the 11th March 1940, the following donations were sanctioned and paid out of the Association's funds :—

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

AUDITORS OF THE ASSOCIATION.

At the Annual General Meeting of the members of the Association held on Monday, the 11th March 1940, Messrs. A. F. Ferguson & Co. were appointed as the Association's Auditors for the current year on a remuneration of Rs. 300 per annum.

DOMESTIC AFFAIRS.

On 11th December 1940, the Committee of the Association entertained Sir Ness Wadia at lunch on completing fifty years' connection with the Indian textile industry and forty years' connection with the Association.

DEATH OF SIR JAMES McKENNA.

At a meeting of the Committee held on 4th April, the Chairman referred to the demise of Sir James McKenna, who, as Chairman of the Indian Cotton Committee, rendered valuable services to the Indian cotton industry; and on the motion of Sir Ness Wadia, it was resolved that the condolences of the Association should be conveyed to Lady McKenna in her sad bereavement.

REGISTRATION OF TRADE NUMBERS.

CLASSIFICATION FOR GREY FLANNELETES AND CLOTHS RAISED
ON ONE SIDE.

According to the Association's trade number registration scheme, which was first introduced in 1933, the classification "plain grey drills" included plain grey drill and grey drill raised on one side. Towards the end of the year, at the instance of a member mill, the question as to whether grey drills raised on one side should continue to be classified with grey drills or whether a separate classification should be provided for this type of cloth was considered by the Trade Marks Sub-Committee of the Association, and it was decided that a fresh sub-classification should be provided for the registration of numbers to be used on grey flannelettes and all grey cloths raised on one side. The decision was communicated to all members, and those members who had registered numbers for use on raised cloths under the classification "grey drill" were asked to apply for registration under the new classification. (*Appendix 1.*)

ARBITRATION ON DEALERS' TRADE MARKS.

(*See also pages 18 and 149 of Report for 1938.*)

Reference was made in the 1938 report to the introduction, with effect from 8th November 1938, of the "Supplementary" Provisions for dealing with disputes in connection with dealers' trade marks circulated under Rule 7 of the Association's Rules for the Registration of Trade Marks, which were accepted for an experimental period terminating on 31st March 1940 unless rescinded or renewed. It was found that the Rules had been useful in connection with disputes arising from dealers' trade marks, and in moving the adoption of the annual report for the year 1939 at the last Annual General Meeting held on Monday, the 11th March 1940, the Chairman suggested that they should be renewed for a further period of one year. The motion was adopted, and the Rules will be in force until 31st March 1941.

Rule 7 of the Association's Trade Marks Rules which more or less coincides with Rule 6 of the "Supplementary Provisions" states that:—

"Every member shall send to the Secretary such number of copies of every trade mark which is the property of a dealer dealing with such member, and which such member intends to apply to any produce of the mill or mills, factory or factories, owned by such member as the Managing Committee may from time to time prescribe in that behalf, regard being had to the total number of members, accompanied by a statement in writing specifying the name by which any such trade mark is intended to be known, and the class or classes of goods to which the trade mark is intended to be applied."

The "Supplementary Provisions" referred to prescribed the procedure to be followed in the event of an objection being raised by a member of the Association to the use of a dealer's trade mark circulated at the instance of another member of the Association. Such an objection had to be dealt with by arbitration as laid down in Rules 24 to 36 of the Association's Trade Mark Rules, but the issue before the arbitrators in an arbitration which followed an objection to the use of a dealer's trade mark circulated under Rule 7 of the Trade Mark Rules was whether a member, on whose behalf a dealer's trade mark was circulated, "may or may not apply such dealer's trade mark to any produce of the mill or mills, factory or factories owned by such member"; whereas in the case of an arbitration following the circulation of a member's *own* mark, the issue before the arbitrators was whether the proposed mark was a colourable imitation of the registered trade mark or was calculated to deceive.

Even the restricted scope of arbitration which the Association had in respect of dealers' trade marks created certain difficulties. For instance, a verdict against the use of a dealer's trade mark already registered in Australia under the Australian laws by the dealer himself or by somebody else, would prevent the use of the trade mark at the instance of the registered proprietor on goods intended for the Australian market, though the trade mark registered with the Association by the objecting member had never been used on goods exported from India. Whatever the legal position, the Committee felt that the use of a trade mark outside India should be regulated by the law for the time being in force in the countries concerned, and it was, therefore, decided that the Association's "Supplementary Provisions" should be amended to make the position quite clear so far as dealers' trade marks were concerned. It was agreed, however, that all dealers' trade marks might continue to be circulated as at present, but if a member, at whose instance a dealer's trade mark was circulated, certified that the trade mark in question was intended to be used solely on goods exported out of India, the dispute should not be referred to arbitration as laid down in the Trade Mark Rules or in the "Supplementary Provisions," but the parties should be free to take the matter to a court of law.

The Association's solicitors were consulted in the matter, and the following rules designed to give effect to the Committee's decisions were approved by them and incorporated in the "Supplementary Provisions":—

"Rule 12.—The provisions of Rules 2 to 7 shall apply also to a dealer's trade mark which it is intended to apply to the produce of a mill for export from India to particular and specified markets only. Rules 8 to 11 shall not apply to such trade marks, but the following rules shall apply in addition to Rules 2 to 7.

“ *Rule 13.*—Every member shall send to the Secretary, with the copies of the trade mark sent to him under Rule 5, a certificate signed by him or by some person duly authorised to sign the same on behalf of the member that the produce to which the said mark is to be applied will not be sold in India but will be exported from India to particular and specified markets only.

“ *Rule 14.*—The Secretary shall, when sending copies of the trade mark to members under Rule 5, also send to them copies of the said certificate.

“ *Rule 15.*—If any member shall object to such dealer’s trade mark on the ground set out in Rule 6, the Secretary shall notify the member of such objection, but the Association shall not thereafter take any part in the said objection.”

Briefly stated, the effect of these Rules is that dealers’ trade marks intended to be applied on goods sold and consumed in India would be circulated as before, objections being dealt with by arbitration as in the case of members’ own marks. *Dealers’ trade marks which were intended to be applied on goods sold in specified markets outside India* would be circulated as before, but objections, if any, received from any member of the Association would not be referred to arbitration by the Association, the parties to the dispute being free to decide the matter between themselves.

The amended rules were brought into force on 17th September 1940. (*Appendix 2.*)

PIECEGOODS ARBITRATION RULES OF THE ASSOCIATION.

(*See also pages 17 and 120 of Report for 1939.*)

On pages 17/18 of last year’s report, reference was made to certain amendments made in the Association’s Rules for the conduct of arbitrations on Indian piecegoods and yarn, which were first introduced in 1924, revised in October 1932 and subsequently amended in certain directions in 1938.

In view of the enforcement of the Indian Arbitration Act, 1940, from the first day of July 1940, the question of the changes necessitated by the provisions of the new Act in the Association’s Arbitration Rules was taken up by the Committee with the Association’s solicitors, who suggested certain minor modifications. These modifications were approved by the Committee, and the revised rules were put into effect from 1st July 1940. (*Appendix 3.*)

ASSOCIATION’S STANDARD CONTRACT FORM: WAR RISKS.

Clauses 11 and 13 of the Association’s standard contract form read as under :—

“ *Clause 11.*—All goods of which delivery shall not be taken by the buyers in accordance with the terms of this contract shall, as from the date on which delivery thereof ought to have been taken, be deemed to have been appropriated to this contract and the buyers shall be deemed to have assented to such appropriation without any further consent on their

part than is evidenced by their being parties to and signing this contract. From the date of such appropriation the said goods shall be held by the Company for the account of the buyers and at their sole risk as regards loss, damage, deterioration or otherwise and the price of the goods *plus* all charges shall carry interest in favour of the Company from due date at the rate of 9 per cent. per annum and the Company shall be entitled at its sole discretion and after giving not less than seven days' written notice to the buyers, which shall be deemed to have been duly given if delivered at or sent by registered post to the last known place of business or residence of the buyers, to sell the said goods on account and at the risk of the buyers either by public auction and/or private sale and either together or in lots and at such time or times and on such terms and conditions as the Company may think fit. If the net sale proceeds of the goods shall be less than the amount due to the Company for the price of the goods plus interest and all charges, the buyers shall pay the difference to the Company on demand.

“ Clause 13.—In respect of all goods of which delivery shall not be taken by the buyers within 14 days after the due date the buyers agree to pay to the Company on demand annas eight per bale per month or any part of a month for godown rent and annas four per bale per month or any part of a month for insurance calculated from the expiry of such period of 14 days to the date on which actual delivery shall be taken by the buyers.”

In short, these clauses define the rights and liabilities of the buyer and seller in the event of the former's failure to pay for and take delivery of the goods in accordance with the contract.

With the advent of a state of affairs which made the possibility of war damage considerably greater than in the past, the question as to whether the standard contract form of the Association adequately protected mills in regard to goods sold to merchants but of which delivery had not been taken on due date and which were lying either at the mills or in a mill godown engaged the attention of the Committee. What the Committee desired to ensure was that, in the event of undelivered goods on merchants' account lying with the mills after due date being damaged or destroyed by enemy action or being destroyed for reasons indirectly due to enemy action, the mills should suffer no financial loss thereby. The Association's solicitors were consulted in the matter, and all member mills were advised, towards the end of August, to protect themselves in respect of undelivered goods if they were not already doing so, by addressing a communication to the buyers on the due date when the goods were actually ready, in terms of the following draft :—

“ We hereby give you notice that the undermentioned goods are ready for delivery to-day, which is the due date of delivery under the Contract, and we call upon you to pay for and take delivery of the goods forthwith. As from to-day, the provisions of Clause 11 of the Contract apply, and the goods are held entirely at your risk and expense. In addition to the liabilities specified in the Contract, you will also be debited with the premium, if any, paid by us in accordance with Government's scheme of War Risk Insurance on commodities on land, in respect of the goods specified.”

When this question was before the Committee, the Government War Risk Insurance Scheme on commodities was in draft form, and the point arose as to whether, and if so, to what extent the Association's standard contract form required amendment to cover mills in the event of their being called upon to insure goods held by them on buyers' account and risk under the provisions of clause 11 of the contract. The position here appeared to be that in respect of contracts already entered into but not completed, the

buyer could not be made liable to pay the war risk insurance premia by means of a unilateral declaration or by a notice issued by the seller, but that he might be made liable by a fresh agreement made between the seller and the buyer later. In this view of the case, it appeared that in the case of all contracts entered into by mills after the introduction of Government war risk insurance, an additional clause should be inserted in the contract before it was signed by the parties, affirming the buyer's liability in respect of premia paid by the seller on goods held by him at the risk of the buyer. The War Risks (Goods) Insurance Ordinance, 1940, came into force from 1st October 1940, and in view of the fact that the insurance of goods against war risks was made compulsory from 1st November 1940, the question of amending the Association's standard contract form to clarify the liabilities of the seller and buyer in regard to the insurance of goods under the Ordinance was examined by the General Purposes Sub-Committee in conjunction with the Association's solicitors, and on their advice, all member mills were advised to insert in their cloth and yarn contracts the following additional clause :—

“ It is hereby agreed that in case the buyers failed to pay for and take delivery of the goods on the due date, the Company shall be entitled to claim from the buyers, in addition to the cost of the goods and the charges specified in clause 13, any premium paid by the Company in insuring the goods in question under the War Risks (Goods) Insurance Ordinance, 1940. Provided that the buyers' liability under this clause in respect of the War Risks (Goods) Insurance Ordinance shall be limited to the amount of the premium paid by the Company in respect of the goods in question. If the Company has not taken a *separate* policy in regard to the particular goods held by it at the risk and on account of the buyers, then the amount of the premium payable by the buyers shall bear the same proportion to the total premium paid by the Company as the value of the goods which the Company holds at the risk and on account of the buyers bears to the total value of the goods insured. Nothing in this clause contained shall affect the provisions of clause 11 hereof or cause the goods to be held from and after the due date of delivery otherwise than for the account of the buyers and at their sole risk.”

It was also suggested that in the case of mills which followed the Association's contract, the amendment might be taken in without any change ; in the case of those mills whose contracts contained almost all the clauses of the Association's contract, but arranged in a different order, it was pointed out, the reference to clause numbers given in the body of the amendment should be corrected to suit the text of the contract. Member mills were further advised that all contracts entered into by them on and after 31st October 1940 should contain the additional clause referred to, which should be initialled by the buyers and the company. (*Appendix 4.*)

DEFINITION OF “ SEASONAL ” GOODS IN THE CASE OF COTTON PIECEGOODS.

Clause 15 of the Association's standard contract form reads as under :—

“ If the company shall be unable to deliver the whole or any part of any goods sold for future delivery by the time specified for delivery thereof by reason of the mills working short time or its being expedient to stop the mills temporarily or by reason of fire, war, stoppage or hindrance in the supply of raw materials or fuel, explosion, accident, strike, riot, lockout, or other disorganisation of labour or transport, breakdown of machinery, or any inevitable or unforeseen event beyond human control directly or indirectly interfering with

the working or the full working of the mills, the buyers shall take delivery of such bales as the company may be in a position to deliver (if any) and the time for completing the contract shall, as regards the bales not ready by the specified time, be extended for such time as the company may reasonably require to make up for the delay caused by stoppage, hindrance to or interference with the working of the mills or any other events or circumstances before mentioned PROVIDED ALWAYS that should the inability to deliver in the case of non-seasonal goods be continuous during the period of three consecutive English calendar months, and in the case of seasonal goods during the period of one English calendar month, then the buyers shall be entitled by notice in writing of their intention to do so, to cancel the contract in respect of any bales then remaining to be manufactured."

According to the proviso to this clause, a buyer would be entitled to cancel his contract if the seller's inability to deliver the goods following a strike, lockout, etc., exceeded one month in the case of "seasonal" goods and three English calendar months in the case of "non-seasonal" goods.

Early in August, the Committee were requested to express an opinion as to the types of cotton goods which would be regarded as "seasonal" or "non-seasonal," and whether goods which moved out for, say, ten months in the year could be regarded as "seasonal."

The Committee felt that goods which moved for ten months in the year could not be considered "seasonal." It had been suggested that goods saleable only for three or four months in the year might be called "seasonal." The Committee considered that the best way of avoiding any disputes with buyers, in the event of it being found necessary to invoke the provisions of clause 15, would be for mills to ensure that column 3 of the Association's standard contract form, headed "seasonal" or "non-seasonal," was correctly filled in at the time the contract was signed by the parties.

All members of the Association were advised accordingly.
(Appendix 5.)

TOKA LAND ASSESSMENT.

(See also pages 13 and 118 of Report for 1930, and page 16 of Report for 1931.)

Early in March, the Committee were informed that notices had been issued by the Collector of Bombay to various mills proposing a revision of toka land assessment which was fixed in 1930 and guaranteed for a period of ten years. Prior to 1930, toka lands in the occupation of mills were assessed at rates varying from 1 to 4 pies per square yard. These rates were doubled in November 1930. It was felt that unless efforts were made to present a strong case, individual mill assessments might be substantially increased. The services of Capt. G. H. Gadsden were requisitioned by the mills affected by the revision, and a strong case for a reduction of toka land assessments to the rates which were in force prior to 1930 was prepared and forwarded to the Collector on 14th May 1940.

The assessment of newly assessed lands also came up for revision during the year. One mill had 49,594 square yards of toka land and 26,851 square yards of newly assessed land. The former was assessed at 2 pies and

the latter at 6.82 pies per square yard. It was suggested that in these instances, a rate of 2 pies or such other figure as might be fixed for toka, might be made applicable to newly assessed lands.

The points raised in the Association's representation were elaborated by a personal discussion which Capt. Gadsden and the Secretary subsequently had with the Collector of Bombay, and it was eventually agreed that the existing rates for toka and newly assessed lands should be continued for another twenty years. In the case of the mill holding both toka and newly assessed lands, it was agreed to average the rate of assessments for toka and newly assessed lands so as to give the same yield of revenue to Government.

These terms were eventually sanctioned by Government with the revised assessments guaranteed for a period of ten years. (*Appendix 6.*)

DISCUSSION ON LABOUR MATTERS.

MEETING OF EMPLOYERS.

Towards the end of August, the Committee were requested to depute representatives to a conference of representatives of Indian industrial interests convened under the joint auspices of the Employers' Federation of India and the All-India Organization of Industrial Employers. The object of the conference, it was stated, was to bring together representatives of all the large-scale industries of India on the same platform and assist organized industry in arriving at common conclusions on many of the problems relating to labour with which it was confronted. The provisional agenda for the conference included holidays with pay; sickness insurance; prevention and settlement of industrial disputes; recognition of trade unions; collection of statistics concerning labour and industry; and provincial measures for control of industries.

The Committee appointed Mr. V. N. Chandavarkar, Sir Ness Wadia, Mr. S. D. (now Sir Sorab) Saklatvala and Mr. F. Stones as the Association's representatives. The conference took place on 8th. September, and the resolutions adopted at the conference will be found in *Appendix 7.*

LABOUR CONFERENCE.

Early in December, the President of the Employers' Federation of India requested the Committee to appoint a representative of the Association to attend a conference in January 1941, convened by the Honourable the Commerce Member to discuss certain proposals for labour legislation. The agenda of the conference included the following items:—

1. Amendment of the Trade Disputes Act of 1929.
2. Holidays with pay.
3. Extension of legislation to labour employed in commercial establishments and shops.

4. Extension of maternity benefits to women employed in coal mines.
5. A.R.P. training.

The Committee appointed Mr. V. N. Chandavarkar to represent the Association at the conference with Mr. T. Maloney, Secretary of the Association, as adviser. (*Appendix 8.*)

XXVI SESSION OF THE INTERNATIONAL LABOUR CONFERENCE.

Towards the end of March, the Government of India invited suggestions regarding the nomination of non-Governmental delegates to the twenty-sixth session of the International Labour Conference to be opened in Geneva on 5th June 1940. The agenda of the Conference consisted of one item only, viz., "Methods of collaboration between public authorities, employers' organizations and workers' organizations." The Committee supported the name of Mr. H. G. Misra of Cawnpore, who, it was understood, had been recommended by the Employers' Federation of India for appointment as the Indian Employers' Delegate to the Conference. It was, however, announced during the month of May that in view of the development of war in Europe and the possible consequences, the twenty-sixth session of the International Labour Conference had been postponed indefinitely. (*Appendix 9.*)

BOMBAY INDUSTRIAL DISPUTES ACT, 1938.

RECOGNITION OF THE ASSOCIATION.

(*See also page 24 of Report for 1939.*)

It was indicated in the last year's report that Government had recognized the Association as an "association of employers" for the purposes of the Bombay Industrial Disputes Act, 1938. The Act was then applicable only to the cotton textile industry and recognition was, therefore, restricted to that industry. The provisions of the Act were extended to the silk textile industry with effect from 1st October 1939, and since the membership of the Association embraced mills engaged in the silk and artificial silk industry, the Association renewed its application for recognition for this industry also, and this request has since been conceded.

PAYMENT OF WAGES ACT (AMENDMENT) ORDINANCE, 1940.

The Payment of Wages Act, 1936, laid down that the wages of an employee should be paid to him without deduction of any kind except those authorized under Section 7 of the Act, namely :—

- (a) by way of fines ;
- (b) for absence from duty

- (c) for damage or loss of goods expressly entrusted to the employee ;
- (d) for house accommodation supplied by the employer ;
- (e) for the recovery of advances against unearned wages ;
- (f) for income-tax payable by the employed person ;
- (g) under Court orders or under orders of some other competent authority ;
- (h) for subscriptions to and recovery of advances from recognized provident funds ; and
- (i) for payments to co-operative credit societies approved by the local Government or to a scheme of insurance maintained by the Post Office.

In view of the desirability, owing to the war emergency, of enabling an employer to deduct from the wages of a person employed by him, sums intended for investment in furtherance of approved War Savings Scheme, an Ordinance was issued by His Excellency the Governor-General (Ordinance No. III of 1940) on 2nd July 1940, amending the Payment of Wages Act, 1936, so as to permit of "deductions from wages made with the written authorization of the employed person, in furtherance of any War Savings Scheme, approved by the Provincial Government, for the purchase of securities of the Government of India or the Government of the United Kingdom." (*Appendix 10.*)

DEFINITION OF THE EXPRESSION "WAGES" UNDER THE PAYMENT OF WAGES ACT.

Section 2 (vi) of the Payment of Wages Act, 1936, defines the expression "wages" as under :—

"Wages" means all remuneration, capable of being expressed in terms of money, which would, if the terms of the contract of employment, express or implied, were fulfilled, be payable, whether conditionally upon the regular attendance, good work or conduct or other behaviour of the person employed, or otherwise, to a person employed in respect of his employment or of work done in such employment, and includes any bonus or other additional remuneration of the nature aforesaid which would be so payable and any sum payable to such person by reason of the termination of his employment, but does not include :—

- (a) the value of any house accommodation, supply of light, water, medical attendance or other amenity, or of any service excluded by general or special order of the Provincial Government ;
- (b) any contribution paid by the employer to any pension fund or provident fund ;
- (c) any travelling allowance or the value of any travelling concession ;
- (d) any sum paid to the person employed to defray special expenses entailed on him by the nature of his employment ; or
- (e) any gratuity payable on discharge."

In a circular addressed to all mills in the Bombay Province in November 1937, the Chief Inspector of Factories, Bombay, expressed the view that bonus offered by employers for good attendance, good work, good production, etc., would become payable whether the conditions attached to the payment of such bonus were fulfilled or not. The Association declined to accept the interpretation attached to section 2 (vi) by the Chief Inspector of Factories, but no immediate action was taken, since it was understood that this question was the subject matter of an application by the Inspector of Factories, Ahmedabad, to the City Sub-Divisional First Class Magistrate of Ahmedabad against the Manager of the Arvind Mills.

The facts of the case connected with this particular application were:—The Arvind Mills were paying a regular attendance bonus to their piece-workers and doffer boys. In each case, the bonus, according to the mill, was payable only if the operatives put in full attendance in the week or *hapta*, and the rate boards put up by the mill under the Act set forth this condition. The Inspector of Factories appeared to have held that, under section 2 (vi) of the Act, the mill would not be justified in withholding the full amount of the regularity attendance bonus even if the operatives did not put in full attendance, and he further appeared to have contended that the bonus offered would become payable irrespective of whether the conditions attached to it were fulfilled or not. As the mill company in question refused to accept the Inspector's interpretation of the section, the matter was taken up by the Inspector of Factories, and an application was filed by him before the City Sub-Divisional Magistrate of Ahmedabad.

The City Sub-Divisional Magistrate upheld the point of view of the Inspector of Factories, and this was further confirmed on appeal by the Assistant Sessions Judge of Ahmedabad. The mill company, however, made an application for revision before the High Court, who reversed the order of the lower Court, and made it clear that bonus would not become a part of the wages nor be payable unless the conditions attached to it were fulfilled by the operatives.

All members of the Association were advised of the position, and it was pointed out that the decision of the High Court only applied to bonus of the type referred to above and had no reference whatsoever to a system of bonus which contemplated remuneration in kind if certain conditions were fulfilled. (*Appendix 11.*)

INDUSTRIAL HEALTH ADVISORY BOARD, BOMBAY: MEDICAL EXAMINATION OF INDUSTRIAL WORKERS.

(See also page 14 of Report for 1939.)

Reference was made in the last year's report to the appointment of Mr. Bhagwandas C. Mehta as the Association's representative on the Industrial Health Advisory Board, Bombay, constituted by Government to advise the Labour Welfare Department in all its health activities.

Towards the end of August, the Secretary to the Industrial Health Advisory Board, Bombay, requested the Association to co-operate in a scheme

for a systematic medical examination of workers at the cost of the employers. It was stated in a memorandum which accompanied his letter that the proposed medical examination would show to what extent each individual worker was suffering from any disease or deficiency, and to give to the workers useful advice in this matter. It was hoped that, as a result of this industrial medical survey, the health of the workers would benefit and their efficiency would improve considerably. The cost of this examination was estimated to be Rs. 60 for a group of 300 workers, and the scheme appeared to have been formulated on the assumption that the help and co-operation of industrial employers in the city would be forthcoming.

On an examination of the proposals, the Committee were unable to agree to the suggestion that the cost of medical examination of this character should be met by employers for the reason that cotton mill employers in Bombay had already provided medical facilities which were being freely resorted to by their workers. They, however, agreed that it would be desirable to improve the health and efficiency of workers generally in India, but this could, in their opinion, hardly be achieved by the proposed examination, since where health or physical condition was defective, medical or other treatment was a natural corollary; otherwise, the money spent on the proposed examination would be wasted. The Secretary to the Industrial Health Advisory Board was informed accordingly. (*Appendix 12.*)

DEARNESS ALLOWANCE AND STRIKE.

(See also pages 32 and 151 of Report for 1939.)

Reference was made in the last report of the Association to the establishment of cheap grain shops in the mill compound for sale on credit, of foodstuffs and certain other necessaries of life at fixed and uniform rates corresponding to the retail bazaar prices prevailing in August 1939. Action on the lines recommended by the Committee was taken by several mills, and by about the middle of January, more than fifty shops were working in the mills in Bombay City.

Although the Provincial Government took action in the matter of controlling prices at which necessaries of life, such as foodstuffs, salt, kerosene, etc., might be sold, the working class cost of living index number compiled by the Government Labour Office rose from 105 (basis 1933-34=100) in August 1939 to 113 in December 1939 or by 8 points, which meant an increase of 7.5 per cent.

The rise in the cost of living formed the subject matter of a representation to the Provincial Government from the Bombay Provincial Trade Union Congress and the Bombay Girni Kamgar Union (Red Flag), who, it was understood, put forward a claim for a dearness allowance in cash to compensate the rise in the cost of living. This demand was reiterated at a special labour rally organized by the Red Flag Union on 2nd October 1939, and the Union was authorized to convene a *mahagai* (war allowance) conference. This conference was held on 1st January 1940 and, *inter alia*, passed a resolution demanding a dearness allowance of 40 per cent. in cash to cover

the rise in prices and calling upon the workers to be ready for a strike in the event of employers refusing to grant the demand within a month's time. The conference decided not to give a formal notice of this demand to the employers as required by the Bombay Industrial Disputes Act. The Bombay Trade Union Congress was authorized to establish a Council of Action to determine the future programme and the manner in which the decisions reached should be implemented.

Thereafter, several mills were approached directly by their workers, under the Industrial Disputes Act, with a demand for a special war allowance, and in some cases, the Government Labour Officer was elected as the representative of the employees. On 13th January 1940, the Government Labour Officer gave notice to the Manager of the Jacob Sassoon Mills for a change in the scale of wages to neutralise completely the rise in the cost of living. It would appear that this notice was followed by informal discussions between the management of the mill concerned and their employees. These discussions, however, broke down with the result that the matter had to be taken to conciliation under the Bombay Industrial Disputes Act.

It was at this time that the employees of the New China Mills gave notice of a change under section 28(2) of the Bombay Industrial Disputes Act to the Agents. The notice desired the following changes :—

- “(a) that according to the resolution of the *mahagai* conference and the Bombay Girni Kamgar Union (Red Flag), they be given a dearness allowance of 40 per cent. over their present earnings with effect from 1st December 1939 ;
- (b) that the wage-cut, as found by the Textile Labour Inquiry Committee Interim Report still remaining to be restored, be cancelled by an increment in wages ; and
- (c) that the Bombay Girni Kamgar Union (Red Flag) and its mill committees be given recognition by the millowners individually and collectively.”

The Committee of the Association considered that the demand for compensation to meet higher cost of living made by the workers of the New China Mills was a demand which affected the whole of the industry, and that if compensation to meet the extra cost of living was to be given by the New China Mills, it should be given in like manner and to a like extent by other cotton mills in Bombay, and application was made by the Association under section 29(2) of the Bombay Industrial Disputes Act pointing out that the other cotton mill employers of the City and Island were also affected by the proposed change.

Board of Conciliation.—On 4th February, the Government of Bombay notified the appointment of a Board of Conciliation consisting of Sir Sajba Shankar Rangnekar (Chairman), Mr. J. C. Setalvad, Mr. A. S. Trollip, Mr. Jamnadas M. Mehta and Mr. S. C. Joshi, for promoting a settlement of the industrial dispute which had arisen between the management of the New China Mills and their employees regarding the demand for a change in the scale of wages to neutralise the rise in the cost of living, and by a subsequent notification, this issue was made generally applicable to the whole industry in Bombay.

In a written statement submitted to the Board on 8th February, the representatives of the Association contended that no moral responsibility rested on the industry to raise the cash level of wages to meet each and every change in the cost of living when those changes were brought about by circumstances beyond the industry's control. Although the position of the industry was by no means happy, they stated that, mainly in the hope that the position would improve in the months to come, they were prepared, with retrospective effect from 1st February, to restore to the workers their pre-war living standard, provided that the cost of living was assessed on the Government working class cost of living index number, which showed a rise of $7\frac{1}{2}$ per cent. They further offered to make up this increase by giving to all adult males, except doffer boys and creelers, one anna six pies per day of full work and attendance, and to all women workers and all doffer boys and creelers one anna per day. In addition, they agreed to afford facilities for the purchase of foodstuffs at wholesale cost prices at shops opened by the mills. The benefit which would accrue to the workers by these shops was estimated at 5 per cent.

The case of the textile workers was presented to the Board by the Government Labour Officer on behalf of unorganized labour and by the representatives of the Bombay Girni Kamgar Union (Red Flag) and the Kamgar Seva Sangh on behalf of their members. The case of the Red Flag Union was that there had been a rise in the cost of living to the extent of 40 per cent. between August and December 1939. In support of their case, they relied on the figures of prices of some of the articles of daily consumption among the workers, the oral evidence of some grain dealers called by them, and on the figures of the rise in wholesale prices quoted by Dr. Gregory. The demand for a rise of 40 per cent., it appeared, was made to compensate the workers for the loss already sustained by them since the outbreak of the war and also to cover the rise in prices ; but at a later stage the Union stated that the employees would be satisfied with a 25 per cent. increase over their earnings.

Certain informal negotiations were also conducted by the Chairman and members of the Board with the idea of bringing about an agreed and amicable settlement between the parties themselves, and the final position, according to the Board, was :—

“ The representatives of the Millowners' Association stated that they were prepared to pay to the workers irrespective of sex or age, a war allowance at a flat rate of two annas per working day in cash from 1st January 1940. The workers' representatives stated that, without prejudice to the figures they had produced before the Board, if it was going to help peace in the industry, they would accept three annas per day, flat rate, with retrospective effect from 1st September 1939 ; the agreement to run for a period of three months with the proviso that prices did not increase beyond 5 per cent. in that period, and that whether prices rose beyond 5 per cent. or not, the agreement should be brought under re-examination after three months.”

On these terms, no settlement appeared to be possible, and the attempts of the Board to promote a settlement failed.

After examining the case put forward, the Board submitted their Report, which was published by Government on 26th February 1940.

Majority View.—The Board by a majority made the following recommendations :—

- “(1) A dearness allowance at a flat rate of two annas per day be given during the war as an addition to the wages of the cotton textile mill workers to cover the variations in the official cost of living index figure between 105 and 123. In the event of the index number falling outside the limits of 105 and 123 for any period of three consecutive months, an adjustment of the proposed allowance would be necessary.
- (2) The wage increase be given to all employees drawing under Rs. 150 per month.
- (3) The wage increase be given with retrospective effect from 1st December 1939.
- (4) Cost price grain shops be established by the mills at convenient centres to enable the workers to obtain cheaper and better foodstuffs.”

As to the last recommendation, the majority of the Board were clearly of the opinion that cost price grain shops were entirely in the interests of the workers ; firstly, because they would be able to obtain correct measure and better quality grains at cheaper rates and not be victimized by wily and profiteering grain dealers and, secondly, because such shops, if available to the workers, would succeed to a large extent in controlling the retail prices in the bazaar.

Minority View.—A minority of the Board consisting of Messrs. Jamnadas Mehta and S. C. Joshi, however, recommended a 20 per cent. increase in wages over those earned in August 1939 in order to restore the pre-war purchasing power to the worker and to keep his standard unimpaired. They further held that the increase should be given from November 1939 and continued for a period of six months to be re-examined thereafter, no difference being made between men, women and boys.

Association's Decision.—The Report of the Board was considered at an urgent general meeting of Bombay millowners held on 26th February, and the following resolutions were passed :—

- “(1) That the rate of dear food allowance recommended by the majority of the Board of Conciliation be accepted and given effect to by cotton mill members in Bombay City and Kurla with effect from 1st December 1939.
- (2) That the allowance should continue to be paid at two annas per full working day, as recommended, so long as the Bombay working-class cost of living index number, as at present compiled by the Government Labour Office, ranged between 105 and 123.
- (3) That, if the abovementioned cost of living index number remained below 105 or exceeded 123 for a continuous period of three calendar months, the question of making adjustments in the rate of allowance should be discussed at a further meeting of members duly convened for the purpose, and pending such meeting, no individual action be taken to reduce or increase the allowance.
- (4) That the grain shops which were recently established in mills should continue to sell grains and other necessities of life listed by the Association, at cost prices without any profit to the mills.

Further resolved that the Committee of the Association be empowered to take such steps as might be considered necessary to give effect to the above resolutions.”

Following the urgent general meeting, the Committee met and decided :—

- (a) that the dear food allowance should also be paid to *badli* workers for the days on which they worked during the months of December 1939 and January 1940, and should become payable for the days worked from 1st February onwards ;
- (b) that the dear food allowance of two annas per day should be paid to the clerical staff and watch and ward staff employed at the mills, but that payment of any dear food allowance to the clerical staff at the Agents' office should be entirely within the discretion of the agents ;
- (c) that mills should make the payments of the allowances due for December 1939 and January, 1940 as under :—

| | | | | | |
|------------|----|----|----|----|---------------------------|
| Ticket Day | .. | .. | .. | .. | Monday, 4th March 1940 ; |
| Payment | .. | .. | .. | .. | Tuesday, 5th March 1940 ; |
- (d) that a new grain shop price list, applicable to purchases from 1st March 1940, be compiled and sent to mills ; and
- (e) that mills be instructed to make payments of the allowances due to workers who might have left service, on presentation of substantiated claims on future unclaimed wages pay-days.

The recommendations of the Association were communicated to all members and announced to the operatives through posters put up at all mills on 26th February 1940.

Strike.—The verdict of the majority of the Board of Conciliation was, however, not acceptable to the leaders of the Bombay Girni Kamgar Union (Red Flag), and in order to enforce their demand the Union called a general strike of textile mill operatives with effect from 4th March 1940. On 3rd March, the workers of the Standard Mills came out, and this was followed later on by the workers in other mills one after another, and several mills were soon involved in the strike either wholly or partially. From the very beginning, the strike was sustained by threats of violence and intimidation practised on an extensive scale at workers' residences, and in consequence, thousands of willing workers were afraid to leave their homes. Many cases of assaults on willing workers were brought to the notice of individual mills and the Association. The anxiety of the general body of the workers to resume work, if left unmolested, was fully evidenced when, despite the exhortations of the Union leaders, many workers accepted not only their wages for February, but also the dearness allowance for the months of December 1939 and January and February 1940 on the pay-day in March.

The Government of Bombay also appeared to be watching the progress of the dispute and were anxious that no justifiable step should be left untried which might contribute towards an early settlement and end a stoppage of work that was causing loss to the workers, the industry and the public. Although the dispute had arisen out of the question of the amount of dearness allowance intended to compensate workers for a rise in the cost of living and the acceptance by the millowners of the recommendations of the Conciliation Board, Government, it would appear, felt that a contributory

factor was the desire on the part of the workers to share in the profits which it was the general belief would accrue to the industry in consequence of war conditions. In Government's view, it was a legitimate expectation of labour that if large profits were made by the industry as a result of the war, labour should share in them, and they enquired of the Committee whether the Association was willing to give an undertaking that the owners would be prepared to give a war bonus to their workers if increased profits were made by the industry as a result of war conditions, as soon as the extent of these profits had been determined.

The Committee appreciated the efforts which had been made and were being made by Government to re-establish peaceful working conditions in the industry. They held that although the ostensible cause of the unfortunate and uncalled for strike was the workers' unwillingness to accept the allowance, recommended by the Board of Conciliation and put into effect by the Association, to meet the rise in the cost of living, the real cause was undoubtedly the unwarranted anticipations raised in the minds of the workers by the extravagant demands made on their behalf by the leaders of the Girni Kamgar Union and the false hopes these leaders had engendered of wringing further concessions from the millowners by direct action. What Government appeared to be asking was an undertaking from the Association that the owners would be prepared to give a war bonus to their workers if increased profits were made as a result of war conditions, but in leading up to this request, Government also referred to the wider principle of profit sharing. The Committee felt that it could not be Government's intention to raise this larger issue, since it would not be fair to raise such an issue with reference to a particular industry located in a particular centre especially when that industry was passing through a critical time, which had been aggravated by a wanton strike. If such a principle was at all to be considered, it should, in the opinion of the Committee, be considered not only in relation to the mill industry in Bombay but also in other centres as also with reference to all other industries in the country. It was further indicated that the principle of allowing employees a share at times when abnormal profits were made would similarly entitle employers to demand that workers should accept the logical corollary of a reduction in wages at a time when losses were incurred and which labour had not agreed to in the past.

The question of a war bonus raised by Government was, in the opinion of the Committee, more or less of an academic character, which could only be dealt with satisfactorily as and when increased profits due to war conditions had been made. The discussion of such a question at that stage and the giving of an undertaking as desired by Government in regard to the distribution of profits which had yet to accrue at some future day, and which might not accrue at all, would, it was felt, create false hopes in the minds of the workers, and thus instead of leading to the restoration of peaceful conditions in the industry, would undoubtedly lead to a state of continued unsettled conditions. The Committee, however, indicated that the Association, consistent with its desire to give a square deal to labour, would be prepared to give an assurance to Government that the cotton mill industry in Bombay would consider sympathetically any reasonable proposal for the grant of a war bonus or allowance, if the industry were to make profits on the same

scales as those made in the years 1918 to 1921 inclusive, provided similar assurances were obtained from all other large-scale industries throughout the country. At the same time, the Committee made it clear that before making appropriations for the grant of war bonuses or allowances, it would be necessary to take into consideration not only the levels of increments in wages and other taxations then in operation, and the claims of the shareholders to an adequate return on their investments, but also the fact that a very large section of the industry in Bombay had for many years only been able to make meagre allowances for depreciation, renewals and replacements of machinery, and had in addition very large capital and funded debts and other liabilities to discharge. The maintenance of the industry on a sound footing demanded that adequate provision should be made for these factors as soon as sufficient profits began to accrue.

The Committee, in conclusion, pointed out that the payment of bonuses should be taken as symbolic of a state of goodwill existing between employers and employees, and that direct action of the type taken by the workers at the instigation of the Red Flag Union following the decision of the industry to accept the recommendations of the Board of Conciliation was hardly calculated to promote the growth of such goodwill.

Arbitration Issue.—Efforts were also made during the progress of the strike by the Bombay Municipal Corporation and the Bombay Provincial Congress Committee to have the dispute decided by arbitration. In these cases, the Committee of the Association maintained that by accepting *in toto* the recommendations of the Board of Conciliation, they had done all they could to meet the requirements of the situation and that there was no scope or cause for arbitration. On the other hand, the allowance of two annas per day per worker notified by the Association compared very favourably with the allowances granted in other centres and by other industries and public bodies throughout the country. A comparison of the dearness allowances granted in various parts of the country went to show :—

- (a) that as regards the quantum of dear food allowance, Bombay mills had given much more than any other centre or industry in the country ;
- (b) that Bombay mills had given dear food allowance with effect from 1st December 1939, while no other important centre or industry had given it earlier than 1st January 1940 ; and
- (c) that Bombay mills had given a higher allowance than what was warranted by the rise in the working class cost of living index, while, in certain other centres, where the cost of living index numbers had been compiled, the allowance granted did not meet the entire rise in the cost of living of the workers.

That the bulk of the workers employed in member mills were satisfied with the allowances offered by the Association was apparent from the fact that despite the strenuous efforts of the leaders of the Union, over a lakh of workers accepted by the first week of April not only their earned wages but also the allowances due to them for the months of December, January and February.

The position of workers, who were keeping away from the mills, under the Bombay Industrial Disputes Act was taken up by the Committee

with the Association's solicitors and the following notice was put up at all mills on 9th April 1940 :—

“ All the employees of this mill are hereby informed that :

Whereas by their notice dated 3rd February 1940 the employees of the New China Mills demanded the payment of 40 per cent. dearness allowance to meet the increased cost of living caused by the war ; and

Whereas the dispute as to the said change was made a general issue between all cotton mill employers and all the employees of the cotton textile industry in Bombay City and Kurla ; and

Whereas the question of the dearness allowance was referred by Government Resolution dated 4th February 1940 to a Board of Conciliation in accordance with the provisions of the Bombay Industrial Disputes Act ; and

Whereas on 26th February 1940, the said conciliation proceedings were completed ; and

Whereas, we, Messrs.....as employers granted dearness allowance of 2 annas per head per day of full work to our employees in the.....Mills as recommended by the majority of the Board of Conciliation and certain other amenities consisting of the right to purchase certain foodstuffs on credit at cost price to the Mills ; and

Whereas in spite of our best efforts, we, the said employers, have not so far succeeded in inducing some of our employees to attend work at the Mills by paying the usual rates of wages and dearness allowance and granting the amenities aforesaid ; and

Whereas we, the employers, are of the opinion that in order to get the said employees to accept the said terms, we should enforce a lock-out against those employees who are not ready and willing to attend work on the aforesaid terms on or before the 25th of April 1940,

Now, we, the employers, hereby give notice that the employees of the..... Mills should accept the said terms offered by us and resume work on or before the 25th day of April 1940, and that on any of the said employees failing to intimate to us, the employers, that they will accept the said terms, and failing to resume their duties by the said date, we, the employers, will refuse to continue to employ such employees.

We, the employers, also desire to make it clear that this notice does not apply to those employees who have already resumed their duties and who are at work on the 25th April 1940.”

The above notice had a salutary effect on the workers, and large numbers began to present themselves for work at the mills from 10th April. The Red Flag Union, realizing the hopelessness of the situation, finally called off the strike on the evening of the 13th, and thus ended another strike in the history of the Bombay cotton mill industry.

Grain Shops.—The position of the grain shops was considered by the Committee of the Association as a result of the majority recommendation of the Sajba Conciliation Board, and the following decisions were taken :—

- (a) that until more suitable arrangements could be made, mills should continue to make their purchases of grains, etc., individually, but that they should send samples of any new purchases to

the Association for checking against the standard samples maintained by the Association ;

- (b) that the prices at which mills should sell foodstuffs, etc., should be uniform ; and
- (c) that future prices should ordinarily be adjusted at monthly intervals and should have effect for the whole of a particular month, but in cases of violent fluctuations in the wholesale price, adjustments might be made during the currency of a calendar month.

In order that the policy set out above might be effectively carried out, mills were requested to continue to send to the Association at the beginning of each month a statement in respect of goods purchased during the previous month showing commodities purchased, quantity purchased, date of each separate purchase, prices paid for each separate purchase and source of supply for each purchase. The prices should, it was pointed out, be the net prices actually paid after providing for any discounts which might have been received. These particulars are collected every month and after examination of the wholesale prices paid, the retail prices for the following month are being compiled and forwarded to mills for their adoption. (*Appendix 13.*)

PICKETING AT WORKERS' PLACES OF RESIDENCE.

The question of picketing at workers' places of residence had on several occasions been considered by the Committee of the Association, who had consistently advocated that picketing of any kind whatsoever at or near a workman's place of residence should be prohibited by law. This matter once again came up for consideration during the last general strike of Bombay cotton mills. The watching, besetting and picketing of chawls combined with intimidation in the chawls by persons influenced by or in the employ of the Red Flag Union were the main causes of the prolongation of the strike. The Committee were convinced that unless means were devised for overcoming intimidation, many unnecessary strikes would take place in future, that when they did occur, they would be unduly prolonged, and that there was a danger of industrial activity in Bombay being paralysed by the communist menace in the not too distant future. In these circumstances, a representation was submitted to the Government of Bombay towards the end of April setting out the Association's previous views on the subject and stressing the desirability of making watching, picketing or besetting at or near a worker's residence a penal and cognizable offence. (*Appendix 14.*)

RECOMMENDATIONS ON LABOUR MATTERS.

(*See also page 27 of Report for 1939.*)

In previous reports of the Association, reference has been made to various recommendations made by the Committee during the last few years, with the object of improving the relations between the mill managements

and the workers employed in the industry. A resume of the important recommendations issued during the year 1940 is given below :—

(1) *Service Certificates.*—In the Association's report for 1938 reference was made to the introduction by Bombay mills, on the recommendation of the Association, of a system of service certificates for operatives retrenched owing to the closing down of night shifts or in cases of substantial reduction in numbers as a means of assisting them to obtain employment as *badlis* in other mills. Mills were requested to ensure that these certificates were issued to each and every permanent worker whose services were terminated as a measure of retrenchment or for any reason other than those specified in old Standing Order No. 20.

The issue of service certificates became obligatory under the Standing Orders settled by the Industrial Court, whenever employees asked for them (*vide* para 2 of Standing Order No. 25, quoted below) :—

“ Every permanent employee shall be entitled to a service certificate at the time of leaving service, dismissal or discharge.”

This liability to issue service certificates to permanent employees whose services were dispensed with necessitated a minor alteration of the form of the certificate issued to workers. The main object of the modifications was to ensure that particulars of service under various employers could be recorded on the same form. In addition, the revised form made provision for inserting the names of other mills in which a worker was previously employed. It was felt that the new form would be of great advantage in the case of workers who moved from mill to mill as substitute workers to obtain permanent employment.

(2) *Instructions on Leave Passes.*—The introduction of the new Standing Orders settled by the Industrial Court under the Bombay Industrial Disputes Act made it necessary to revise the instructions printed on the back of that portion of the leave pass handed over to the operatives. Accordingly in August, all member mills were instructed to arrange for the insertion of the following revised instructions in Marathi on their leave passes when the printing of a fresh supply of leave pass books was taken in hand :—

“ The attention of workers going on leave is drawn to Standing Order No. 11 of the Standing Orders for Operatives. According to this Standing Order, if the operative, after proceeding on leave, desires an extension thereof, he shall make an application for the purpose to the authority granting leave either in writing or orally or through any other person. If the operative remains absent beyond the period of leave originally granted or subsequently extended, he shall lose his lien on his appointment unless :—

- (i) he returns within 8 days of the expiry of the leave, and
- (ii) gives explanation to the satisfaction of the authority granting leave of his inability to return before the expiry of the leave.”

(3) *Posters Regarding Pay Tickets.*—Reference was made in the last report of the Association to a recommendation made by the Committee suggesting a revision of the form of pay tickets issued by mills so as to include the number of days worked by the operatives concerned and certain instructions in Marathi on the back of the pay ticket. It was suggested that if

mills were unable to undertake immediately the printing of instructions on pay tickets, they might put up posters in Marathi on the lines of the instructions. In February, in response to suggestions received from several mills, a suitable poster was prepared and forwarded to all member mills for display in places where workers usually received their wages.

(4) *Claims Regarding Wages, etc.*—Towards the end of June, the attention of the Association was drawn to the difficulties experienced by mills when claims for wages, etc., were presented on behalf of workers supported by chits from village patils. Most of these chits, it was indicated, were written on scraps of paper without any seal or symbol to denote the authority or the genuineness of the signatory. The matter was considered by the Labour and Technical Advisory (Managers) Sub-Committee, and on their suggestion, a recommendation was sent to all member mills that in such cases they should insist on the production of a claim supported by the authority of a Mamlatdar or a Magistrate.

(5) *Standing Order No. 22.*—Standing Order No. 22 of the Standing Orders for Operatives as finally settled by the Industrial Court laid down the procedure in regard to the infliction of punishment of suspension or dismissal for misconduct. During the year, the case of a winder who had been summarily dismissed for theft was referred to the Industrial Court by the Government Labour Officer on the ground that the action taken by the management of that mill constituted a breach of Standing Order No. 22 inasmuch as the worker concerned was dismissed on the principle laid down by the managing directors of that mill that all cases where there was indisputable evidence of deliberate theft must result in dismissal. The Government Labour Officer contended that such a principle conflicted with Standing Order No. 22(1) which provided, among other things, that in awarding punishments under that Standing Order, the manager should take into account the gravity of the misconduct, the previous record, if any, of the operative and any other extenuating or aggravating circumstances that might exist. In other words, any instructions issued by the agents to the managers in such cases which precluded the managers from taking into account the factors set out in Standing Order No. 22, should be considered as conflicting with the provisions of that Standing Order.

The Industrial Court rejected the application but held that no order of dismissal should be passed in future on the inflexible ground that all acts of theft should result in dismissal. The Court further held that orders for dismissal should be passed only after considering the nature of the misconduct and all extenuating circumstances and that the written order of dismissal should also state whether the management took those circumstances into consideration before passing the order. The judgment of the Industrial Court was brought to the notice of all member mills, and they were requested to follow the procedure set out therein in issuing written orders of dismissal in future.

(6) *Standing Orders for Silk and Woollen Mills.*—Reference was made in the last report to the Standing Orders for operatives and clerks employed in cotton mills in the City and Island of Bombay, finally settled

by the Industrial Court in accordance with the provisions of the Bombay Industrial Disputes Act, 1938, and which came into force on 12th December 1939. The Act was then applicable only to the cotton textile industry. The provisions of the Act were subsequently extended to the silk textile and woollen mill industries. The Commissioner of Labour settled the Standing Orders for the two silk mills in Bombay which are members of the Association and for the woollen mills, and these orders came into force on the 2nd September and 14th October 1940, respectively. The Orders were in the main similar to those settled by the Industrial Court for cotton textile mills in Bombay City. In the case of the woollen industry, however, the period of notice of discontinuance of a shift was fixed at 14 days instead of 30 days.

INDIAN TRADE MARKS ACT, 1940.

(See also pages 35 and 157 of Report for 1939.)

Reference was made in the last report of the Association to a "Bill to provide for the registration and protection of trade marks in India" introduced in the Legislative Assembly on 19th September 1939 and subsequently referred to a Select Committee. The Bill, as reported by the Select Committee, was taken up for consideration by the Legislative Assembly on 15th February 1940 and was passed into law with certain modifications. The measure received the assent of the Governor-General on 11th March 1940, and sections 1 and 85 of the Act came into force almost immediately.

Procedure for the deposit of trade marks.—Section 85 of the Trade Marks Act specifies that:—

"The Central Government may, by notification in the official *Gazette*, provide such procedure as it considers expedient to enable intending applicants to deposit trade marks at the Patents Office, before the coming into force of the remaining provisions of this Act ;

Provided that the deposit of a trade mark under this section shall not affect any right existing or accruing in the trade mark."

Accordingly, certain rules designed to facilitate the deposit of trade marks by their proprietors at the Patents Office, Calcutta, or the Branch Registry at Bombay in the case of textile marks, between 1st October 1940 and 31st March 1941, were published in the *Gazette of India* on 13th July 1940. The Rules were duly communicated to all members of the Association, who were asked to take in hand the preparation of a complete list of trade marks, trade numbers and trade names at present used by them and registered with the Association. The expression "trade mark" as defined in section 2 (l) of the Act means "a mark used or proposed to be used in relation to goods for the purpose of indicating or so as to indicate a connection in the course of trade between the goods and some person having the right, either as proprietor or as registered user, to use the mark whether with or without any indication of the identity of that person" ; and according to section 2 (f) of the Act, "mark" includes "a device, print, heading, label, ticket, name, signature, word, letter, or numeral or any combination thereof."

The definition of the expression "trade mark" read in conjunction with the definition of the expression "mark" appeared to indicate that trade

names and trade numbers used by member mills were also trade marks within the meaning of the Act and required to be deposited with either the Registrar or the Deputy Registrar of Trade Marks.

Section 64 (d) of the Act lays down that in respect of textile goods being piecegoods "the registration of letters or numerals, or any combination thereof, shall be subject to such conditions and restrictions as may be prescribed." Since section 64 of the Act had not been put into operation, the Committee felt that until the Association was made aware of the restrictions which were to be imposed on the registration of trade names and trade numbers, it would not be possible for the Association to advise its member mills as to which of the trade names and trade numbers registered with the Association should be deposited with the Registrar. The Committee were unwilling to advise the deposit of each and every trade name or trade number registered under the Association's private registration scheme in view of the deposit application form fee of Re. 1 per set of two forms, unless they were fairly certain that the great bulk of such names and numbers would apparently become eligible for registration under the Act. In the circumstances, Government were requested to prescribe the conditions and restrictions relating to the registration of letters, numerals, etc. It was also suggested that the deposit application form fee in respect of trade names and trade numbers should be purely nominal and that unless the fee was reduced, users of trade names and trade numbers might be constrained to deposit only those names and numbers which were of essential importance.

* CONSTITUTION OF THE ADVISORY COMMITTEE.

Towards the middle of September, the Deputy Registrar of Trade Marks, Bombay, addressed the Association in connection with the constitution of the Advisory Committee contemplated under section 66 read in conjunction with section 84 (2) (j) of the Trade Marks Act. It was indicated that the points which arose for consideration were :—

- (i) *The constitution of the Committee.*—In this connection, it was pointed out that the interests of the millowners, as far as possible, all over India and all other persons who might be interested in the trade marks relating to textile goods, such as importers, had to be borne in mind.
- (ii) The manner in which the meetings were to be held.

The Committee were also asked to frame draft rules to provide for the conduct of the work of the Advisory Committee.

The Committee felt that, so far as cotton marks were concerned, there should be only one Advisory Committee for the whole of India which should be stationed in Bombay.

Turning to the constitution of this body, the Committee were of opinion that, in the interest of business economy and efficiency, it should consist of persons who, apart from their business experience, could be depended upon to attend the meetings of the Advisory Committee fairly regularly. The people

who were likely to be interested in the working of the Act might be classified under the following broad heads: manufacturers, i.e., mills in India, importers, and bazaar traders. The Millowners' Association, Bombay, which had an all-India membership, represented about 50 per cent. of the productive capacity of the country. Seventy per cent. of the working looms in the country were installed in the Bombay Province, and if adequate representation was afforded to the Bombay and Ahmedabad Millowners' Association, the position could, it was thought, be regarded as satisfactory so far as Indian manufacturers were concerned.

With regard to importers, the Committee thought that the Bombay Chamber of Commerce and the Indian Merchants' Chamber, Bombay, would be in a position to represent their interests satisfactorily. The custom and usage, so far as the foreign trade marks were concerned, appeared to be one and the same all over India, and it was thought that the interests of importers generally could be served by the two organizations mentioned.

Coming to the bazaar, which included dealers in both Indian and imported goods, some of whom were also proprietors of trade marks, it was thought that they could be sufficiently represented through the three piece-goods merchants' associations which existed in Bombay and the Muskati Piecegoods Merchants' Association, Ahmedabad.

Regarding the quantum of representation to be given to the respective organizations on the Advisory Committee, the Committee of the Association suggested that it should be as under :—

| | |
|--|-----------|
| The Millowners' Associations, of Bombay and Ahmedabad | 3 each. |
| The Bombay Chamber of Commerce and the Indian Merchants' Chamber | 1 each. |
| The Native Piecegoods Merchants' Association, Bombay.. | } 1 each. |
| The Bombay Country, Fancy and Grey Piecegoods Merchants' Association, Bombay | |
| The Hindustani Native Piecegoods Merchants' Association, Bombay | |
| The Muskati Piecegoods Merchants' Association, Ahmedabad | |

An Advisory Committee constituted as suggested above would, in the opinion of the Committee, function more efficiently and quickly than a body drawn from all parts of India ; but, of course, it would always be open for the Deputy Registrar to consult up-country piecegoods' and millowners' organizations not represented on the Advisory Committee on questions connected with particular local areas or any matter of importance which was not of a very urgent character. (*Appendix 15.*)

TRADE DESCRIPTION OF MIXED YARN.

Early in February, the Director of Industries, Bombay, requested the Committee to express an opinion on a suggestion made by the Ahmedabad Millowners' Association that miscellaneous yarn which was known to the

trade as "Kharaba" and which was reeled from different counts of yarn varying from 20s to 60s should be exempted from the provisions of the Indian Merchandise Marks Act in regard to marking of counts and length.

The position appeared to be that the Indian Merchandise Marks Act did not compel a manufacturer to stamp the count or the weight of the bundle or the number of knots in the bundle in the case of yarn, but the Manual laid down that in the case of grey yarn, the average length of hank in the bundle in the case of single hanks should not be less than 840 yards. That is to say, even if the number of the counts, weight of the yarn, etc., were not stamped on the bundle, it would be an offence under the Indian Merchandise Marks Act, if the average length of the yarn in the bundle was less than 840 yards. If, however, the weight of yarn and the count were stamped on the bundle, then these particulars should be in conformity with the provisions of the Manual and the tolerances allowed therein. The suggestion made by the Ahmedabad Millowners' Association, in effect, amounted to a relaxation of the restriction imposed by the provisions of the Manual in regard to hank length in the case of "Kharaba" yarn.

In considering this question, the issue was whether the hank should be 840 yards in length in the case of regular yarn and less or more than 840 yards in the case of mixed yarn. A hank is a recognized measure, and the Committee did not agree that it should be interpreted in a different way in the case of mixed yarn. Even assuming, as the Ahmedabad Millowners' Association suggested, that different counts of yarn reeled together made up the "Kharaba" yarn, no insuperable difficulties were likely to be experienced in conforming to the hank length. In this view of the case, therefore, the Committee were unable to agree to the relaxation of the provisions relating to the hank length in the case of "Kharaba" yarn.

The Committee further held that the drawback in the Act which did not insist upon the count and the weight of the bundle being stamped in the case of yarn might lead to "Kharaba" yarn being passed off as regular yarn, and in this view of the case, they suggested that bundles containing "Kharaba" yarn should be stamped in bold letters "Kharaba Yarn" or "Mixed Yarn." If, in addition, bundles containing such yarn were stamped with particulars relating to their weight and number of knots per bundle, then it was felt that the correct particulars should be stamped in every case, that is to say, wherever the weight of the bundle and the number of knots in the bundle were stamped, they should be in conformity with the provisions of the Manual. (*Appendix 16.*)

EXEMPTIONS UNDER THE BOMBAY WEIGHTS AND MEASURES ACT, 1932.

Section 46 of the Bombay Weights and Measures Act, 1932, gives the Provincial Government the power, after previous publication and subject to such conditions and restrictions as it might think fit to impose, to exempt any class of weights or measures or of weighing or measuring instruments used or intended to be used for any purpose other than trade from all or any

of the provisions of the Act. Section 13 of the Act requires every weight or measure to be stamped and section 16 prohibits the sale or delivery of weights and measures which have not been verified, re-verified and stamped.

Government proposed, early in January, to exempt from the provisions of Sections 13 and 16 of the Act, weights, measures and weighing and measuring instruments used in laboratories maintained by manufacturing establishments, subject to the condition that the weight or measure or weighing or measuring instrument was clearly, indelibly and prominently marked "Not for Trade" and the weight had no leading hole. It was also proposed to exempt weights and weighing instruments used in the mixing departments of industrial establishments for the purpose of weighing various ingredients to be mixed, for instance, in match and rubber factories, dye houses, litho printing presses, fire-works factories and soap factories. So far as cotton mills were concerned, this exemption seemed to apply to all weights and weighing instruments used in cotton mixing departments and in the dyeing department.

The Committee felt that the exemptions proposed by Government did not go far enough. There were, for instance, several weights and weighing instruments used in cotton spinning and weaving mills, and bleaching, dyeing and/or printing factories which were not used for *bona fide* purposes as defined in the Act. These weights and weighing instruments were used in the daily inter-departmental checks in industrial establishments for purposes of measuring the supplies of stores from the storehouse or godowns to individual departments, or checking the weight of the goods in process at various stages. These weights and measures had no connection whatsoever with the weights or quantities on the basis of which mills entered into contracts with other parties. They did not also enter into the calculation of wages payable to the operatives. In this view of the case, the Committee suggested that the draft notification should be amended so that the scales specified below and maintained in the stores departments, process departments, size mixing departments, bleaching departments, printing and finishing and calendaring departments of textile mills might be exempted from the provisions of the Act:—

- (1) scales used for weighing laps ;
- (2) scales and weighing machines used for weighing doffs ;
- (3) scales used for weighing sized beams ;
- (4) scales used in weighing the production of looms ;
- (5) all weights and measures used in godowns and stores departments;
- (6) scales for weighing yarn which passed out from the spinning department to the reeling, winding, doubling or weaving departments ; and
- (7) wrapping scales.

In June, at the instance of a member mill, the Committee further suggested that tape measures should also be exempted from the stamping provisions of the Act in view of the fact that they were only used for departmental purposes.

Not only were the Committee's suggestions turned down, but in the final notification published in the *Bombay Government Gazette* dated 6th June, Government further limited the scope of the exemptions originally proposed by them. For instance, the exemption proposed in regard to weights and measures used in "laboratories maintained by manufacturing establishments" was not sanctioned. Secondly, the exemption notified in respect of weights and weighing instruments used "in the mixing departments of industrial establishments for the purpose of weighing various ingredients to be mixed, for instance, in match and rubber factories, dye houses, litho and printing presses, fireworks factories and soap factories" was also withdrawn, and the final notification covered only weights and weighing instruments used for the purpose of weighing various ingredients to be mixed in match, rubber and fireworks factories.

The position was extremely unsatisfactory; and a special sub-Committee consisting of Mr. S. D. (now Sir Sorab) Saklatvala, Mr. F. Stones and the Secretary subsequently met the Director of Industries and explained to him the point of view of the Association. It is understood that the suggestions made by the representatives of the Association are under consideration by Government. (*Appendix 17.*)

HOISTS IN MILLS AND FACTORIES.

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

Rule 46 (ii) of the Rules framed under the Indian Factories Act, 1934, reads as under :—

"All hoist ropes and chains shall be regularly examined by a competent person nominated by the manager to ensure that they are in a safe condition. The manager shall maintain a record of such examinations with dates and remarks under his signature in the inspection book maintained in accordance with Rule 5."

Towards the end of September, the Chief Inspector of Factories requested the Committee to express an opinion on a suggestion made by him that Rule 46 (ii) should be strengthened. In short, the Chief Inspector of Factories suggested (a) that the regular examination referred to in the existing rule should take place at intervals of not more than three months, and (b) that in the case of new ropes or chains, the manager should be required to obtain a certificate from the maker or importer of the material as to the safe working load if the material was of wire or iron.

The proposed amendments appeared to be in order, and the Committee had no objection to their being incorporated in the Rules. The Chief Inspector of Factories was informed accordingly. (*Appendix 18.*)

POWER COSTS.

(See also pages 38 and 160 of Report for 1939.)

In the last report of the Association, reference was made to the introduction by Messrs. The Tata Hydro Electric Agencies Ltd. of a new T-4 schedule of power rates with effect from 1st August 1939. It was also indicated that as regards the minimum monthly charges payable by mills under the new schedule, the Power Supply Companies had agreed that where a consumer accepted the new tariff and was subsequently in the position of having to close down his mill for any reason whatsoever, the minimum charge payable for each complete calendar month of such closure would be no higher than that provided for under the T-3 schedule. In respect of back pressure turbines, the position was that the Committee had asked for a reconsideration of the terms of the concession which the Power Companies had been prepared to offer in order that it might be of some practical utility to the mills.

Back Pressure Turbines.—In a reply received early in January 1940, the Power Companies regretted their inability to increase the percentage of power which mills would be permitted to generate by means of back pressure turbines, but offered mills installing back pressure turbines until 15th January 1944 the right to parallel such supply with their own system. It was further pointed out that after 15th January 1944, no mill consumer on the Power Companies' standard mill tariffs would be permitted to generate a portion of its power requirements through the use of back pressure turbines, or to parallel any supply, which it might generate itself, with that of the Tata system.

The position was unsatisfactory, but it was thought that no useful purpose would be served by pursuing the matter for the time being in view of the altered situation brought about by war conditions.

Minimum Monthly Charges.—Early in April, the attention of the Committee was drawn to the fact that, in the power bills for the month of March 1940, when a number of mills in Bombay were affected to a greater or less degree by the strike of textile workers called on 4th March, the minimum demand clause had not been equitably interpreted with the result that mills had been called upon to pay more than what they would have paid if the T-3 tariff had been in operation. The matter was, therefore, taken up by a special sub-Committee of the Association with representatives of the Power Companies, and it was suggested on behalf of the Association that (a) bills for the month of March should be made out on the basis of the T-3 tariff for the actual units consumed at the energy charges in that tariff plus 65 per cent. of the maximum KVA for the previous twelve months, and (b) a reasonable basis of power costs should also be arrived at for the month of April during which mills had been closed in many cases for half the month. It was, of course, realized that while the first suggestion might dispose of the difficulties for the month of March, a real and permanent solution could only be obtained by introducing an entirely new minimum demand clause for strike periods.

The Power Companies, for their part, agreed, in the special circumstances, to make an adjustment whereby the bills for the month of March would not exceed the amount which would have been payable had schedule T-3 been in force, and stated that a credit adjustment would accordingly be made in subsequent bills in those cases in which it was applicable.

As regards the second suggestion, the Committee were informed towards the middle of May, that the Power Companies had decided to revise the minimum monthly clause bill of schedule T-4 as follows :—

“ Minimum Monthly Bill.—The minimum monthly bill shall be the amount obtained by multiplying the demand charge by the KVA of demand which shall in no case be less than 65 per cent. of the highest KVA of demand supplied during the eleven preceding months.

Provided, however, that if a mill is closed through any cause whatever for a period exceeding 14 consecutive days in any month, the monthly bill shall not exceed the amount which would have been payable had schedule T-3 been in force.”

It was pointed out that the revised clause would apply retrospectively to bills rendered to the mills for the month of March and April, and that credit notes would be issued to the mills affected and would be taken into account in the bills rendered for the month of May. The Power Companies further expressed their inability to accept the suggestion made by the Committee that bills for the months of March and April should be based upon a reduced KVA of demand for billing purposes below that actually recorded.

The Committee were of the opinion that the minor modifications which had been made in the minimum monthly bill clause did not meet the real needs of the case, and that the demand for an entirely new clause more suited to occasions when production was curtailed or ceased entirely owing to strikes and similar occurrences beyond the control of mills seemed to have been entirely ignored. They, therefore, placed before the Hydro Companies the following three suggestions for meeting the situation more adequately :—

First suggestion.—That in months in which production was affected by strikes, payment for power consumed should be made at the average unit rate of the preceding eleven months of normal working, provided that the total monthly bill exceeded the minimum monthly bill in the agreement clause.

Second alternative suggestion.—That the minimum monthly bill clause should be more reasonably interpreted when applied to months affected by strikes by billing on the basis of 65 per cent. of demand charge plus normal unit charge according to the T-3 schedule.

Third alternative suggestion.—That charges for electric power during strikes as also during periods of normal working should be as favourable as those given by the Calcutta Electric Supply Corporation Ltd.

Detailed examples illustrating the differences between the Calcutta and Bombay charges for power during periods of normal working and in periods affected by a strike were worked out and submitted to the Board of the

Hydro Companies in order to assist them in arriving at conclusions as to what would constitute an appropriate basis of charge for power both during strikes and periods of normal working.

It is understood that the suggestions made by the Association are receiving the attention of the Board of the Power Companies. (*Appendix 19.*)

POWER CONTRACTS.

(*See also pages 25 and 156 of Report for 1937.*)

On pages 25-26 of the Association's report for 1937, reference was made to certain amendments made in the power contracts entered into between the Hydro-Electric Power Supply Companies and cotton mills in Bombay.

Clause 21 of Exhibit " B " of the contract set out the terms on which a consumer would be indemnified by the Hydro Companies in the event of a failure of supplies and provided that, in the case of textile mills, the indemnity would be reckoned at the rate of half an anna per lb. of yarn and one anna per lb. of cloth. It was pointed out to the Committee that the types of yarn and cloth produced in different mills varied very greatly. There had, for instance, during the last ten years been a great development in the production of finer yarns and finer and more expensive cloths. As the count and fineness increased, production was reduced and each unit of production became very much more expensive. Similarly, cost of production increased when finished, bleached, dyed, or printed goods were produced instead of merely grey cloth. In these circumstances, the old basis of a flat rate payment of half an anna per lb. of yarn irrespective of the counts and a flat rate payment of one anna per lb. of cloth irrespective of its fineness or its character appeared to be an unsatisfactory means of calculating indemnity.

The matter was examined by the Committee in conjunction with the Power Costs Sub-Committee, and an alternative basis of indemnity taking into consideration the actual standing charges, depreciation and loss of profits of about a dozen representative mills and reducing the figure to a per spindle or per loom basis instead of allocating the average figure per lb. of yarn or cloth, was prepared and forwarded to the Power Companies for consideration.

Clause 23 of the contract set forth the payments to be made by the consumer to the Power Company in the event of destruction or partial destruction of a mill by fire. It was pointed out that partial or total destruction of a mill by fire was something entirely beyond the control of the company, and since no compensation of any kind was payable by the Hydro Companies if a breakdown in the power supply occurred " by reason of the cutting off of or damage to any wires or works during war, mutiny or riot or by reason of earthquake, lightning or tempest or any accident or cause of whatever nature beyond the control of the company," a mill wholly destroyed by fire should not be called upon to make payment to the Hydro Companies.

until it had been rebuilt. In the case of partial destruction by fire, the Committee felt that an automatic adjustment should be made to meet the new situation by billing the mill at the average cost per unit for the twelve months previous to the partial destruction of the mill, and that this average rate per unit should continue until normal operations had been restored.

Certain suggestions were also made in the month of August for a revision of the minimum demand clause in the contracts so as to ensure a more reasonable basis of minimum charge suited to occasions when production was curtailed or ceased entirely owing to strikes and similar occurrences beyond the control of mills.

Towards the end of November, the attention of the Committee was drawn to a new five-year contract which the Power Companies had apparently offered to mills whose power contracts were due to expire at the end of the year. An examination of the terms of the new contract appeared to reveal that some of the suggestions previously made by the Committee for amendment of the power contract had not been given effect to. It was understood that the Power Companies were considering the case put forward by the Association in regard to these matters, but the Committee saw no objection to the mills concerned accepting the new contracts offered to them if it were made clear to the Power Companies that any concession which might be granted as a result of the negotiations with the Association would be extended to such new contracts. A recommendation to this effect was accordingly sent to the mills concerned. (*Appendix 20.*)

FUEL OIL SUPPLIES TO COTTON MILLS.

(See also pages 39 and 171 of Report for 1939.)

(1) *Fuel Oil Price for 1940.*—In the last report of the Association it was indicated that, as a result of negotiations between the Association and Messrs. The Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., the rate for furnace oil from 1st January 1940 was fixed at Rs. 31-4-0 per ton, subject to the usual 2 per cent. cash discount for prompt payment and to the stipulations mentioned in oil contracts and the supplementary agreements, with a war emergency surcharge of Rs. 2 per ton with effect from 10th January 1940. It would appear that on an examination of the figures of the first three months' deliveries, the additional cost on account of freight and war risk insurance amounted to Re. 1-8-0 per ton and not Rs. 2, as had been previously estimated. The best mode of adjusting this difference was discussed with representatives of the Oil Company early in July, and it was agreed that a refund of As. 8 per ton should be allowed to consumers for the first three months of the year. It was further agreed that similar refunds or recoveries should be made with retrospective effect at three-monthly intervals after the actual extra cost incurred by the Oil Company had been ascertained.

(2) *Contract Terms and Fuel Oil Price for 1941.*—Towards the middle of the year, the attention of the Committee was drawn to the fact that notices had been given by the Oil Company of the termination of all existing contracts

and of the intention to introduce a new standard contract for cotton mill consumers of furnace oil from 1st January 1941. The main change in the proposed new contract was that it was not a period contract and the Oil Company would not be compelled to notify calendar year's price three months in advance of the commencement of a particular year and after giving notice would be entitled to alter the price for fuel oil at any time without having, as at present, to justify any increase in price made during the year.

The terms of the new contract and the price of fuel oil for 1941 were subsequently discussed by the General Purposes Sub-Committee of the Association with representatives of the Oil Company. As regards the price of furnace oil to be supplied to the mills for 1941, it was agreed that it should be Rs. 36-6-0 per ton, variations in tariffs, duties, etc., being on account of the buyer. As regards the terms of fuel oil contracts, the matter at the time of writing was under negotiation with the Oil Company. (*Appendix 21.*)

FIRE INSURANCE RATES FOR WOOLLEN MILLS.

(*See also pages 45 and 182 of Report for 1939.*)

On page 45 of the last report of the Association, reference was made to the efforts made by the Committee to obtain a reduction in the fire insurance rates applicable to woollen mills.

Early in May, the Fire Insurance Association agreed to grant a special reduction of 30 per cent., with effect from 1st March 1940, in woollen mill rates in the case of the two woollen mills rateable under that Association's tariff, viz., the Raymond Woollen Mills and the Indian Woollen Mills, this reduction in rates being subject to reductions in the commission and brokerage applicable to the Bombay Woollen Mills Tariff as under :—

Bombay Agents, working and non-working, reduced to 12½ per cent.

Mofussil Agents, sub-agents and brokers, reduced to 7½ per cent.

While the Committee appreciated the special reduction granted, it was felt that the claims experience of woollen mill members justified an increase in the special discount from 30 to 50 per cent. The matter was once again taken up with the Fire Insurance Association, who, however, regretted their inability to increase the special reduction. (*Appendix 22.*)

WAR RISK INSURANCE.

Towards the end of 1939, the attention of the Committee was drawn to the undermentioned announcement which it was understood was issued under the authority of the British Treasury on 6th September 1939 :—

“ In a statement made in the House of Commons on 31st January last, the Chancellor of the Exchequer explained how the Government proposed to make provision from public funds in respect of loss of or damage to property arising from enemy action, such as bombardment from the air or from the sea, or from counteraction taken against any such attacks.

Apart from such assistance as may be provided towards the repair of essential property, no payments will be made under the scheme until the end of hostilities. It is, however, essential that all damage should be reported as soon as possible after it has occurred and for this purpose arrangements have been made for the receipt of claims and recording of damage by the Valuation Office of the Inland Revenue.

Forms of claim will be available shortly at the local town hall or office of the local authority in whose area the damage has occurred or at the office of the local District Valuer, Inland Revenue; and completed claims should be delivered to the local District Valuer, whose address will appear in the claim form, within 30 days after the loss or damage has occurred. The Inland Revenue authorities will be prepared to allow a reasonable extension of this period if circumstances beyond the control of the claimant make it impossible to lodge a claim within the 30 days."

The Manchester Chamber of Commerce appeared to have made an inquiry as to the meaning of the term "property" referred to in the announcement and the reply received from the Treasury was understood to have made it clear that the expression meant real and personal property (including machinery fixtures and jigs, tools and patterns, within Great Britain and Northern Ireland, except:—

- (i) money, valuable securities, jewellery or works of art which were not at the date of the loss or damage insured specifically against loss or damage by fire, burglary or theft under a policy of insurance then in force;
- (ii) property and goods (viz., ships and cargoes and stocks of commodities on land) which were insurable under the provisions of the War Risks Insurance Act, 1939; and
- (iii) property belonging to local authorities and public utility undertakings.

The Committee were anxious to ascertain whether similar safeguards were available in India, and if so, whether there was any protection available to property owners in the event of damage by enemy action. An inquiry was accordingly addressed to the Government of India, since insurance companies in India had been found to be unwilling to cover risk of loss or damage to property on land by enemy action. This inquiry was later followed up by a telegram and representation in which the Committee stated that any scheme of compulsory insurance which might be introduced in respect of industrial plants and stocks must be upon an all-India basis to ensure reasonably low premium rates in the large and particularly vulnerable industrial centres like Calcutta, Karachi, Bombay and Madras.

The question was subsequently discussed at a conference of representatives of the Bombay Chamber of Commerce, the East India Cotton Association, the Indian Merchants' Chamber and the Association as a result of which the following telegram was sent to Government on 28th June:—

"To re-establish confidence at Ports thereby arresting the continuous decline of commodity prices all over India, representatives of undersigned bodies consider it of vital importance that Government should announce that they are accepting the principle of war risk insurance on land of stocks and property at a reasonable premium and that Government should announce details shortly. The question as to what extent and in what areas and towns

compulsion if necessary should be introduced may be examined by Government in consultation with the undersigned bodies. Bombay Chamber, Bombay Millowners' Association, East India Cotton Association, Indian Merchants' Chamber."

The Government of India subsequently deputed Mr. H. C. Prior, Additional Secretary to the Government of India, Department of Commerce, and Mr. J. H. Thomas, Superintendent of Insurance, to discuss with representatives of the organizations referred to above the advisability of introducing any such war risk insurance scheme and the lines it should take if introduced. This conference took place early in July, as a result of which Government framed the following rough outline of a scheme which they proposed to introduce, and invited the Association's criticisms thereon.

It appeared that Government's scheme followed generally the lines of the United Kingdom scheme, modified to suit conditions in India, and contained the following proposals :--.

- " (i) Risks to be insured against King's Enemy risks as defined in the United Kingdom Act, that is, generally speaking, risk of loss or damage caused by the acts of an enemy or by acts done in repelling an enemy.
- (ii) Commodities to which the scheme will apply :—
All commodities, except those such as growing crops, coal, cement, certain metals and other ores which are excepted in the United Kingdom scheme and mineral oils of all description.
- (iii) War risk insurance will be compulsory in the case of all stocks of commodities of a value of Rs. 20,000 or more which are insured against fire, and voluntary in the case of stocks of commodities which are not insured against fire or which are insured for a less sum than Rs. 20,000.
- (iv) The rate of premium will be fixed at three-monthly intervals, and will be adjusted (either by increase or decrease) on the basis of experience. The rate proposed in the first instance is $\frac{1}{3}$ th per cent. per month which is $\frac{1}{4}$ th of the original British rate.
- (v) The scheme will be administered by Fire Insurance Companies in India as Agents of the Central Government.
- (vi) Premiums will be paid into a fund. Claims will be met from the fund, but if the fund proves insufficient to meet claims the necessary contribution to the fund will be made from general revenues. If at the end of the war the balance in the fund is in excess of claims, that balance will be credited to general revenues."

While the Committee were in favour of the introduction of a compulsory scheme of war risk insurance on commodities on the lines of the legislation which had been adopted in the United Kingdom, they once again stressed the desirability of extending the scope of this legislation to cover industrial properties and machinery which were ordinarily insured against fire risks. They were aware that, in England, property and machinery were not covered against war risk damage by any scheme of contributory insurance and that damage sustained by enemy action, apart from essential repairs, would be made good from public funds only after the war had come to an end. This distinction between commodities and property in England was, in the opinion of the Committee, understandable, since, in view of the constant daily exposure to danger from aircraft bombing, the cost of a contributory insurance scheme for immovable property and machinery would tend to

rule it out of court. In India, the position was vastly different. The chances of damage by enemy action to immovable property were certainly very much less than in England owing to the distance at which India lay from the main theatres of war, and, in addition, industrial plants in this country were spread over a very wide area, which was not the case in England. There was, of course, some concentration of industrial activity in places like Bombay, Calcutta and Ahmedabad, and extensive material damage might be caused to industrial property by enemy action in any one of these three centres, but taking the country as a whole, it would, it was thought, be possible for Government to introduce a scheme of compulsory insurance of industrial properties and machinery on an all-India basis at a very low rate of premium. It might, of course, be argued that compulsory insurance of industrial property and machinery would not be so attractive in the case of plants in less exposed localities, but as against this, it was maintained that industry as a whole in the country should bear a proportionate burden of the costs of replacing war risk damage occurring to any particular part of the nation's industrial plants. Further, unless mills could obtain war risk insurance on their stocks and on their machinery and buildings, a position might arise in which the banks would refuse to renew debenture and similar loans, and if this state of affairs arose, a number of important industrial establishments in Bombay and Ahmedabad might be compelled to cease operations. Similarly, if industrial property and machinery were destroyed, the offtake of Indian raw materials by these establishments would be cut off and the interests of the agriculturists detrimentally affected thereby. If, however, a war risk insurance scheme was made applicable to industrial property and machinery, this loss would be purely temporary, since the manufacturing units could be expeditiously restored to normal.

In so far as the details of the commodities war risk insurance scheme were concerned, the major objections raised by the Committee were:—

- (a) that the rate of premium proposed appeared to be unnecessarily high. It was recommended, as an alternative, that the initial premium should be $\frac{1}{8}$ th per cent. per three calendar months instead of $\frac{1}{8}$ th per cent. per month. If, after six months' experience, it was found that the premium receipts did not cover the outgoings, the rate could be raised.
- (b) that no profit should be made out of war risk insurance on commodities, and profits made, if any, should not be appropriated to general revenues at the end of the war.

The final proposals of Government in this connection were embodied in the War Risks (Goods) Insurance Ordinance, 1940, published towards the end of August. Government's scheme did not provide for insurance against war risks of buildings, machinery and other forms of immovable property. In a Press *communiqué* announcing their decision to introduce a scheme of compulsory war risk insurance, Government pointed out that they did not consider that an insurance scheme was a suitable matter for dealing with possible damage to immovable property resulting from war risks, but that they were closely examining the feasibility of adopting as an alternative the procedure that had been adopted in the United Kingdom.

In that country, it would appear, a Committee had been appointed to estimate the extent of any damage caused to immovable property by war risks as soon as such damage occurred. Government indicated that they would, on the conclusion of the war, ask the Legislature to agree to give compensation to such extent as might be found possible in consideration of the total amount of damage that might have been suffered.

The details connected with the administration of the scheme were published early in September, and the scheme was brought into force from 1st October, 1940, insurance being compulsory throughout British India with effect from 1st November 1940. Members were supplied with copies of the Ordinance and the Rules framed by Government thereunder. (*Appendix 23.*)

PAYMENT OF COMPENSATION FOR WAR INJURIES.

Towards the end of May, the attention of the Committee was drawn to a representation submitted to the Government of India by the Millowners' Mutual Insurance Association on the subject of the employers' liability to pay compensation under the Workmen's Compensation Act to operatives and their dependents for injuries and death caused by enemy action. Under the Workmen's Compensation Act, an employer was liable to pay compensation for personal injuries caused to a workman by accident arising out of and in the course of his employment. The "Mutual" held that the object of the measure was to secure the payment of compensation to workmen who might be injured or killed by the ordinary hazards of employment in industrial establishments and not for extraordinary reasons created by war. They, therefore, urged that employers' liability should be specifically excluded from the scope of the Workmen's Compensation Act for risk of injury caused by enemy action or that, alternatively, Government should take steps to enact legislation on the lines of the Personal Injuries (Emergency Provisions) Act passed in England in September 1939 so as to relieve employers of their liability under the Workmen's Compensation Act for injuries caused by enemy action. The Committee considered it urgently necessary that the Workmen's Compensation Act should be amended in the manner suggested by the "Mutual," and in supporting the case put forward by the "Mutual," requested Government to pass the necessary legislation with the least possible delay in view of the existing situation.

Government, in reply, indicated that they had come to the conclusion that no such legislation was necessary in India at the present moment. It is, however, understood that the view of Government has since then changed, and that an amendment of the Workmen's Compensation Act on the lines of the United Kingdom measure would be placed before the Central Legislature at a very early date. (*Appendix 24.*)

SICKNESS INSURANCE.

(*See also pages 46 and 190 of Report for 1937.*)

In the Association's report for 1937, reference was made to the views expressed by the Committee on a rough scheme framed by the Government

of Bombay for the provision of sickness benefits to workers. The Committee were in favour of doing what was feasible and practicable for the advancement of the social welfare of industrial workers, but felt that the rate of advance must be dictated by the industry's capacity to finance its legitimate share of such schemes without imperilling its competitive capacity. It was also emphasized that a scheme of sickness insurance, if and when it was initiated should be on an all-India scale and on a contributory basis by the State, the employers and the employees. The question of sickness insurance also formed one of the issues before the Bombay Textile Labour Inquiry Committee, and in answer to question 67 dealing with the desirability of indirect measures for improving wages, such as holidays with pay, insurance against sickness, old-age, unemployment, etc., the Committee reiterated the views previously expressed before the Government of Bombay and indicated that the industry was unable at the moment to bear further burdens in the shape of holidays with pay, insurance against sickness, etc.

It would appear that early in 1940 the question of sickness insurance for the industrial labourer was discussed, at the instance of the Government of India, by the first Conference of Labour Ministers who considered that the problem was not so much the lack of medical facilities as that of enabling the worker to maintain himself and his dependents during periods when he was unable to work and earn a living because of sickness. The conference apparently came to the conclusion that, for this purpose, sickness benefit funds would be appropriate and that further action for setting up such funds might be considered after it had been ascertained how far employers and workmen were willing to contribute compulsorily. Accordingly, towards the middle of June, the Committee were requested to express an opinion on the question whether the Association was willing to accept the principle of compulsory contribution by employers to sickness insurance funds.

On a careful examination of the matter, the Committee stated that they still adhered to the views expressed by them in 1937 and subsequently reiterated in the evidence before the Bombay Textile Labour Inquiry Committee, early in 1939. The present time, they further pointed out, was full of difficulties for Indian industries and all those who were associated or dependent thereon and was not, therefore, suitable for the consideration of any proposal which would impose a financial burden on industry. Closely allied with the question of sickness insurance was that of holidays with pay, which, it was understood, had been under consideration in various Provinces, and the Committee felt that this and other questions of a like nature should be handled together so that the interests concerned might be in a position to assess adequately the cumulative effect of the various burdens which were sought to be imposed upon them in the shape of social legislation. Another point urged by the Committee was the utmost importance of legislative measures of this character having all-India application, for, if British Indian industries were singled out for the introduction of social ameliorative measures, the disparity in working conditions which already existed between the industries situated in British India and in most Indian States would be further widened to the serious detriment of the former.

Appendix 25.)

THE BOMBAY MANUFACTURED CLOTH SALES TAX (LICENSING PROVISIONS) RULES, 1939.

(See also pages 49 and 187 of Report for 1939.)

In the last report of the Association, it was indicated that Government had decided not to proceed with the Sales Tax on manufactured cloth. On 19th March 1940, Government issued a notification cancelling, with effect from 1st April 1940, the Bombay Manufactured Cloth Sales Tax (Licensing Provisions) Rules, 1939. It, therefore, became unnecessary for mills and merchants to renew the licences taken out by them in July 1939.

EXCESS PROFITS TAX ACT, 1940.

Towards the end of January, the attention of the Committee was drawn to a Bill "to impose a tax on excess profits arising out of certain businesses" published in the *Gazette of India* on 27th January, in accordance with Rule 18 of the Indian Legislative Rules. The Statement of Objects and Reasons appended to the Bill read as under :—

"The outbreak of war, while it has necessitated greatly increased expenditure by the Government on defence and other services, has simultaneously created opportunities for the earning by companies and persons engaged in business of abnormally large profits. The object of this Bill is to secure for the Government a considerable portion of the additional business profits which accrue as a result of the conditions prevailing during the war.

The Bill seeks to impose a tax of 50 per cent. of the excess of the profits made in any accounting period after the 1st day of April 1939 over what in the Bill is called 'standard profits.' The standard profits are, in respect of businesses in existence prior to the 1st day of April 1936, the average of various accounting periods from 1935 to 1938, subject to certain adjustments. The taxpayer is given the option of choosing between several periods or averages, and provision is made for a reference to a Board of Referees for special relief, if the profits during each of the periods which could otherwise have been chosen are abnormally low. The standard profits for businesses started after the 1st day of April 1936 are computed by reference to a percentage of the capital employed in the business."

In a Press note explaining the main provisions of the Bill, it was stated :—

"The Bill imposes a tax of 50 per cent. of the excess of business profits made after the 1st of April 1939 over 'standard profits.'

The businesses which are chargeable to tax are all those which after 1st April 1939 make profits in excess of Rs. 20,000 per annum where they are liable to income-tax. An exception is made of those businesses carried on abroad and liable to income-tax only on the basis of the amounts brought into British India because the owners are either non-resident or not ordinarily resident in British India.

'Standard profits' are defined differently according to the age of the business. For a business which commenced after 31st March 1936, the standard profit is, for a company (other than one of which the directors have a controlling interest) 8 per cent. of the capital and in any other case 10 per cent. For a business which was in existence before 31st March

1936, the profits as determined for the income-tax assessment for 1936-37 or those for assessment for 1937-38, or the average of those for 1936-37 and 1938-39, or the average of those for the years 1937-38 and 1938-39 may be taken as the standard. The assessee is given the choice of these different periods or averages. Such profits, however, are subject to certain adjustments. The first adjustment to be made is to add to or subtract from the income-tax profit the statutory percentage of the increase or decrease in the capital employed in the business. Other adjustments are provided for in Schedule II. One of these adjustments is the elimination of any loss or depreciation allowance which relates to any other period.

Provision for deducting depreciation is made on the written-down value basis, which under Clause 2 (23) of the Bill, means :

' In relation to any building, machinery or plant used for the purposes of the business the original cost of such building, machinery or plant to the person carrying on the business during the accounting period for the purposes of which the written-down value has to be determined reduced by an allowance for depreciation for all the years prior to the said accounting period since the building, machinery or plant in question was purchased or acquired by such person calculated for each of those years at the rate laid down in clause (c) of sub-section (5) of section 10 of the Indian Income-tax Act, 1922 : provided that such deduction shall be made whether or not any deduction was made or was due to be made under the Income-tax Act, 1922, in arriving at the written-down value for the purposes of that Act.'

If the assessee thinks that the profits in each of these periods were lower than he might reasonably have expected, he can apply to the Board of Referees, who, if satisfied with the claim, can take a higher figure as the standard profits, but only in exceptional cases can that Board take a standard profit which exceeds 6 per cent. per annum on the ordinary share capital of the company plus the fixed rate upon any other share capital.

If in any period after 1st April 1939, the profits fall short of the standard profit, or if a loss has been made, then the 'deficiency' from this standard can be set against the profit of any other period after 1st April 1939, and any excess tax reclaimed. If all the tax has been reclaimed and there is still a balance of deficiency, that balance can be carried forward and set against the profits of any subsequent period.

Provision is also necessary for cases in which a business has changed hands, or there have been amalgamations or splitting up of businesses into parts. In each case, for the purpose of comparing profits and capital, the Bill provides for comparing like with like notwithstanding the changes in ownership.

A number of companies will be liable to the excess profits tax charged in the United Kingdom and also to that charged in India, and provision is therefore made for the granting of double excess profits tax relief.

Excess profits tax is allowed as a deduction in arriving at the profits for income-tax purposes, i.e., income-tax is charged only on the net amount remaining after deducting the excess profits tax which has been charged.

The Bill provides for the appointment of Excess Profits Tax Officers, Assistant Commissioners of Excess Profits Tax and Commissioners of Excess Profits Tax.

The Central Board of Revenue is given the general control of the administration, and is also given power to make rules for the carrying out of the Bill."

The Bill came up for consideration in the Legislative Assembly on 6th February, and the Honourable the Finance Member moved that it might

be referred to a Select Committee. Speaking on this motion, Sir Homi Mody, the Association's representative in the Assembly, observed:—

“ On the whole, Sir, the Bill seems to me to be hastily conceived and prematurely brought out, and like all prematurely born things, I do not think it is likely to be a very healthy growth or be an influence for good. It is going greatly to affect the fortunes of industries, which, as I have said several times already, were just beginning to recover from periods of depression and were hoping to have a run of prosperity which might enable them to consolidate their strength and position. I am not enamoured of this Bill any more than any of my friends in the business world, but in deciding my attitude towards this measure, I must be guided by severely practical considerations. I know as a matter of fact that if this motion were defeated, certification would follow, and I certainly do not want this Bill to be certified.... I do not want this bill certified, because I am quite certain that if it were it would have a most crippling effect on industries, and I do not think that there is a single business or industry which would be grateful for such a consummation. On the other hand, Sir, I have every confidence that if a good case is made out, then whatever the financial exigencies of the Government of India may be, as a reasonable man, the Finance Member is bound to admit that he cannot get the money he wants at such a great cost to the industrial and commercial structure of the country. It is from that point of view, Sir, that I want this measure to be examined in the Select Committee. Already a large number of industries and individual concerns have sent representations to me with regard to the manner in which this Bill ought to be revised. Their case has got to be put before the Select Committee, and it is on that account and not because I am less keen than any of my friends in condemning this measure—that I stand here to-day to support the motion for Select Committee.”

Government's motion was eventually adopted, and a Select Committee consisting of the Honourable Sir Muhammad Zafrulla Khan, the Honourable Sir Jeremy Raisman, the Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar, Mr. A. Aikman, Mr. F. E. (now Sir Frederick) James, Sir Homi Mody, Sir Abdul Hamid, Mr. Akhil Chandra Datta, Mr. S. P. Chambers, Mr. J. F. Sheehy, Dr. Sir Ziauddin Ahmad, Sir Cowasji Jehangir, Seth Haji Sir Abdoola Haroon and Sir Syed Raza Ali, were asked to report by 6th March.

The Bill was examined by the Committee of the Association, and a note setting out their views on certain important provisions was furnished to Sir Homi Mody. While the Committee were not opposed to the principle of the Bill, they felt that it required amendments in the following directions:—

- (a) Clause 6 which provided for the estimation of standard profits should be amended in such a manner as to give an assessee the option of choosing any one of the calendar years 1935, 1936, 1937 or 1938, or the nearest fiscal or corresponding accounting years 1935-36, 1936-37, 1937-38 or 1938-1939 or the average of any two of these years.
- (b) A proviso should be added to clause 6 (2), reading somewhat as under, for the reason that although 1938 was the best year for the textile industry, many mills in Bombay did not earn an adequate return on capital employed:—

“ If in any chargeable year, an assessee has not earned 8 per cent. of the capital employed in the business, he shall not be liable to the tax.”

By the words "capital employed," it was meant the original block cost plus working capital, or, in other words, the paid-up capital plus reserves and any loans borrowed for working capital.

- (c) For purposes of estimating excess profits, the same method of calculating depreciation allowance should be followed as was followed in the standard year, since it was felt that it would be manifestly unfair to calculate depreciation on varying bases in the chargeable year and the basic standard year, as a mill might have to pay excess profits tax on the difference between the amounts of depreciation allowance permitted in the two years. If Government were, however, unable to agree to revert to the original cost basis for depreciation, then it was suggested that the profits for the standard year should be recalculated, taking as allowance for depreciation the same written down depreciation as would be taken in the chargeable year.
- (d) The rate of the tax should be reduced.
- (e) As the Bill did not permit a reduction in the amount chargeable to excess profits tax by writing off any arrears of depreciation, some concession should be made, particularly since machinery prices had risen enormously and even where funds were available, they would not purchase the same number of machines as before. The concession which the Committee suggested was that where there were more than two years' arrears of depreciation, at least one year's out of these two should be allowed to be deducted from gross profits in addition to the calendar year's depreciation to arrive at the amount chargeable to excess profits tax.
- (f) The life of the Bill should be definitely limited to the duration of the war.

The Report of the Select Committee was presented to the Assembly on 6th March, and in so far as the points raised by the Association were concerned, the Select Committee made the following changes:—

- (i) The preamble to the Bill was changed so as to limit the tax on excess profits in the conditions prevailing in the war.
- (ii) The date on which excess profits become liable to tax was changed from 1st April to 1st September 1939, and the definition of chargeable accounting period was altered so that at the end of March 1941 unless by an amending Act that date was extended, the taxing provisions would cease to have effect. Opportunity was also provided to the Legislature to review annually the rate at which the tax was to be charged.

- (iii) The definition of "written-down value" was substituted by the definition given in the Indian Income-tax Act, 1922.
- (iv) A further option was provided to the assessee for the standard period, namely, a combination of the years 1937-38 and 1938-39.
- (v) For any business started after 31st March 1936, an additional option was given either to take the profits of a standard period if it was not less than nine months, or the statutory percentage of the capital employed in the business.
- (vi) The minimum amount of standard profits was raised from Rs. 20,000 to Rs. 30,000.

The Bill, as amended by the Select Committee, was taken up for consideration by the Legislative Assembly towards the end of March, and was passed by both Houses of the Legislature early in April with certain modifications, the most important of which related to the enhancement of the basic exemption of standard profits from Rs. 30,000 to Rs. 36,000. The measure subsequently received the assent of the Governor-General-in-Council and came into force with effect from 13th April 1940.

It may be recorded that the substantial modifications secured in the Bill as it was finally passed by the Legislature were in no small measure due to the untiring efforts of Sir Homi Mody in the Select Committee and in the Assembly.

COMPUTATION OF EXCESS PROFITS TAX.

Early in June, the Indian Chamber of Commerce, Calcutta, suggested that a representation should be made to the Central Board of Revenue to ensure that excess profits tax would be assessed in a chargeable accounting period in strict proportion to the number of months which the assessable period bore to the financial year of the company concerned. It appeared that what the Chamber wanted was not to get the Excess Profits Tax Act or the Rules framed thereunder altered with a view to obtain any further concessions from Government, but to ensure that departmental instructions were issued by Government whereby the excess profit tax officers would assess profits in the chargeable accounting period as a whole in proportion to the number of months in it and not split it into two or more periods for the computation of excess profits tax.

The Committee felt that whether the suggestions made by the Indian Chamber of Commerce were met by departmental instructions or by a regular amendment of the Act, the effect would be the same, namely, discretion was not to be vested in the excess profits tax officer. This particular question, it was understood, was threshed out in the Select Committee, but was finally given up by the Opposition in view of the important concessions secured in other directions. Besides, the Committee felt it was only fair to allow the excess profits tax officers some discretion in such matters. There might be

very special cases, and after all each case had to be considered on its own merits. In these circumstances, the Committee were unable to support the proposal of the Indian Chamber of Commerce.

BUSINESSES WITH LITTLE OR NO PROFITS IN STANDARD PERIODS.

Towards the end of October, a representation was submitted to the Government of India suggesting an amendment in the Excess Profits Tax Act. The British Excess Profits Tax Act of 1939, on which the Indian Act was largely modelled, had been recently amended, and Government proposed to introduce a Bill which was probably designed to incorporate these amendments in the Indian Act. The Indian Excess Profits Tax Act required that, in respect of businesses which had little or no profits during the standard period, a Board of Referees should be satisfied that, during the standard period, the profits of the business were less than might at the beginning of that period have been reasonably expected. The British Excess Profits Tax Act of 1939 contained a similar provision, but the position of companies which had little or no profits during the standard period, it was understood, had been more clearly defined by the amending Act of 1940; two conditions were now specified, namely:—

- (i) if a business had no profits during the standard period; or
- (ii) if the profits of the business were so low that it would not be just to ascertain the standard profits of the trade or business by reference to the actual profits of the standard period;

and if either of these conditions applied, it was provided that the standard profits would be fixed in relation to the share capital. The Committee suggested that the introduction of a similar provision in the Indian Act would be an advantage, as the Boards of Referees would then have definite conditions to apply to depressed industries.

Although the Excess Profits Tax Act was amended subsequently, the specific amendment suggested by the Committee was not made. (*Appendix 26.*)

DEPRECIATION ON MILL BUILDINGS AND MACHINERY.

(*See also pages 52 and 192 of Report for 1939.*)

Reference was made in the last report of the Association to the representations submitted to the Central Board of Revenue regarding the rates of depreciation allowances which should be permitted on various types of industrial assets under the written-down value basis provided by the Indian Income-tax (Amendment) Act, 1939. It was also indicated that the Central Board of Revenue proposed to arrange a series of discussions with the interests concerned before the rates of depreciation allowance for various types of wasting assets were finally fixed. These discussions took place in Delhi on the 1st and 2nd February and the Association was represented by

Sir Homi Mody, Sir Ness Wadia and Mr. H. Glover, and subsequently, the Central Board of Revenue published their revised proposals and invited criticisms thereon. So far as the textile industry was concerned, the following rates were proposed by Government :—

(For purposes of comparison, Government's original proposals of 4th August 1939 and the rates recommended by the Calcutta conference and approved by the Association on 27th October 1939 are shown alongside.)

| Class of Asset. | Rates originally proposed by Government. (4-8-1939.) | Rate recommended by Calcutta conference and approved by the Association. (27-10-1939) | Government's revised proposals. (12-4-1940.) | Remarks. |
|---|--|---|--|---|
| I. Buildings :— | | | | |
| (1) First class substantial buildings of selected materials | 1½ % | 6 % | 2½ % | Double these rates will be allowed for factory buildings. |
| (2) Second class buildings of less substantial construction | 3 % | 12 % | 5 % | |
| (3) Third class buildings of construction inferior to that of second class buildings but not including purely temporary erections.. .. . | .. | .. | 7½ % | |
| (4) Purely temporary erections such as wooden structures | .. | .. | .. | No rate is prescribed; renewals will be allowed as revenue expenditure. |
| II. Machinery and plant :— | | | | |
| General rate | 5 % | 12 % | 7 % | An extra allowance up to a maximum of 50% of the normal allowance may be allowed by the Income-tax Officer where a concern claims such allowance on account of multiple shift working and can satisfy the Income-tax Officer that the normal allowance is insufficient. This applies to all concerns whether the general rate or any special rate applies to them but does not apply to an item of machinery or plant specifically excepted . |
| III. Textile machinery excluding silk manufacturing machinery— | | | | |
| (a) Cotton | 5 % | 12 % | 9 % | |
| IV. Furniture and fittings—General rate | | | | |
| .. .. . | 5 % | 12 % | 6 % | |
| V. Dyeing and bleaching machinery.. | | | | |
| .. .. . | 7½ % | 15 % | 10 % | |
| VI. Motor cars | | | | |
| .. .. . | 20 % | 30 % | 20 % | |
| Motor lorries | | | | |
| .. .. . | 20 % | 40 % | 25 % | |
| VII. Other electrical machinery including electrical generators, motors (other than tramway motors), switchgear and instruments, transformers and other stationary plant and wiring and fittings of electric light and fan installations | | | | |
| .. .. . | 7½ % | 15 % | 10 % | |

Government's revised proposals represented a considerable advance on their original suggestions and the Committee, while appreciating that the viewpoints of the representatives of trade and industry which were put forward at the Delhi conference had been partially met, felt that, in so far as the cotton textile industry was concerned, the position was still unsatisfactory both as regards the rate applicable to the bulk of its machinery—for which a 9 per cent. rate had been proposed—and also in regard to the permissible addition for double shift working. The industry had consistently maintained that the rate of depreciation for income-tax purposes in India should considerably exceed the rates granted for similar types of machinery in the United Kingdom owing to the inferiority in skill of the workers who operated it and the more deleterious action on machinery of India's climatic and atmospheric conditions, and this was one of the reasons why the Committee had proposed a figure of 12 per cent. in the case of cotton spinning and weaving machinery in general. It was, therefore, suggested that the rate finally decided on might be between 9 and 12 per cent. and that it should certainly not be less than 10 per cent. The equity of this proposal was supported by the report on the proceedings of the Delhi conference submitted to the Committee by the Association's representatives. Dealing with the claim made on behalf of the industry that the rate should be at least 25 per cent. over the United Kingdom allowance, Mr. Sheehy was reported to have stated that this would mean an allowance of $7\frac{1}{2}$ per cent. plus 20 per cent. plus 25 per cent. or $11\frac{1}{4}$ per cent. in all, and that, in his opinion, a rate of 10 per cent. which left 12 per cent. of the original cost at the end of 20 years was a good rate and ought to satisfy the textile industry since due consideration must be given to the fact that if mill machinery was sold or discarded at the end of 20 years, it still had a scrap value and the balance to make the original cost would then be allowed as an expense for the year in which the machinery was sold or discarded. In this view of the case, the Committee considered that the normal depreciation rate for cotton textile mills should be at least 10 per cent.

Woollen and Worsted Mills.—The Committee also suggested that an additional sub-heading should be included in the notification, viz., "(c) woollen and worsted." The absence of any specific reference to the woollen industry, it was thought, was probably an omission, since it had been indicated that the woollen and cotton textile industries should be treated similarly.

Extra Depreciation for Multiple-shift Working.—In the matter of the additional allowance for shift working, it appeared from the notification that the power to grant an additional allowance would be left entirely to the Income-tax officer and that such additional allowance for shift working would have to be preceded by a special claim. The Committee, while appreciating the administrative difficulties involved in the allocation of allowances for shift working, thought that the grant or non-grant should not be left to the discretion of the Income-tax officer. An extra allowance should be automatic upon an assessee proving that more than normal single shift hours had been worked, since it was made clear at the Delhi conference that the Income-tax authorities would not have any difficulty in ascertaining which concerns had been working additional shifts during any assessment year. In the absence of any guiding rules and outside assistance, widely varying

decisions might be made by Income-tax officers, and the possibilities of a spate of appeals should not be overlooked. The Committee also suggested that, as recommended by their representatives at the Delhi conference, the extra allowance permissible for shift working should be raised from 50 per cent. to 60 per cent.

From the Association's record of the Delhi discussions, it appeared that the right to an additional allowance for shift working was admitted, and there should be no question of having to satisfy the Income-tax officer that the normal allowance was insufficient if an assessee proved that his machinery had been worked more than the ordinary single shift. The grant of an additional allowance should be automatic in all such cases. In these circumstances, the Committee suggested that the wording in the remarks column opposite to the item "Machinery and plant" should be altered to read as under :—

"An extra allowance not exceeding 60 per cent. of the normal allowance will be allowed by the Income-tax officer in accordance with the rules and procedure laid down in this behalf, where a concern claims such allowance on account of extra shift working and can satisfy the Income-tax officer that extra shifts have been worked during the year to which the assessment applies. This applies to all concerns whether the general rate or any special rate applies to them but does not apply to an item of machinery or plant specifically excepted."

The Committee once again stressed the point that losses which were available for carry forward should be set off against any profits of subsequent years before any part of the depreciation allowance was applied.

As the Indian Income-tax Act now stood, all depreciation should be utilized before any relief could be obtained for losses carried forward. This was contrary to the practice followed in the United Kingdom, and the Committee urged that this anomaly between the United Kingdom law and the Indian law should be removed.

The final schedule of rates of depreciation allowance for income-tax purposes which was published on the 25th May, substantially met the Association's viewpoint. In particular, the depreciation rate on cotton textile machinery was raised from 9 per cent. to 10 per cent. A separate heading was given for woollen and worsted machinery, and the depreciation allowance for such machinery was raised from 9 per cent. to 10 per cent. As regards the extra allowance for machinery working double shifts, it was made clear in the new schedule that the allowances to be made would be proportionate to the number of days during which double shift was worked.

In so far as the textile industry is concerned, the rates of depreciation allowance which will be permitted on the written-down value basis will be found in *Appendix 27*.

INDIAN INCOME-TAX ACT : ASCERTAINMENT OF WRITTEN-DOWN VALUE OF FIXED ASSETS.

(See also pages 52 and 192 of Report for 1939.)

Reference was made in the last report of the Association to a representation submitted by the Committee to the Central Board of Revenue in

regard to the appropriate rates of depreciation allowance to be permitted under the written-down value basis prescribed under the Indian Income-tax (Amendment) Act. In that representation, the Committee referred to certain practical difficulties which were likely to arise in connection with the application of the written-down value system of depreciation, and suggested that the Association should be given an opportunity of discussing the question with the authorities concerned before any specific regulations were published.

Towards the end of August, the attention of the Committee was drawn to a report that detailed instructions were being issued by the Central Board of Revenue to Income-tax officers regarding the method to be followed in ascertaining the written-down value of an asset in accordance with the new depreciation rates. The Committee felt that this arrangement did not go far enough. While detailed rules and regulations were necessary both from the point of view of the Income-tax officials and the assessee, it was thought that prior consultation between the Board and representatives of industrial interests should take place before these instructions were finally settled.

The matter was, therefore, once again taken up with the Central Board of Revenue, and it was suggested that the interests concerned should be given an opportunity of expressing their views on a set of draft instructions, and that these, when finally settled, should be incorporated in the Income-tax Manual, so that the assessee might refer to them when filling in his income-tax return. The suggestions made were of a simple character, and would not, it was hoped, involve a departure from the practice usually followed by the Income-tax Department. This question was also taken up at a meeting which the Committee had with Mr. Sheehy, Member, Central Board of Revenue, on 14th September, and it was pointed out that the publication of the departmental instructions issued by Government would be useful to the mills as they would then be in a position to calculate the written-down value for themselves.

Towards the end of November, the attention of the Committee was drawn to a communication addressed by the Indian Chamber of Commerce, Calcutta, to the Central Board of Revenue requesting publication in the Income-tax Manual of all departmental instructions issued by Government to the assessing officers. The Committee felt that the publication of that portion of the departmental instructions which might be useful to the assessee in compiling his return would serve a useful purpose since it would also assist the assessing officers in expediting their assessment work. In these circumstances, the matter was once again taken up with the Central Board of Revenue who were requested to review the position again. (*Appendix 23.*)

INCREASE IN THE RAILWAY FREIGHT RATES ON COTTON PIECEGOODS.

The Railway Budget presented by the Honourable the Railway Member in the Indian Legislative Assembly on 15th February, provided for the following increases in rates and fares from 1st March 1940 :—

- (a) Two annas in the rupee in the total freight (including terminal and other such charges) on each consignment of goods traffic

excluding coal, coke, patent fuel, military traffic, railway materials and stores on revenue account, food grains, fodder and manures ;

- (b) two annas in the rupee of the total freight on each consignment of coaching traffic other than passenger ; and
- (c) one anna per rupee of fare for all passenger traffic, except for fares of one rupee or less. The existing surcharge on coal, coke and patent fuel would also be increased from 12½ per cent. with the maximum of one rupee per ton, to 15 per cent. without maximum and from 1st November next to 20 per cent.

The Committee thought that a freight increase at a time when the Railway Budget disclosed substantial and growing surpluses was in itself most objectionable. In any event, having regard to the position of the cotton mill industry and faced as it was with demands for wage increases consequent on the increased cost of living brought about by war conditions, they urged that textile manufactures should be exempted from the scope of the proposed rate increase.

Government, in reply, pointed out that the more important considerations which had influenced their decision in this matter were :—

- (a) that the present financial exigencies rendered it necessary that railways' obligations to the general revenues should be met in full ;
- (b) that it was most important that, during periods when the demand for railway facilities was brisk, an attempt should be made to secure reserves which would ease the position when depression recurred ; and
- (c) that the moderate increases in freights and fares during a general rise in commodity prices would not substantially affect the movement of traffic generally.

Attention was also drawn to the assurances given by the Honourable the Railway Member in his Budget speech that the effect of these increases would be carefully watched, and that if it appeared that an individual rate was having an adverse effect on railway revenues, a reduction would be made.

As regards the suggestion made by the Association that the benefit of exemption from the increase should be extended to cotton textiles, the Railway Board considered that the relatively slight individual increases in freight would have no general effect on trade or traffic, and in view of the importance which they attached to the revenue to be derived from such increase in freight, they felt that exemption therefrom would be wholly unjustified.

The matter was again considered by the Committee, and early in August, a representation was submitted to the two railways serving Bombay asking not only for the exemption of textile goods from the operation of the enhanced rates but also for a substantial reduction in freight from Bombay to the more important piecegoods and yarn consuming markets such as

Amritsar, Delhi, Cawnpore, etc. It was suggested that specially cheap rates might, if necessary, be tried in the first instance for an experimental period of twelve months and that they might thereafter be extended or modified in the light of the experience gained of their actual working.

In a reply received early in September, the G. I. P. Railway authorities regretted their inability to accept the two proposals put forward by the Association, the main reasons advanced in support of this rejection being :—

- (a) the loss of revenue consequent on a general exemption of textile traffic from Bombay (including raw cotton) from the scope of the increased freight charges ;
- (b) that depression in industry was not confined to the textile industry and that the unsatisfactory conditions obtaining in that industry also operated in the case of most other industries including the railways ;
- (c) traffic in textiles from Bombay during the first quarter of the current financial year over the G. I. P. Railway had increased despite the increased freights ; and
- (d) that railways could not afford to differentiate in favour of Bombay mills and at the expense of mills situated in up-country centres.

The points made by the railways were exhaustively dealt with in a subsequent memorandum submitted by the Committee, but nothing came out of these endeavours as the railway authorities regretted their inability to grant any concessions. (*Appendix 29.*)

LABORATORY TESTS ON INDIAN COTTON.

(*See also pages 58 and 208 of Report for 1939.*)

In the last year's report, reference was made to the correspondence which had passed between the Association and the Indian Central Cotton Committee on the question of the wide differences between the results of the tests conducted at the Technological Laboratory at Matunga on cotton grown on Government farms and the corresponding commercial crop. The Association had put forward two suggestions :—

- (a) comparative statements bringing out very vividly the great differences both in the spinning performance and card-room and blow-room losses between farm cotton and commercial cotton of the same description should be published at yearly intervals by the Indian Central Cotton Committee, and
- (b) laboratory tests on farm and commercial cotton should be supplemented by mill tests on 100-lb. samples (of cotton of all varieties), the exact nature of these tests being decided by the Director of the Technological Laboratory in consultation with an expert sub-committee of carders and spinners.

The Indian Central Cotton Committee, on their part, accepted the first suggestion, but as regards the second, they decided, with a view to determining what allowances should be made for tests carried out at the Laboratory against similar tests conducted by mills, that the Director of the Technological Laboratory should purchase a bale each of Broach, 289F, Jayawant, and Oomras and carry out tests on them at the Laboratory, at the same time sending a 100-lb. sample of each cotton to two or three mills for similar tests for purposes of comparison.

The Indian Central Cotton Committee published their first report on the comparative results for standard and trade varieties of cotton tested at the Matunga Laboratory early in November 1939. This report together with the suggestions made by the Committee of the Association were subsequently discussed by the Technological Research Sub-Committee and the following decision recorded by them was adopted by the Indian Central Cotton Committee :—

“ The report showed enormous variations in the results obtained at the different mills on the same cotton. It was explained that this might be due to variations in the methods used or lack of standard machinery. The Sub-Committee, however, felt that, before drawing definite conclusions, it would be better to carry out such tests on a larger number of cottons. It was recommended that only pure cottons should be used for these tests and that, to start with, it would be enough if tests were carried out on Broach, 289F, 4F, Navsari, Jayawant and Oomras. It was agreed that, instead of buying a bale of each cotton and sending a 20-lb. sample out of it to mills for tests, the latter should be asked to send a 20-lb. sample to the Technological Laboratory when they tested their own cotton. It was further agreed that the mills selected for this purpose should be such as have machinery and equipment as near as possible to those of the Laboratory.”

The Committee felt that the conclusions reached by the Indian Central Cotton Committee would rule out the possibility of satisfactorily establishing the methods by which best results could be achieved at each stage in the process of manufacture, since comparisons similar to those made in the Director's report could not be available from mill to mill. It was, however, agreed that the suggestions made by the Technological Research Sub-Committee might be given effect to, if it was clearly understood that, at the end of one year, the results of the tests conducted under the Research Sub-Committee's scheme would be reviewed and the scheme revised if necessary. (*Appendix 30.*)

PROPOSED COMPILATION OF STATISTICS OF COTTON PRESSED ACCORDING TO TRADE DESCRIPTIONS.

(*See also pages 43 and 168 of Report for 1933.*)

In the report of the Association for the year 1933, reference was made to the approval given by the Committee to a revised classification for cotton, drawn up by the East India Cotton Association in consultation with various organisations interested in the cotton trade, with the object of evolving one uniform classification for cotton, for adoption by the cotton trade and in the all-India cotton forecasts issued by the Government of India.

Towards the end of 1938, the question was again taken up by the Bombay Cotton Annual Sub-Committee of the East India Cotton Association, who suggested that steps should be taken to have the present cotton press returns published according to "trade descriptions" instead of according to political divisions, since statistics compiled and published on the basis of geographical divisions were of little use to the trade for the purposes of arriving at the available supply of cotton with reference to the varieties specified under the various Hedge Contracts of the East India Cotton Association. The suggestion was accepted by the East India Cotton Association, at whose instance the matter was taken up by the Indian Central Cotton Committee with the Government of India. The Government of India recognised that statistics should be compiled on the lines most likely to be useful to those who were interested in them, and that if the statistics of pressed cotton, as compiled and published, were not really useful, a change of statistics by varieties would be desirable. They further held that the suggestion made by the Indian Central Cotton Committee, if finally agreed to, could be brought into effect, without any amendment of the Cotton Ginning and Pressing Factories Act itself, by Provincial Governments amending the relative forms prescribed under the Rules. At the same time, Government thought that there might be certain difficulties in the compilation of the statistics according to trade varieties, and before commending the proposal to the Provincial Governments for adoption, desired Provincial Governments to express an opinion on the point after consultation with the interests concerned. Accordingly, towards the end of the year, the Government of Bombay enquired whether the Association was in favour of the change desired by the Indian Central Cotton Committee and whether there would be any difficulties if the statistics in question were in future compiled and published according to the proposed trade description of cotton.

The Committee saw no objection to the adoption of the classification proposed. (*Appendix 31.*)

IMPORTS OF CALIFORNIAN COTTON.

Towards the end of November, the Import Trade Controller, Bombay, requested the Committee to express an opinion on applications made by several mills for the issue of licences for the import of Californian cotton. The question as to whether, and if so, under what conditions, the importation of Californian cotton should be permitted was discussed by the Committee, and the general view was that in view of the necessity of conserving dollar exchange, the import of Californian cotton should not be encouraged. The Committee were, nevertheless, aware of the hardships which would result from the wholesale discontinuance of the importation of Californian cotton; certain members of the Association after exhaustive investigations and research had built up a trade in specialities which could only be manufactured from Californian cotton, and in these cases a considerable amount of loss and inconvenience was bound to arise. The question as to whether it would be possible to meet the cases of these special mills by permitting restricted importations of Californian cotton was also considered, but it was felt that such a partial restriction would be more undesirable than complete restriction,

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inasmuch as it might result in some mills obtaining and other mills not obtaining permission. In these circumstances, the Committee felt that in the broader interests of the State and keeping in mind the necessity of conserving dollar exchange, future importations of Californian cotton should be stopped altogether. They did not, however, desire to interfere with the permits already granted, and suggested that such permit holders should be allowed to import to the full extent of their quota. (*Appendix 32.*)

FIXATION OF "CALL" COTTON.

Towards the end of June, the attention of the Committee was drawn to a proposal then before the Board of the East India Cotton Association that cotton bought "on call" should be fixed within thirty days after weighment, and differences adjusted through the Clearing House. It would appear that the matter was considered by the Cotton Buyers' Association, who came to the following conclusions:—

- "(i) 100 per cent. payment should be made on date of weighment, taking as a basis the official rate of the hedge contract as fixed on the day of weighment.
- (ii) Weekly settlements through the Clearing House to be made in respect of the unfixed business until the call is fixed. Where a contract is made between a member and a non-member, the member should have the right to ask for a deposit and thereafter call for margins. In the event of the deposit or margins not forthcoming, the member should have the right to fix the call.
- (iii) All business on call on Indian hedge contracts whether for delivery or c. i. f. terms, and whether for Indian or for foreign cotton should be dealt with as follows:—
 - (a) Where weighment is made before the 25th of the month preceding the tender period, call to be fixed before the 25th of the month preceding the tender period. (Call on April/May Broach 1941, delivery made in January/February 1941, call to be fixed before 25th March, 1941.)
 - (b) Where sale is made before the 25th of the month preceding the tender period, but weighment is contemplated during the tender period, call to be fixed as per (iii) (a). (Sale made in January 1941, on call April/May 1941 contract for weighment during May 1941, call to be fixed before 25th March, 1941.)
 - (c) Where a sale is made after the 25th of the month preceding the tender period, for weighment during the tender period, call to be fixed within 48 hours of tender. (Sale made on 1st April 1941, on call April/May contract 1941, for delivery during April 1941, call to be fixed within 48 hours of tender.)"

The Committee were inclined to agree with the proposals put forward by the Cotton Buyers' Association, and informed that Association accordingly. (*Appendix 33.*)

BYE-LAWS OF THE EAST INDIA COTTON ASSOCIATION: WEEKLY CLEARINGS.

In a Press *communiqué* issued on 28th March 1940, the East India Cotton Association notified its decision in favour of the introduction of weekly

clearings with respect to new crop contracts for the season 1940-41 and thereafter. The necessary amendments to the bye-laws for the purpose of giving effect to this decision have since been sanctioned by the Government of Bombay. Weekly clearings came into force from 1st September 1940, and trading in the new crop contracts for the season 1940-41 was permitted by the Board from Monday, the 1st April 1940, subject to the amended bye-laws.

DISPOSAL OF INDIA'S SURPLUS OF AGRICULTURAL COMMODITIES.

Early in October, the Government of India invited the attention of the Committee to a speech made by the Honourable the Commerce Member at a meeting of the Export Advisory Council held in Bombay on 12th September on the disposal of India's production of raw commodities during the continuation of the war and requested them to express their views thereon.

In brief, the Honourable the Commerce Member, after dealing with the general position in regard to the surplus production of raw commodities, put forward two suggestions for relieving the congestion which had been created by the war, viz. (a) reduction in acreage or switch-over to an alternative crop which might be consumed internally, or (b) warehousing of the surplus quantities available in anticipation of a renewal of demand at the end of the war.

The remarks made by the Honourable Member were carefully considered by the General Purposes Sub-Committee of the Association, who authorized Sir Ness Wadia and the Secretary to wait upon the Honourable the Commerce Member during their visit to Delhi in connection with the Eastern Group Conference, and discuss with him with greater freedom and in greater detail than was possible in the course of an official communication, the viewpoint of the Association regarding the present and the future position in regard to Indian raw cotton.

So far as Indian cotton was concerned, the Committee were generally inclined to the view that, provided the Indian mill industry was given reasonable assistance and facilities for developing its export trade in cotton yarn and piecegoods to overseas markets, it should be possible to overcome the difficulties which had already arisen owing to certain European countries being no longer in a position to purchase raw cotton from India. In the event of the 1940 Indian cotton crop being very much greater than the average of the last few years, the problem of the disposal of the coming year's cotton surplus would be increased, but this point might, in the opinion of the Committee, be met effectively if Government granted adequate financial facilities to enable mills and merchants to hold cotton stocks somewhat in excess of normal. In the event of Japan entering the war, the problem of marketing the Indian cotton crop would present greatly increased immediate difficulties, which, in the opinion of some, would be almost insuperable, and certainly these difficulties could not be overcome either temporarily or permanently

without substantial Government help which, in the view of the Committee, should include :—

- (i) concerted effort by Government, manufacturing and merchanting interests to expand India's overseas trade in cotton piecegoods, Government assistance taking the form of an export subsidy on cotton goods similar to that adopted some years ago by the United States Government ; and
- (ii) financial assistance in connection with the warehousing or stocking of more than normal quantities of cotton.

In addition, the Government of India should, it was thought, ask the British Government to assist in the disposal of the Indian crop by purchasing greater quantities of Indian short-staple cotton during the war emergency. In this connection, it was pointed out that England had recently been purchasing more staple Indian cotton than formerly, but it was pertinent to note that the main problem which India would have to face if Japan entered the war, would be in connection with short-staple cottons like Oomras and Bengals.

Another direction in which it was thought Government might assist in developing the export trade was to make representations to all Colonial and Empire countries to ensure that India's cotton goods were admitted to those countries on the same terms and conditions as were accorded to British cotton goods. The position was that in certain Empire countries, the United Kingdom enjoyed the benefit of special preferential tariffs and quota arrangements which did not apply to India.

The use of Indian cotton should, it was further suggested, be also insisted upon by the Department of Supply and the Indian Stores Department in all cotton textile goods purchased for military and civilian requirements, unless it could be effectively demonstrated that the use of long-staple imported cotton was absolutely essential.

As far as raw cotton was concerned, a reduction in acreage or switch-over to an alternative crop which might be consumed internally was not a solution that could be applied immediately, and, in any event, that would do nothing towards solving the problem of the crop now being grown. A reduction in area under cultivation would, in addition, be likely to throw out of employment a large number of people, and if this remedy were adopted, a new problem would be created, of finding employment for those who had been displaced. A switch-over to new crops for which a market could be found in India itself would, it was thought, necessarily have to be preceded by an exhaustive investigation, and even such an investigation might yield no useful results, since it was extremely doubtful whether alternative crops could be grown and marketed in India, which would yield to the cultivator the same monetary return as could be obtained from cotton even at low price levels.

Central storage raised questions of finance and satisfactory storage accommodation, but even assuming that Government would provide finance

and suitable storage accommodation in central warehouses, it was probable that the commodities stored would constantly decrease in quality and value during the storage period, and in this view of the case, storage might not be a feasible proposition, unless Government were prepared to meet the loss in value from Central revenues. (*Appendix 34.*)

SLUMP IN COMMODITY PRICES : EXPANSION OF CREDIT FACILITIES.

Towards the middle of July, the attention of the Committee was drawn to a representation submitted by the Indian Merchants' Chamber to the Government of India suggesting certain measures for removing the nervousness prevailing in the commodity markets following the slump in prices of agricultural products. The Committee were in agreement with the view put forward by the Chamber that more generous credit facilities should be made available to merchants for commodities in general, and piecegoods in particular, at the earliest opportunity, as a means of preventing unwarranted and undesirable price contractions. It is understood that the matter is engaging the attention of Government. (*Appendix 35.*)

REVISION OF THE INDO-JAPANESE TRADE AGREEMENT.

(*See also pages 70 and 242 of Report for 1939.*)

Reference was made in the last report of the Association to the representations submitted by the Association to the Government of India setting out the directions in which modifications appeared desirable in the Convention and Protocol regarding the Commercial Relations between India and Japan which ceased to be effective after 31st March 1940.

Although the official negotiations between the two Government Delegations for the completion of a new Trade Treaty commenced on 26th October, 1939, no agreement was reached by the end of March 1940, and early in April, the attention of the Committee was drawn to a statement made by the Honourable the Commerce Member that, pending the conclusion of a new Indo-Japanese trade agreement, the Government of Japan had notified that they were proposing to raise the cotton textile exports to India to 400 million yards annually.

When the Government of India decided, towards the end of 1939, not to give notice of termination of the Indo-Japanese Trade Convention, it was stated that that decision had been taken in view of assurances which they had received from the Government of Japan that they had not the least intention of taking advantage of an interval that might arise between the termination of the Protocol and of the Convention by tolerating heavy shipments to India, but the present position which permitted Japan to increase her shipments of cotton piecegoods to India went contrary to this assurance, and apart from its direct repercussions on Indian trade and industries, was, in the opinion of the Committee, bound to have important psychological effects during the concluding phases of the trade negotiations.

The Committee had always held that the Indo-Japanese Protocol, which only regulated the exports of Indian raw cotton to Japan and of shipments of cotton piecegoods from Japan was by itself inequitable to India inasmuch as it provided for no limitations whatsoever on the quantities which Japan might export to this country of the various articles constituting the vast miscellaneous trade between the two countries. Cheap imports from Japan had crippled many a rising Indian industry. Even in the case of textile manufactures, a very large proportion of the trade between the two countries was excluded from the purview of the Protocol. There was, for instance, no limitation to the quantities of cotton yarn which Japan might export to this country, nor was there any restriction whatsoever on the quantities of artificial silk yarn and piecegoods, apparel and other forms of made-up goods produced from cotton with or without the admixture of other textile fibres that she might send to this country. In the case of yarn, the Committee had during the last few years repeatedly drawn the attention of Government to the danger to the fine spinning industry of this country of cheap and growing imports from Japan and China, especially of counts over 50s, and had strongly urged, as late as November 1939, the need for the immediate imposition of a quantitative limitation on these imports. As regards other types of textile manufactures, the Committee felt that it was only reasonable to expect that the Protocol should include all types of made-up cotton goods in addition to piecegoods.

Japan had latterly failed to take up $1\frac{1}{2}$ million bales of Indian cotton per annum, which would entitle her to ship the maximum yardage of cotton piecegoods to India. The gross exports of raw cotton from India to Japan during the last few years were as under :—

| | Thousand bales. |
|---|-----------------|
| Average 1934-35/1936-37 (1st Protocol) | 2,065.3 |
| Average 1937-38/1938-39 (2nd Protocol, first two years) . | 1,285.2 |
| 1939-40 (ten months : April/January) | 867.7 |

In the face of this downward trend of Indian raw cotton exports to Japan during the currency of the second Protocol, the Committee were unable to understand why Japan had been permitted to despatch more cotton piecegoods to India than was allowed to her under the Protocol. On the contrary, there appeared to be a strong case for a reduction in the total sendings of cotton piecegoods from Japan to this country. A representation was, therefore, submitted to the Government of India early in April requesting a clarification of the position and an early indication as to whether the percentages fixed for the various categories of cotton piecegoods under the old Protocol would be adhered to during the transitional period. Government's attention was also drawn to the need for opportunities being given to the representatives of Indian commercial and industrial organizations to place their view-point before Government on the issues arising out of their discussions with the Japanese Delegation before Government took final decisions. It was also urged that the Unofficial Advisers to Government should be consulted at a very early date with regard to the further stages of the trade negotiations.

Government, in reply, explained that the position was that the Japanese Government had announced their intention of increasing the rate of exports of cotton piecegoods to India when the Protocol regarding the commercial relations between India and Japan expired. They had also proposed that in the event of a successful issue of the trade negotiations, the allotment of Japanese exports of cotton piecegoods to India should be re-adjusted and re-calculated with retrospective effect from 1st April 1940, in accordance with the terms so reached. The Government of India thereupon replied that they could not give their formal agreement to the above proposals, but in view of the undertaking of the Japanese Government regarding retrospective re-adjustment of Japanese exports of cotton piecegoods to India, they were prepared provisionally to say that they would not regard the operation of the proposals as contravening the undertaking previously given by the Japanese Government that they would not take advantage of the lapse of the cotton Protocol by allowing heavy shipments of Japanese goods to India.

Towards the end of June, it was officially announced that the Government of India had notified the Government of Japan that circumstances connected with the progress of the war with Germany had so developed as to oblige the Government of India to reconsider the whole position before entering into any long-term commitments and that before entering upon new obligations concerning the exports of raw cotton, Government desired to review the position regarding that commodity with reference to:—

- (a) the desirability of so directing the course of trade as to ensure that the supply of raw cotton to the Allied countries from India and other sources would be arranged for in the most suitable manner, in the light of their needs and of the exchange position ;
- (b) the tightening up of arrangements in connection with the control of trade so as to ensure that supplies from India should not find their way to Germany.

It is understood that subsequent developments in the political situation in the Far East precluded the resumption of the negotiations during the remaining months of the year. (*Appendix 36.*)

INDO-BURMA TRADE NEGOTIATIONS.

The existing Indo-Burma Trade Regulation Order which came into force on the separation of Burma in April 1937 provided for the maintenance of a free trade regime between the two countries. The Order was to be in force for a period of three years in the first instance and was to continue to be in operation until the expiry of twelve months of notice of termination by either side. On the 31st March 1940 the Government of Burma gave notice of their desire to terminate the existing arrangements at the end of March 1941.

The question of negotiating a new trade agreement with Burma was subsequently taken up by the Government of India, and towards the end

of the year, the Committee were invited to nominate a representative to serve on a panel of Non-official Advisers which Government proposed to constitute with the object of assisting the Government of India Delegation. The Committee accordingly appointed Mr. F. Stones to represent the Association on the panel of Non-official Advisers.

It is understood that a preliminary meeting of the Non-official Advisers to Government will be held about the middle of January 1941 and that the official negotiations for the conclusion of a new agreement will begin about the middle of February 1941. (*Appendix 37.*)

CHINESE COMPETITION IN TEXTILES.

Towards the middle of April, the attention of the Committee was drawn to the phenomenal increase in the imports of cotton piecegoods and particularly printed goods from China. It would appear that the total imports from China which in the last four completed financial years were insignificant, increased to 1½ million yards in the first nine months of 1939-40, and in February 1940 imports into the Province of Bombay alone were more than 9½ million yards. In this connection, it will be recalled that the danger of Japan utilizing her control of the Chinese manufacturing industry to circumvent the provisions of the quota limitation on cotton piecegoods imposed on goods produced within her own borders was referred to by the Association when suggesting the modifications necessary in the Indo-Japanese Trade Agreement in April 1939. This matter was also understood to have been brought to the notice of Government by other Chambers of Commerce in the country, and Government were urged, in their negotiations with Japan, to consider the question carefully with a view to devising ways and means of controlling the imports into India from Japanese-occupied territories in China. This matter, it would appear, was also discussed by the Unofficial Advisers, who, it is reported, unanimously recommended that Government should take all possible steps to prevent the import into India of articles made in China which were likely to affect Indian interests adversely.

One of the most important factors which had contributed to the building up of the Chinese cotton industry had been the low standards of labour and the low wages which had prevailed in that country. The element of unfairness arising from competition between the products of China and India was recognized by the Government of India in 1930 when they extended the Yarn Protection Act of 1927 for a further term of three years on the ground that labour conditions in China both as regards hours of work and the employment of women and children were inferior to those in India. Despite the enactment of national legislation on both these questions, it appeared from the available data on the subject that conditions in China in these respects had not materially changed and were still much inferior to those obtaining in India. That Japan had not been slow to take advantage of the favourable conditions obtaining in China had also been borne out by the Indian Government Trade Commissioner in Osaka, who, in his report for the year 1938-39, referred to the increasing diversion of

raw cotton to mills in China, mostly under Japanese control, with a view to cut down the cost of production *vis-a-vis* mills in Japan.

The Committee maintained that if it was recognized—as it had been recognized—that the Indian industry needed to be protected against competition from cheap Japanese goods, the need for protection to the Indian industry against China, where the prevailing low standards of labour enabled goods to be produced much cheaper than in Japan, was all the greater. In this view of the case, there appeared to be a very strong case for the immediate imposition of a quantitative limitation on Chinese imports of both cotton yarn and cotton piecegoods into India to the pre-war levels.

The need for the effective protection of the Indian industry against Chinese competition was rendered all the greater by reason of the danger that Japan might use her control of the Chinese industry to break the spirit, if not the letter, of the Indo-Japanese Trade Agreement by increasing her exports through Chinese sources and so indirectly expanding her textile exports to this country to the detriment of the Indian cotton mill industry.

The matter was, therefore, taken up with the Government of India, and it is understood that the situation is being carefully watched by Government. (*Appendix 38.*)

EGYPTIAN TARIFF ON COTTON TEXTILES.

(*See also pages 77 and 254 of Report for 1938, and pages 76 and 254 of Report for 1939.*)

Reference was made in the last two reports of the Association to the correspondence which had passed between the Association and the Government of India on the import duties levied in Egypt on Indian cotton piecegoods and yarn. It was understood that the matter was subsequently taken up by the Government of India. The Egyptian Government thereafter notified their intention of introducing a system of global quotas. The world was to be permitted under this arrangement to send to Egypt 140 million square metres of cotton piecegoods per annum, and the share of each country was to be regulated in accordance with the quantities of Egyptian cotton purchased, and India would be permitted to send to Egypt between 7 and 8 million square metres of piecegoods per annum. It was at once pointed out by the Committee that such an arrangement in the case of India was grossly unfair since in the year 1937-38 India had sent to Egypt 23½ million yards of piecegoods and 1.2 million lbs. of yarn and even with these sendings the balance of trade between Egypt and India was unfavourable to this country by no less than 1.57 crores of rupees. It would appear that the global quota to which reference had been made was still not in operation, but this fact did not materially assist India to send more piecegoods and yarn to Egypt because of the high duties which came into force on 10th April 1938. The matter was, therefore, taken up with the Government of India towards the end of April, and it is understood that the question has since been taken up by the Government of India with the Egyptian Government. (*Appendix 39.*)

RESTRICTIONS ON THE IMPORT OF TEXTILES IN THE GOLD COAST.

Towards the end of July, the attention of the Committee was drawn to the difficulties experienced by exporters owing to the restrictions imposed on the entry of Indian textile goods into the Gold Coast Colony. The position appeared to be that under an old Treaty between the English and the Dutch, Dutch goods were allowed the same freedom of entry into the Gold Coast as was accorded to English goods. For that reason, when quotas were first introduced in the Gold Coast three years ago, they were applied to all textiles of whatever origin, including England. Although the quota system was suspended from 1st January 1940 and another system of import control was substituted, the Gold Coast authorities still had the power to restrict entry of textiles not only from foreign sources but from British sources as well. It would appear that in anticipation of a relaxation of the pre-war restrictions, at least during the war emergency, exporting firms in India had placed large orders with British Indian manufacturers for shipment of piecegoods to the Gold Coast. However, despite representations to the India Office in London, the Gold Coast authorities apparently maintained a quota against British Indian piecegoods based on pre-war imports, with the result that these firms were faced with the possibility of having to cancel a large part of their orders with a consequent loss of business to Indian textile mills, and certain quantities which had already been shipped were held up in Gold Coast ports.

In view of the desirability of expanding India's export trade in this opportunity created by the war, the matter was taken up with the Government of India, Department of Commerce, and a suggestion was made that the Government should urge the Colonial Secretary to His Majesty's Government in the United Kingdom through the India Office for a relaxation of the quantitative restrictions at present imposed on the imports of Indian cotton textiles into that colony.

From a reply received from Government towards the end of the year, the position appeared to be that from 1st January 1940, the date on which the pre-war textile legislation in force in the Gold Coast Colony was suspended, the imports of textiles into that colony had been brought under the general import licensing and exchange control scheme subject to the condition that the former system of allotting quota licences was to be followed as far as possible. It was understood, however, that the authorities in the Gold Coast had subsequently decided to admit additional quantities of Indian textiles up to the amount stated to be required for the remainder of the current year's imports. (*Appendix 40.*)

PROPOSED ESTABLISHMENT OF AN ORGANIZATION FOR FACILITATING COTTON PIECEGOODS EXPORTS.

Towards the end of October, the Indian Central Cotton Committee inquired whether the Association would be prepared to assist in the establishment and maintenance of an organization, whose function would, *inter*

alia, be to undertake propaganda for the purpose of increasing the consumption of Indian cloth in India, to explore the possibilities of increasing the export of piecegoods to such countries as Ceylon, Malaya, Australia, etc., and to take such steps as might be found feasible to facilitate the export of piecegoods.

The Committee of the Association agreed in principle to the proposed establishment of a central organization for the purposes outlined by the Indian Central Cotton Committee. As regards the sharing of the expenses, etc., they pointed out that the question would be sympathetically considered when full details relating to the organization had been worked out. (*Appendix 41.*)

FREIGHT SPACE FOR EXPORT MARKETS.

Early in June, the attention of the Committee was drawn to several complaints received from mills and merchants exporting cotton piecegoods and yarn to the United Kingdom, Australia, the Straits Settlements, East and West Africa, Syria, Cyprus, Malta, and China (Hongkong) about the difficulties experienced in obtaining freight space. The Committee recognized that commodities urgently required for war purposes should have first claim upon such freight space as was available, but felt that after freight space had been provided for these essential commodities, special consideration should be given to yarn and piecegoods exports, a considerable proportion of which was required for war purposes. Another reason for urging the grant of favourable treatment was that unless freight space could be secured, a number of Indian mills might have to curtail operations in the near future, and taking a long view, it was eminently desirable, in the interests of India's industrial economy, that she should seize this opportunity of developing her overseas trade in cotton yarn and piecegoods with territories previously supplied by non-Empire countries. Further, the need for a considerable and constant export trade was, in the opinion of the Committee, particularly great in so far as the Bombay mill industry was concerned, located as it was in close proximity to India's greatest seaport and hampered as it was with respect to the home trade owing to the development of the cotton spinning and weaving industry in centres in closer proximity to Indian consuming markets. The matter was, therefore, taken up with the Controller of Shipping for India and it appeared that the position, in so far as the United Kingdom market was concerned, was that allotment of space was controlled and priority cargo received first consideration. Cotton piecegoods and yarn were not shown on the priority lists sent to the Controller of Shipping by His Majesty's Government, and when priority cargo had been allowed for, any balance of space remaining would be available for other cargo. Later on, this matter was discussed by the Bombay Port Committee of the Export Advisory Council when it appeared that it would be useful to have a representative of the Controller of Shipping in Bombay with whom the Export Trade Controller could be in touch, and whom the Export Trade Controller could keep informed as to the freight space requirements of Bombay. According to a Press note issued on 22nd August 1940, the Central Government appointed an Indian Shipping Adviser in Bombay. This

Adviser, it was stated, would be subordinate to the Government of India, but in respect of ships on the British Register, would work under the control of the Shipping Controller for India. He would keep himself informed of movements of all ships based on India and also through the Port Committee of the Export Advisory Council, of the positions relating to cargo awaiting shipment. His duties would be to co-ordinate the use of ships based on India to meet defence requirements, requirements of the export trade, and where freight was available for the purpose, requirements of the export trade also.

The announcement was brought to the notice of all members of the Association, who were asked to communicate with the Indian Shipping Adviser in the event of their experiencing difficulties regarding freight space for export markets. (*Appendix 42.*)

DECLARATION OF MANUFACTURING PARTICULARS IN RESPECT OF GOODS TO BE IMPORTED INTO THE UNITED KINGDOM.

Early in August, the attention of the Committee was drawn to a case in which a member mill in Bombay had been asked to declare the full manufacturing particulars of cloth shipped to the United Kingdom. These particulars, it would seem, were called for by a local firm of merchants under instructions from their head office in England, who were the indentors. A reference to the firm in question as to the United Kingdom Government regulation which called for manufacturing specifications of cotton cloths shipped from India, did not yield satisfactory results.

In these circumstances, an inquiry was addressed to the Government of India as to whether they were aware of any special regulation calling for the supply of manufacturing details in respect of cotton goods to be exported to England. The Committee pointed out that declarations of manufacturing particulars in the case of cotton goods might very easily be used to the detriment of Indian mills in producing competitive cloths, and that in the event of any disputes regarding the quality of goods sold against an approved sample, the specification particulars might be used to prove that there was some variation between the supplies and the basis sample. It might be argued that an analysis of the goods supplied ought to result in the same particulars being obtained as those declared in the specification, but it was well known that particulars as regards counts of yarn, reed, pick, strength, etc., of a basic grey cloth, were altered materially in subsequent finishing processes. The Committee were inclined to the view that it was undesirable and unfair for mills to be called upon to declare their specifications when shipping goods to the United Kingdom, and if, in fact, the United Kingdom Government did insist upon such declarations, it was suggested that the Government of India should take up the matter in the interests of Indian exporters with the object of getting the United Kingdom Government to withdraw its regulations.

From a reply received from Government towards the middle of January 1941, it would appear that in accordance with the terms of paragraph 20 of Notice No. 27-A, issued by the Commissioners of Customs and Excise regarding Imperial Preference, the Collector of Customs and

Excise in the United Kingdom might in case of doubt as to whether preference conditions had been complied with, call for further evidence, either of consignment or of origin, e.g., detailed accounts showing how the proportion of Empire Content of manufactured goods was made up, in respect of any manufactured goods imported into the United Kingdom under claim to preference. (*Appendix 43.*)

CONTROL OF CLOTH PRICES.

(*See also pages 78 and 258 of Report for 1939.*)

Reference was made in the last report of the Association to the objections raised by the Committee in connection with the notifications issued by the Government of India, under section 81 of the Defence of India Rules, providing for the control by Provincial Governments of the prices at which "cotton cloth woven from yarn of counts not exceeding 20s in the warp or weft" might be sold. Briefly stated, the Committee objected to any price control which would not secure fair selling prices to the industry. Further, regulation of cloth prices according to count alone was illogical unless consideration was given to reed and pick which in the case of 20s yarn varied enormously. If, however, it was decided to control cloth prices, the Committee suggested that Government should, as during the last war, appoint a special officer with sufficient knowledge of cloth manufacture to control prices on a fair basis. It was further suggested that the Government of India should stay any control by Provincial Governments and that if control was to be established, then prices should be fixed by the Central Government and not by Provincial Governments. The question of price control was subsequently discussed at a conference of representatives of the central and Provincial Governments.

This Conference would appear to have come to the conclusion that the question of dealing with the wholesale markets was one which could not be taken by any single Province much less by any District Magistrate, but that it ought to be left to the Centre if and when it considered necessary to control the prices in the wholesale markets. Profit-making in the retail market or at the distribution stage would then be controlled by the Provincial Governments, on the basis of prices prevailing in the wholesale market at controlled rates, if control had been imposed by the Central Government, or at an uncontrolled rate, if the Central Government had not thought fit to control the wholesale prices.

Towards the end of May, a notification was issued by the Central Government in supersession of previous notifications on the subject, under which Provincial Governments were empowered to provide by order for controlling the prices at which the articles specified in the undermentioned schedule might be sold otherwise than in a primary wholesale market, subject to the following conditions, namely :—

- (i) that the said powers should in respect of any imported articles other than salt, kerosene oil and medicines, *be exercisable only with the previous sanction of the Central Government*; and

- (ii) that the said powers should be exercised in accordance with such general instructions as might be issued from time to time by the Central Government.

Schedule.

Grains, pulse and flour.

Gur.

Milk and ghee.

Vegetable oils.

Chillies, turmeric and onions.

Salt.

Dhoties, lungies, saris and shirtings of Indian manufacture, woven from yarn of counts not exceeding 20s in the warp or the weft.

Kerosene oil.

Charcoal, steam coal and firewood.

Matches.

Medicines.

Household soap.

Fodder, bran, pollard and oilcakes.

COMPETITION BETWEEN THE HANDLOOM INDUSTRY AND THE
MILL INDUSTRY.

(See also pages 83 and 266 of Report for 1939.)

In the last year's report, reference was made to the evidence tendered by the Committee of the Association to the Bombay Economic and Industrial Survey Committee on the relations between the handloom industry and the mill industry. The report of this Inquiry Committee was published early in September 1940, and so far as relations between the handloom and the powerloom industries are concerned, the Committee recommended, *inter alia* :—

- (a) that the whole question particularly that of regulating the relations between the large-scale and cottage sections of the textile industry should be discussed at a special conference of the representatives of the Provinces and the Government of India ;
- (b) that subject to the control of imports and agreement from the other Provincial and State Governments and the Government of India, some regulation of the textile industry like division of the market accompanied, if necessary, by a duty, offered a possible solution ; and
- (c) that no regulation of the relations between small-scale and cottage industries was necessary except in the case of the textile industry, where the growth of small power loom factories needed to be restrained, but that no action in this direction should be taken without obtaining the approval of other Governments in India.

In October, the attention of the Committee was drawn by the Government of India to the question of how the position of the handloom industry of this country might be safeguarded and how the conflicting claims of the handloom and the mill industries might be reconciled. It would appear that this matter had been the subject of consideration by more than one Tariff Board though no specific recommendations had been made. At several Industries Conferences, this subject had come up for discussion, and at the last Industries Conference, the following decision appeared to have been taken :—

“ The Conference took note of the various divergent and sometimes conflicting viewpoints that had been expressed at this Conference with reference to the handloom industry and the mill industry, and was of opinion that the Government of India might once more consider the subject with a view to reconciling such conflicting claims as had arisen, or might arise, and to adjust the conflicting interests to the satisfaction of both the parties.”

Several suggestions had been made with a view to solving the difficulty, and these were :—

1. Imposition of an excise duty on mill-made cloth.
2. Imposition of a terminal tax on mill products.
3. Restriction of mill output by prohibiting mills from producing certain classes of cloth.
4. Imposition of cess on mill products.
5. Reduction of duty on imported yarn.
6. Fixation of quota and of particular counts between the handloom industry and the mill industry.

It was pointed out by Government that they did not propose at that stage to make any comment on the suggestions which had been put forward. They, however, requested the views of the Association on these suggestions. They also requested the Association to indicate whether they had any suggestions to make whereby the conflicting claims might be resolved. In this connection, Government made it clear that in the phrase “ handloom industry,” they did not include “ power-looms ” which had in certain Provinces come into existence. They confined the handloom industry to the industry which had developed as cottage industry without the use of power.

The Committee were of the opinion that it would be most inappropriate and injudicious to discuss these suggestions unless and until it had been definitely proved, firstly, that the Indian handloom industry was in a depressed condition, and, secondly, that it was due to competition from the Indian cotton mill industry. The Indian cotton mill industry is a protected industry, its case for protection having been proved before competent tribunals, and the Committee strongly felt that no action, which was likely to reduce the margin of protection accorded to it by the Legislature, should be taken until the necessity of taking such action from the point of view of the handloom industry had been established beyond doubt before a competent tribunal. What was, therefore, immediately necessary, in the view of the Committee, was a Committee of Inquiry or a Departmental Inquiry into the affairs of the handloom industry in order to ascertain whether, and if so, to what

extent the handloom industry required protection and also whether any protective action was necessary against the Indian cotton mill industry. It should be the aim of this inquiry to secure all material data relating to the handloom industry. Particulars relating to the number of handlooms which were being run in certain Provinces with the use of electric power and the nature and extent of competition which the ordinary handloom industry was experiencing from those converted power-looms should also be obtained. The inquiry should also endeavour to ascertain whether, and if so, what proportion of the handloom industry's manufacture was being marketed and what portion was consumed by the handloom weaver's family.

The Committee were always willing to consider reasonable proposals for the assistance of the handloom industry if and when a satisfactory case had been made out, but the evidence in possession of the Association led to no other conclusion except that the adoption of the suggestions would not only be unwarranted and unfair to the Indian cotton mill industry, but would be unnecessary and confer no benefit whatsoever on the handloom industry.

There had latterly been far too much loose and unwarranted talk about penalizing the Indian cotton mill industry for the purpose of enabling the handloom industry to prosper. This would have been understandable had the mill industry been making fabulous profits, but the real fact was that the mill industry itself had been grappling with depression for many years, owing mainly to the lack of purchasing power of the agricultural population of the country consequent upon the low level of commodity prices, and that combined with poor organization in the matter of purchasing and selling, distributing and manufacture was one of the main causes of the present difficult position of the handloom weavers. In the opinion of the Committee, the handloom weaver certainly needed advice when purchasing his raw materials. At times, he could only afford to buy what was cheapest in the market irrespective of the quality; he did not realise the importance of uniformity of quality; he did not know which was the best market for his product nor the best time to sell. Middlemen did not get him fair prices; in certain Provinces, handloom weavers brought their manufactures to merchants who lent them money. These merchants bought the manufactured goods at a very low rate and sold them on the same day at a decent profit. In this view of the case, what the handloom weaver needed was an organization to look after his interest at every stage from the purchasing of the raw material to the marketing of the finished fabric. The handloom industry in different Provinces had different problems to face on account of the fact that they were producing entirely different classes of goods. For instance, the industry in certain districts of the Madras Province was manufacturing chiefly fine count goods. On the other hand, the industry in certain other Provinces consumed large quantities of artificial silk yarn, and in this view of the case, their difficulties could not be due to the Indian cotton mill industry which could not compete against it. Without entering into a detailed discussion of the merits of the suggestions referred to by Government, the Committee pointed out that by merely penalizing the mill industry and allowing handlooms to compete on what might appear to be a better basis, Government would merely be perpetuating all the abuses and allowing

middlemen to prosper at the expense of the handloom weaver and the mill industry.

Towards the end of November, in response to a request from the Government of India, the Committee nominated Mr. F. Stones and the Secretary to attend a conference of representatives of the millowners and the handloom industry convened by Government to consider the question of the possible adjustment of the interests of the handloom and mill industries.

The Conference was held in New Delhi on 6th and 7th December, and the following Press note was issued by Government :—

“The Conference of representatives of Provincial Governments, Millowners’ Associations, handloom weavers and cotton interests reviewed all the proposals that were placed before the Central Government from time to time by various Provincial Governments and others interested in either section of the industry. The Conference came to the unanimous conclusion that a Fact Finding Committee should be constituted to survey the position of the handloom industry in all its details, and that Provincial and State Governments should be requested to co-operate in these investigations. The Fact Finding Committee would in particular investigate the difficulties of the handloom industry in the purchasing of raw material and in the marketing of its products including the financing of these operations. It would also investigate the possibilities of demarcating certain types or styles of cloth for production by the handloom industry alone. The question of assisting the handloom industry in getting a fair price for its products was further considered. It was generally agreed that the levy of an excise duty on cloth produced by mills would have to be at such a high rate for the purpose of equating prices of mill products and the handloom products, that it would not be desirable to levy it. The suggestion that a cess may be levied on the yarns consumed in the mills was also considered and the Conference recommended that this suggestion may be deferred until the report of the Fact Finding Committee is available.”

A detailed report of the recommendations of the Conference was placed before the Twelfth Industries Conference, and it is understood that the constitution of the Fact Finding Committee will be announced shortly. (*Appendix 44.*)

BOMBAY SHOPS AND ESTABLISHMENTS ACT, 1939.

(*See also page 95 of Report for 1939.*)

In the last report of the Association, a brief summary of some of the provisions of the Bombay Shops and Establishments Act, 1939, was given, and it was indicated that the preliminaries connected with the administration of the measure were under consideration by Government, who expected to bring the Act into force early in 1940.

Section 33 (*i*) of the Act empowered the Provincial Government to make rules to carry out the purposes of the Act. Accordingly, a draft of the Bombay Shops and Establishments Rules was published by Government on the 25th April.

When the draft of the Shops Bill was originally circulated for opinion, the Association expressed the view that commercial establishments should, for the time being, be excluded from the scope of the proposed measure, more

particularly since persons employed in such establishments were not in general called upon to work excessively long hours. Added emphasis was lent to this view by the conclusions reported to have been reached at the first conference of Labour Ministers held in January 1940 under the chairmanship of the Honourable the Commerce Member with the Government of India. It would appear that at this conference the question of the extension of legislation to labour employed in commercial establishments and shops was considered, and the view was put forward that the time was not yet ripe for legislation in this matter. So far as the specific suggestion for the compulsory closing of shops one day in the week was concerned, it seemed to have been agreed that the Central Legislature might pass an enabling measure for the compulsory closing of shops with provision for exemptions in particular cases and in particular areas, the minimum period being one day in the week.

The whole question was once again examined by the Committee, who felt that the present was an inopportune time for the enforcement of what was, for this country at any rate, an essentially experimental piece of social legislation. The outbreak of war and the problems which it had created for Indian trade and industries generally, had brought about a complete change in the conditions of work in commercial establishments, which were compelled to work to the altered circumstances now prevailing which involved a considerable amount of stress and strain both on the employers and employees of such establishments. It was understood that representations had already been made to Government regarding the difficulties and inconveniences to which various trades established in the Province were likely to be subjected as a result of the enforcement of the measure at that moment, and that suggestions had been put forward for the exemption of several of these trades from the provisions of the Act. The Committee, therefore, suggested that the enforcement of the Act, so far as commercial establishments were concerned, might be postponed, until the repercussions of the present war had died down and normal working conditions were once again restored.

Turning to the draft Rules themselves, the Committee were inclined to agree that they had, in the main, been drawn up on right lines. There were, however, one or two matters arising therefrom to which they drew Government's particular attention, and these are summarised below :—

Draft rule 3 outlined the procedure which Government proposed to follow in making inquiries prior to fixing the opening and closing hours of shops and commercial establishments. The Committee felt that the period of one month provided under the rule for the receipt of objections to a notice by Government might be raised to two months so as to enable the parties concerned and the industrial and commercial organizations and trade unions, who were likely to be affected by such notice, a reasonable opportunity to express their considered opinion with regard to any restrictions proposed by Government in such notice.

Draft rule 10 prescribed alternative forms for registers of employment or notice of hours of work and employment, which should be maintained or displayed by establishments covered by the Act. Some of the forms proposed by Government appeared inappropriate to commercial establishments

and would prove unworkable in so far as they called for particulars regarding daily overtime worked by individual employees. An alternative form was, therefore, framed and submitted for the consideration of Government.

After considering the views expressed by other commercial and industrial interests on the draft proposals, Government framed a revised draft of the Rules which was published in the *Bombay Government Gazette* on 25th September, and invited criticisms thereon by 30th September. The new Rules were carefully examined by the Committee. They appeared, in the main, to be substantially the same as those originally proposed by Government, and none of the major criticisms advanced by the Association seemed to have been given effect to. In these circumstances, the Committee considered it necessary to reiterate their views before Government. Taking the case of the cotton mill industry alone, it was contended that the Indian mills were now called upon to meet the clothing needs not only of the defence services of India but of other Empire countries including the United Kingdom. Individual mills and mill offices had in consequence been subjected to a considerable amount of additional stress and strain. If, therefore, Government decided to enforce the measure at the present juncture, the Committee urged that commercial establishments should be exempted from the provisions of the Act, at any rate for the duration of the war and until such times as normal conditions of work were restored.

On 8th October, Government published their final Rules which were substantially the same as the revised draft published in September; and in a Press note issued on 17th October, Government stated that the Act together with the Rules would come into force from 15th November 1940. A comprehensive note explaining the new obligations imposed by the Act and the Rules made thereunder was, therefore, compiled and forwarded for the guidance of individual mill managements.

APPLICATION OF THE ACT TO CLERICAL DEPARTMENTS OF MILLS.

Section 2 (3) of the Act, defines commercial establishments as under :—

“Commercial establishments’ means an establishment which is not a shop but which does the business of advertising, commission, forwarding or commercial agency or which is a clerical department of a factory or of any industrial or commercial undertaking or which is an insurance company, joint stock company, bank, brokers’ office, exchange or such other class of establishments as the Provincial Government may by notification in the *Official Gazette* declare to be a Commercial Establishment for the purposes of this Act.”

and the expression “factory” referred to in the above quotation has the meaning assigned to it under section 2 of the Indian Factories Act, 1934. From these, it would appear that the Bombay Shops and Establishments Act is also applicable to “the clerical department of the mills.”

Section 11 of the Act lays down that no person employed in a commercial establishment shall be required or allowed to work in such an establishment for more than 208 hours per month. This limit is allowed to be exceeded on certain specified occasions, but it is stipulated that the extra hours worked shall not exceed 120 in any calendar year. Textile mills in the ordinary course work nine hours per day, and the application of the Act to mills would mean

that a number of employees would have to be released an hour before the manufacturing processes closed down. The clerical department of mills usually includes the timekeeping staff, the godown clerks, the stores issue clerks, cloth, cotton and coal weightment clerks, production recording clerks, etc., whose presence in the mill premises is essential to ensure the smooth working of the various process departments, and if such employees were relieved an hour before the closing down of the factory, important process departments would cease to function resulting in a substantial shrinkage in the daily output of the factory.

The Act also appeared to create difficulties for mills in connection with weekly holidays. A "week" under section 2 (19) of the Act means "the period of seven days beginning at midnight on Saturday." Under section 13 (1) of the Act, at least one holiday had to be given during this period. Mill holidays are fixed in accordance with the provisions of section 35 of the Indian Factories Act, and there have been cases in which there was no holiday in the period of seven days beginning at midnight on Saturday. There was also no provision either in the Shops Act or in the Rules issued thereunder for substituted holidays, with the result that either the factory had to be completely closed down for one day in a "week" or kept working during the week without the assistance of the clerical staff for one day in the week, in order to comply with the provisions of the Act.

The matter was considered by the Committee, and a representation was submitted to the Government of Bombay suggesting that clerical staff employed in cotton and woollen mills might be exempted from the provisions of the Bombay Shops and Establishments Act, 1939. The matter was subsequently discussed by the Chairman of the Association with representatives of Government, and the difficulties arising out of the application of the Act to all clerical staff employed in mills were fully explained.

Government, in reply, indicated their willingness to consider the case for exemption in respect of particular classes of clerical employees in mills. They further stated that the proposed exemption would be available for a temporary period only and that the question of amending the Act to get over the difficulties mentioned by the Chairman at the joint meeting would be considered. At the same time, they desired to be furnished with a list of clearly defined classes of clerical employees in respect of whom exemption was considered essential.

While the Committee were gratified at the position taken up by Government, they suggested that if the exemptions to be granted were intended to be only of a temporary character, they might cover all the clerical staff in mills. The adjustments necessary in the organization of individual mills might, it was thought, then be gone into by individual mills and matters set right before the expiry of this transitional period. The adoption of this suggestion, it was pointed out, would prevent confusion arising from the Act covering some clerks and not covering others.

Another reason for requesting a total exemption in favour of all mill clerks was that there were cases in which clerks doing the same kind of work

were known by different designations ; there were also cases in which clerks known by the same designation did not perform the same jobs, and in these circumstances, an exemption order passed by Government in favour of specified clerks was likely to be the subject of disputes between the Inspectors appointed under the Act and individual mill managers as to whether the exemption was or was not applicable to particular clerks.

A third reason was that though there might not be a case for a general exemption in respect of certain clerks, it would seem that by their very nature of work it would be impossible to observe the provisions of particular sections. For instance, certain employees were not putting in more than 8 hours work, but in their case, it would be very difficult to comply with the provisions relating to spread-over. Another instance was that of the wage calculation staff, in whose case it would not be possible to comply with the provisions of sections 11, 12 and 13 in the first ten days of the month when wages for the preceding month had to be calculated and paid. In these cases, it would seem that the requisite exemption could not be granted by Government unless the Act was amended. If the suggestion made by the Committee commended itself to Government, then it was proposed that the general exemption proposed might cover :—

“ All clerical employees in cotton, silk and woollen mills including canteen and restaurant staff,”

this exemption being applicable to textile mills situated not only in Bombay City and Island, but in other parts of the Province to which the Act had already been made applicable. If, however, Government were unable to accept the above proposal, the Committee suggested that the following mill clerks might be exempted from all provisions of the Act :—

1. Mixing and blow room clerks.
2. Waste clerks and waste plant clerks.
3. Card room and wrapping clerks.
4. Spinning clerks.
5. Reeling and bundling clerks.
6. Warping, sizing and beaming clerks.
7. Winding clerks.
8. Weaving clerks including weft clerks, piecework clerks and folding clerks.
9. Cotton, wool and artificial silk yarn and cloth godown clerks and assistants.
10. Storekeepers and store issue clerks.
11. Yarn and cloth baling clerks.
12. Timekeeping staff including ticket boys and ticket clerks.
13. Costing and statistical clerks. (The work of these people is partially of a confidential nature.)
14. Bleaching, dyeing, printing and finishing department clerks.

It is understood that the matter is receiving the consideration of Government. (*Appendix 45.*)

MOTOR VEHICLES ACT, 1939.

POLICY WITH REGARD TO LONG-DISTANCE GOODS TRAFFIC BY ROAD.

(See also pages 113 and 336 of Report for 1938.)

Reference was made in the 1938 report to the passage of the Motor Vehicles Bill by the Indian Legislative Assembly. The Bill was subsequently placed before the Council of State and was eventually passed with certain minor modifications. The Bill finally received the assent of the Governor-General on 16th February 1939 and became law.

Section 43 (1) of the Motor Vehicles Act provides that :—

“ A Provincial Government, having regard to —

- (a) the advantages offered to the public, trade and industry by the development of motor transport, and
- (b) the desirability of co-ordinating road and rail transport, and
- (c) the desirability of preventing the deterioration of the road system, and
- (d) the desirability of preventing uneconomic competition among motor vehicles,

and after having heard the representatives of the interests affected and having consulted the Provincial and Regional Transport Authorities concerned, may, by notification in the official *Gazette* :—

- (i) prohibit or restrict throughout the Province or in any area or on any route within the Province, subject to such conditions as it may think desirable, the conveying of long-distance goods traffic generally, or of prescribed classes of goods by private or public carriers ; or
- (ii) fix maximum or minimum fares or freights for stage carriages and public carriers to be applicable throughout the Province or within any area or on any route within the Province.”

Early in June, the Committee were requested by the Government of Bombay to express an opinion on the question of the prohibition or restriction of long-distance carriage of goods by road, and in particular, from places outside the Province to Bombay City.

The case for the restriction or prohibition of long-distance transport by road appeared to rest mainly on the following grounds :—

- (1) that road transport skimmed what had been termed the “ cream ” of railway earnings by taking all the higher rated goods, and that a measure of restriction on the carriage of goods by road was rendered necessary in order to restore railway revenues to a satisfactory position ;
- (2) that road construction, maintenance and modernization at a pace equal to that of the growth and demands of motor transport

was an impossibility on financial grounds, and that some restrictive action should be taken in order to provide funds for the maintenance of Provincial road surfaces which had gone from bad to worse owing to the use of the roads by heavy motor vehicles ; and

- (3) that long-distance transport by road benefited only those who provided such service and those engaged in making motor vehicles, and that no advantage accrued to the general public.

As regards the first point, the Committee maintained that, as a commercial proposition, the railways in India had been earning good dividends. The record of working of the Indian railways during the last decade compared very favourably with the results achieved by other commercial undertakings, including the motor transport industry, and afforded striking testimony to the fact that no special measures were called for on the score of restoring the solvency of Indian railways.

As regards the suggestion that the petrol and other taxes levied on motor vehicles did not yield enough to pay for the better upkeep of the roads, the Committee held that such a charge could hardly be sustained, in view of the fact that the tax on petrol used by motor vehicles plying on the main roads was understood to be used, in large part, for the development of new roads and not for the maintenance of roads on which the vehicles actually plied. To give the railways further monopolistic powers on this score would, therefore, appear to be unfair to the motor transport industry and injurious to the general interests of the country as a whole.

Any move to restrict long-distance goods transport by road would presumably have for its object the co-ordination of road and rail transport, that is to say, the best distribution of traffic between two forms of transport in the interests of the general public. The Committee were strongly of the opinion that such distribution would be best brought about by the operation of natural economic forces and by public choice, and that any attempt by the State artificially to influence such distribution by restricting the scope and sphere of activity of one form of transport would be an unwarranted and an inequitable act of partisanship. In their view, the concern of the State in making possible road-rail co-ordination should be limited to seeing that the two forms of transport competed on fair terms as regards their obligations and responsibilities to the public and the degree of control exercised over them in the interests of public safety and convenience. The regulatory provisions in the new Motor Vehicles Act, in the opinion of the Committee, went a very long way towards equalizing the conditions under which railways and road transport competed. These regulations included regulations regarding the construction, equipment, maintenance and mechanical fitness of vehicles, weight and speed limits, the fixation and publication of time-tables and fares and freights, limitation of hours of duty of drivers; compulsory insurance; obligations to the general public, such as the duty to provide a regular and undefaulting service, etc.

It had often been contended that long-distance transport by land was the proper sphere of the railways, while short-distance transport was that of motor transport. The Committee felt that this did not, and ought not to

mean, that the railways should have a legally conferred monopoly. It rather meant that railways were economically better fitted for long-distance transport than motor transport was. If, in spite of this inherent advantage, a part of the long-distance traffic was diverted to road transport, under fair conditions of competition as mentioned above, the railways had only themselves to blame. If the railways wished to recover and retain their legitimate share of long-distance traffic, they should, in the opinion of the Committee, do so by their own enterprise and by improvement of their own services and facilities, rather than by seeking assistance from the State in order to scotch competitive modes of transport.

In the case of textile goods, for instance, the rates charged by the railways for the carriage of cotton yarn and piecegoods had, for a number of years, been disproportionately high in relation to the value of the goods transported and in many cases had prevented reasonable competition between producers, and limited consumers' choice to local manufactures. Repeated efforts made by the Association to secure a reduction in rates to distant markets had proved unavailing, and the only times when reasonable rates were quoted were where there were alternative means of communication. For example, it was because of the alternative sea route to Calcutta that Bombay mills had been enabled to build up a substantial trade with that centre during the last ten years. The only result of any proposal to restrict or prohibit alternative motor transport on the lines suggested by Government would, in the opinion of the Committee, be to consolidate the position of the railways by reserving all long-distance traffic to them and it would tend to perpetuate the existing high railway freight rates. Moreover, such protection as might be accorded by the State to the railways against competition from road transport would tend to deaden all initiative and enterprise from the railways. The Committee felt that the object aimed at by Government was rather to be sought in a thorough overhaul of the railway goods tariff so as to make it more elastic and in keeping with the progressive needs and requirements of modern trade and industry, in the matter of transport charges and facilities.

Summing up, the views of the Committee on the points raised by Government were, briefly, as under :—

- (1) The Committee were strongly opposed to the powers conferred by the Motor Vehicles Act being used to bring about a so-called co-ordination of road and rail transport, since powers could only be used to the detriment of one form of transport, namely, motor transport ; and
- (2) the Committee were equally opposed to the restriction or prohibition of long-distance transport of goods by road, since this would tend to confer a monopoly of long-distance traffic on the railways, which was bound to react adversely on the business and commercial community and thereby on the country as a whole.

As regards the fixation of maximum and minimum freight rates for the carriage of goods by road, the Committee were inclined to doubt whether

it would be advisable for Government to fix such rates. If, however, Government eventually decided that a minimum rate should be enforced in order to prevent uneconomic competition and undercutting, the Committee hoped that such minimum would not be fixed at an arbitrary and unduly high level; and that the rate would be determined after the fullest inquiry and after taking into consideration the interests of the general public and of road transport owners and users. (*Appendix 46.*)

PROPOSED CONTROL OF THE INSURANCE BUSINESS CARRIED ON BY TRADE UNIONS.

Under the provisions of the Indian Trade Union Act, 1926, a trade union is allowed to carry on any form of insurance activity without being under any obligation to secure professional advice as to the actuarial soundness of such insurance business. Moreover, by virtue of section 118 of the Insurance Act, 1938, any insurance business carried on by a trade union is not subject to the provisions of that Act, with the result that trade unions are at present under the privileged position of being able to carry on unscientific schemes of insurance business now banned by the Insurance Act.

Early in October, the Government of Bombay requested the Committee to express an opinion on certain proposals framed by the Government of India for the purpose of controlling the insurance activities of trade unions. In short, what Government desired to know was:—

- (a) whether it was desirable to curtail the privileges which trade unions at present enjoyed in the matter of insurance;
- (b) whether it was desirable that such a highly technical business as insurance should be carried on as a side activity by trade unions without the protection of supervision by any department of Government having the necessary technical staff to exercise it; and
- (c) what concessions or modifications would be necessary in the provisions of the Indian Insurance Act, 1938, if it was eventually decided to apply that Act to the insurance business carried on by trade unions.

The Committee felt that there was a good case for severely curtailing the privileges which trade unions enjoyed in the matter of insurance. Insurance is a highly technical subject, and insurance business could not be organized on a sound basis without the assistance of experts. Certain trade unions in Bombay, it was reported, had been keeping even their usual income and expenditure accounts in a very slipshod manner, and this had been commented upon on more than one occasion by the Registrar of Trade Unions. There had also been cases in which no accounts had been kept, and in this view of the case, it was, in the opinion of the Committee, decidedly dangerous to allow trade unions to handle insurance business with the responsibility and financial stake involved, without outside assistance and rigid supervision. The Committee, however, agreed that some relaxation of the law was necessary in the

case of *bona fide* trade unions doing life insurance business in such matters as deposits, minimum limits, working capital, etc., but they were unable to put forward definite suggestions. (*Appendix 47.*)

BEVIN TRAINING SCHEME.

Towards the end of the year, the attention of the Association was drawn to a scheme framed by the Government of India under which it was proposed to send batches of Indian workmen to the United Kingdom to undergo courses of training in engineering operations such as fitting and machine operating. The object of the scheme was, it was stated, to accelerate munitions production in India, and, at the same time, to inculcate in the men an appreciation of British methods of industrial co-operation between employers and workers and the value of sound trade union principles.

Copies of the scheme were forwarded to members of the Association, and the names and addresses of workmen who were prepared to volunteer for training under the scheme were subsequently furnished to the Chairman, National Service Labour Tribunal, Bombay. (*Appendix 48.*)

THE WAR AND GOVERNMENT REQUIREMENTS OF TEXTILES.

The intensification of the war in Europe and the dislocation which it caused in the normal sources of supply of textiles created a situation in which Indian mills were called upon to meet, in an increasing measure, the demands for textile materials not only for the requirements of the defence of India but also from various overseas markets, which were temporarily cut off from their previous sources of supply in European countries. In view of the fact that the production in India of certain types of textile fabrics required for the army was very limited, means had to be devised for increasing production and for spreading sources of supply in an effort to meet the Government's requirements in respect of the armies based on India. A series of conferences were held during the year between the Committee of the Association and members of Government in charge of supply arrangements, and a number of suggestions were made and given effect to with the object of ensuring that Government's requirements of cotton textiles, both for civil and military use, during the period of the war were effectively and expeditiously met. The Association has also kept itself in close touch with the Department of Supply and the Indian Stores Department and the principal officials of these Departments.

MILL INDUSTRY AND WAR EFFORT.

The question as to what the mill industry of Bombay could do to assist the war effort and war savings movement engaged the attention of the Committee during the year. The idea that mill employees generally should be

encouraged to participate effectively in the war savings movement was enthusiastically supported. Appeals were made by the Association and Mr. S. D. (now Sir Sorab) Saklatvala who was appointed by the Bombay War Gifts Fund Committee for collecting donations from the mill industry. Managing agents of mills and their selling agents were requested to make donations towards the cost of providing a squadron of aeroplanes for the Indian Air Force or for any other special purpose which they deemed desirable. Collection boxes were made available by mills into which workers put their small voluntary contributions to the Bombay War Gifts Fund after receiving their pay. Copies of posters issued from time to time by the War Gifts Committee were distributed to all mills to be displayed in prominent places in the mill compound. On the introduction of the special Defence Savings Stamps, individual mill managers were requested to adopt the Defence Savings Card system for the convenience of those workers who were willing to make monthly contributions in small amounts. Mills which had co-operative credit societies for their employees and particularly those which had schemes of compulsory thrift were recommended to invest a portion of the surplus funds of such societies in Defence Savings Certificates and Defence Bonds. As a welcome lead to the members, the Association invested Rs. 1,00,000 in Three-year Interest-free Defence Bonds issued by the Government of India. It is understood that upto the end of the year the following donations have been made to the Bombay War Gifts Fund :—

| | Rs. |
|--|------------------|
| Contributions by managing agents | 99,300 |
| Contributions by selling agents of mills | 3,000 |
| Mill workers and clerical staff.. .. . | (approx.) 10,000 |

COTTON CLOTH COVERS FOR COTTON BALES.

Early in March, the Indian Central Cotton Committee requested the Committee of the Association to express an opinion as to whether spinners were likely to raise any objection to the acceptance of cloth covered bales as legal tender in fulfilment of contracts. It appeared that the Indian Central Cotton Committee had decided that investigations should be undertaken to find out whether substitution of hessian by cloth manufactured from cotton waste would be an economical proposition in normal conditions and also whether cotton cloth would be as serviceable as jute hessian in other respects. To this end, investigations were proposed to be undertaken at the Technological Laboratory, Matunga, to ascertain, *inter alia*, the extent of penetration of moisture, dust, etc., into cotton bagging, the effect of the sizing of cotton cloth on cotton, the liability of cotton bagging to attack of insect pests, and the water-absorbing capacity of cloth bagging as compared with hessian, but before making any recommendation on this subject, the Indian Central Cotton Committee desired to know whether spinners were likely to raise any objections to the acceptance of cloth covered bales.

The Committee of the Association indicated that all reasonable measures which had for their object the improvement of the offtake of Indian short-staple cotton would have their approval. They felt, nevertheless, that

the best method of solving this problem from the point of view of the spinners would be to make the experiments first in the Technological Laboratory. The results of the tests might, it was thought, be then made available to the spinner, and he might be asked whether in view of the results revealed by the tests, he would have any objection to the acceptance of cotton cloth covered bales as legal tender in fulfilment of contracts. The adoption of this suggestion would, the Committee held, lead to very satisfactory results, as the spinners would have, when accepting or rejecting the proposal, all the relevant facts bearing on the question. (*Appendix 49.*)

SALARIES OF EMPLOYEES CALLED OUT FOR MILITARY DUTIES.

At the instance of a member mill, the question of the treatment of the services of British Indian employees of mills who had been called up for full-time military duties by the A.F.I. was considered by the Committee towards the end of July, and it was decided that in such cases members should, as far as possible, ensure that the persons concerned suffered no financial loss thereby.

AIR RAID PRECAUTIONS IN MILLS.

In response to a number of inquiries received from member mills, the precautionary measures to be taken by mills in the event of an air raid were discussed at a conference of mill managers, mill wardens and Mr. T. W. Johnstone, Chief Inspector of Factories, early in August. As a result of these discussions, recommendations setting out in very general terms the precautionary measures which might be adopted by mills were framed and issued for the guidance of all mill managements. (*Appendix 50.*)

EMPLOYMENT OF RELEASED PRISONERS IN MILLS.

Early in August, the Bombay Presidency Released Prisoners' Aid Society requested the Committee's co-operation in helping released prisoners by finding work for them and thus preventing them from lapsing into a life of crime and thus increasing the number of hardened criminals in the Province. It was pointed out that released prisoners were not always unfitted for particular jobs by reason of their conviction, because many of them were convicted for minor offences not involving dishonesty or any serious offence which would incapacitate them for certain jobs. Moreover, jobs could certainly be provided on work which did not involve handling of property or money. It was further indicated that the Society would maintain a register of unemployed released prisoners who, in their opinion, were suitable for employment on particular jobs, and that if member mills were agreeable to help in securing employment for these unfortunate people, recommendations would be made from this register.

The question was considered by the Committee who felt that, in matters like staff recruitment, etc., which were purely of an administrative or domestic character, a certain amount of discretion must rest with individual mill managements. There was at the moment a great measure of

unemployment amongst all classes of mill employees and so long as the existing situation continued, individual mills might not be able to give preference to ex-prisoners over their old employees. The Standing Orders for Operatives framed under the Bombay Industrial Disputes Act required that preference should be given to old employees whenever fresh vacancies arose, and any infringement of these provisions was likely to lead to an action against the employers concerned in the Bombay Industrial Court. In the circumstances, the Committee suggested that individual mills might be approached direct.

ADULT EDUCATION IN BOMBAY CITY.

(See also pages 12 and 145 of Report for 1938.)

Reference was made in the 1938 report to the appointment of Mr. B. S. Dabke as the Association's representative on an Inquiry Committee which the Government of Bombay proposed to appoint to advise them on the question of adult education, and to the evidence submitted by the Committee to this Inquiry Committee. In a report submitted to Government towards the end of June 1938, the Inquiry Committee, *inter alia*, made the following recommendations :—

- (1) Adult education should have a very prominent place in any programme looking forward to building up and organizing a strong and efficient democracy.
- (2) Adult education meant (a) the education of the illiterates at all stages, i.e., the education which centred round literacy including the preparatory groundwork and the subsequent follow-up work and (b) the further education of literates at any stage and in any direction. But looking to the peculiar conditions prevailing in India, the Committee laid stress on the first type.
- (3) Government had a definite duty to promote literacy education and should be largely responsible for the finance of the literacy programme.
- (4) Government should create a Central Adult Education Board for organizing and administering the adult education programme within the Province.

The Inquiry Committee also considered that in industrial centres the employers should share the responsibility with Government for the education of workers and that Government should appeal to employers of labour, i.e., all establishments coming under the Factories Act, to regard the eradication of illiteracy among their employees as a moral and social duty.

The Association's representative on the Inquiry Committee, Mr. B. S. Dabke, however, appended a minute of dissent, which was also signed by three other members specifying that education being primarily the responsibility of the State, employers as a class should not be singled out for sharing the responsibility nor should an invidious discrimination be made between one employer and another in fixing that responsibility.

As recommended by the Adult Education Committee, the Government of Bombay appointed a Provincial Board of Adult Education with powers to

appoint divisional, district and local committees, which began functioning from 1st October 1938, and this Provincial Board appointed a committee called the Literacy Campaign Committee in order to organize the literacy campaign in the city and suburbs. Later on, Government appointed the Bombay Adult Education Committee to replace the Bombay Literacy Campaign Committee with a view to take all necessary steps to liquidate illiteracy amongst the adult population of Bombay on a permanent basis.

Towards the end of July 1940, the Government of Bombay requested the Committee to give favourable consideration to a scheme framed by the Bombay Adult Education Committee with a view to securing the co-operation of millowners and other big employers of labour in the matter of adult education and to advise as many millowners as possible to adopt it.

Briefly stated, it was suggested that individual mill managements might help Government on the following lines :—

- (1) A list of illiterate men and women workers with their mother-tongue and place of residence should be prepared and furnished to the Adult Education Committee.
- (2) The managements should make it known to their respective workers directly or through the *muccadums* that they desired to see that all of them were made literate within a specified period, say, six months or a year or so.
- (3) They should also make it known that, while employing new workers, preference would be given to those who were able to sign their names and read their cards.
- (4) Those mills which had their own chawls to accommodate their workers should open as many literacy classes as the space in the chawls or in the compound allowed, or, alternatively, they should keep as much space as possible at the disposal of the Adult Education Committee and supply the necessary lights to enable them to open such classes and the necessary funds to run them.
- (5) All the managements might open literacy classes within their mill premises and relieve as large a number of workers as they could, about three-fourths of an hour before the closing time and compel them to attend such classes for a period of about three or four months for each batch.
- (6) The Adult Education Committee might open such classes, if the managements did not want to take the responsibility provided the latter were prepared to supply the funds, together with other facilities and to allow the workers to attend them in batches as in (5) above.

These proposals required millowners to bear the whole cost of making their workers literate under the guidance of the Adult Education Committee.

The Committee of the Association were unable to accept the financial responsibility for making the workers literate. The position of employers in matters like education appeared to have been very clearly and ably stated in

Mr. Dabke's dissenting minutes to the Adult Education Committee's Report, and so far as the Committee were aware, nothing had happened to justify the assumption that since the publication of the Report, conditions had changed, nor had Government advanced any valid reasons for rejecting the minority point of view.

On the question of the desirability of removing mass illiteracy, the Committee were at one with Government, but they submitted that the financial responsibilities involved could not be passed on to employers. Some members of the Association had already been doing very good work in this direction, and there seemed to be no point in forcing the pace. In the opinion of the Committee, voluntary schemes, where they existed, might, if necessary, be improved and extended with the co-operation of the employers concerned, but any large-scale attempt to foist the Adult Education Committee's scheme on employers would be unwarranted. The Association had already expressed its willingness to assist Government in their literacy campaign as far as mill workers were concerned, and had recommended mills to give facilities to the Adult Education Committee to enable representatives of that Committee to establish direct contact with mill managements for the purpose of assisting the establishment of satisfactory arrangements in the mill area. This decision had been communicated to the Special Literacy Officer, and the Committee felt that, as far as the cotton mill industry of the Province was concerned, no further action was called for until times improved. (*Appendix 51.*)

PUBLIC HOLIDAYS COMMITTEE.

(*See also pages 14 and 117 of Report for 1939.*)

On page 14 of the last report of the Association, reference was made to the appointment of Mr. Krishnaraj M. D. Thackersey as the Association's representative on a special Committee appointed by the Government of Bombay to investigate the problem of public holidays in the Province. It would appear that in a report submitted early in the year, the Public Holidays Committee recommended that no change should be made in the existing number of public holidays. Government have since accepted the Committee's recommendation that no reduction should be made in the number of holidays notified at present as public holidays under the Negotiable Instruments Act, 1881.

VERNACULAR TEXT-BOOKS FOR JOBBERS AND TEXTILE WORKERS.

(*See also pages 10 and 80 of Report for 1929.*)

It will be recalled that the Noyce Tariff Board of 1927 recommended, *inter alia*, the preparation of vernacular text-books for the use of jobbers and operatives on the lines of those available to the cotton mill operatives in England. The Board also suggested that the matter should be taken up by the Department of Industries in Bombay in consultation with the Bombay and Ahmedabad Millowners' Associations and the Principal of the Victoria Jubilee Technical Institute, Bombay. This matter was subsequently the subject of correspondence between the Association and the Director of

Industries, but nothing came out of it at that time as Government were not prepared to meet the loss arising out of the publication of these books.

The question was taken up early in 1939 by the Supervisory Committee of the Textile Technical School, who authorized the preparation of a series of text-books in Marathi. The first four books of this series dealt with the drawing frame, the warping machine, the fly frame, and mixing and blow-room machinery. These booklets were priced at one anna per copy, and the Supervisory Committee of the School invited the Association, towards the end of May, to recommend mills to purchase a number of copies for distribution amongst jobbers and employees in textile mills in Bombay City and Island. A recommendation was accordingly issued to all member mills to purchase a limited number of copies of each of the vernacular text-books for sale or free distribution to jobbers and workers interested in improving their technical knowledge of the machines they operated. (*Appendix 52.*)

PRACTICAL TRAINING OF STUDENTS OF THE GOVERNMENT HAND WEAVING INSTITUTE, POONA.

Towards the end of May, the attention of the Committee was drawn to a suggestion which appeared to have been made by the Director of Industries, Bombay, that mills should take up students of the Government Hand Weaving Institute, Poona, for six months' practical training. The Committee were unable to agree to the proposal. The position was that mills already employed a fair number of apprentices and learners of one type or another, and in many instances it would, it was felt, be difficult for them to take on any more. The Committee, however, had no objection to individual mill managements being approached in the matter, since they were the only authorities who could decide whether they could take on more students, learners or apprentices for courses of practical training, and informed the Director of Industries accordingly. (*Appendix 53.*)

LEGISLATION TO VALIDATE PRINCIPAL CONTRACTS.

RULES OF THE NATIVE SHARE AND STOCK BROKERS' ASSOCIATION.

Early in May, the Committee were requested by the Government of Bombay to express an opinion on a suggestion made by the Bombay Native Share and Stock Brokers' Association that Government should undertake legislation so as to validate principal contracts. It appeared that, in conformity with the recommendation made by the Morison Inquiry Committee, Government held the view that it was undesirable to allow principal contracts. The Stock Brokers' Association, on the other hand, suggested that, if Government had objections to making *all* principal contracts valid, they might at least permit principal contracts in the following two cases, namely :—

- (i) *budli* contracts in which the broker employed his own resources ;
and
- (ii) contracts between members of the Native Share and Stock Brokers' Association and members of organised Stock Exchanges outside the Province of Bombay.

In this connection, it will be remembered that, in giving evidence before the Atlay Committee in 1923, and again before the Morison Inquiry Committee in 1937, the Committee had expressed the view that brokers should not be allowed to do business on their own account. The Committee still maintained that it was not in the interests of the investing public to permit brokers to pass principals' contracts in the course of the regular business of buying and selling shares, but they were prepared to agree that, in the case of *budli* business, principals' contracts might be validated. The position appeared to be that, so long as business for forward settlement was permissible by law, *budli* business became an indispensable adjunct, and this type of business would be considerably curtailed if brokers were not allowed to employ their own funds or to use their own credit with banks and other parties to raise funds for the transaction of *budli* contracts. It was understood that brokers were permitted to employ their own resources in *budli* transactions on the London Stock Exchange, and this constituted an added reason for the view now taken up. At the same time, the Committee thought that the public should be protected as much as possible, and therefore suggested that in any *budli* transaction, the contract form "A" in Appendix "H" on page 191 of the Rules of the Native Share and Stock Brokers' Association should be utilised for the reason that the contract form "B" was one which could be misused.

As regards contracts between members of the Native Share and Stock Brokers' Association and members of organised Stock Exchanges outside the Province of Bombay, there appeared to be no great objection to such business being permitted, but the Committee were unable to understand why there should be any question of a contract, as it was not customary for brokers to pass contracts when doing business with one another. No contracts passed between brokers and jobbers in the London Stock Exchange, and the bargains were merely checked up on the day following the booking of business. A broker could perhaps not be expected to hand over his client's name to another broker for the purpose of making out a contract, and the responsibility for transactions between members of different Exchanges should, it was pointed out, be borne by the brokers concerned. (*Appendix 54.*)

ELIMINATION OF PIES FROM COMMERCIAL TRANSACTIONS.

Towards the middle of February, the Bombay Chamber of Commerce requested the Committee to express their views on a proposal to eliminate pies from commercial transactions. It appeared that a large majority of commercial interests which the Bengal Chamber of Commerce represented had expressed their willingness to enter into an understanding with their business connections mutually to eliminate pies from transactions between themselves by treating six pies and upwards as one anna and by disregarding amounts of less than six pies. Such agreement, it was stated, would relate only to total amounts due and not to rates or quotations per unit or per cent. The idea behind the inquiry was understood to be the adoption of similar voluntary and mutual arrangements on a wider basis in commercial circles locally and throughout India as a whole with a view eventually to the introduction of legislation if such a course was found to be the general desire.

The Committee were in complete agreement with the proposal, but they felt that if it was not adopted universally, confusion might result. While

they were in favour of the proposal, and were prepared to recommend its adoption to members if acceptable to the entire commercial community, they felt that it was necessary to consider whether the adoption of the suggestion would not be in contravention of the provisions of the Payment of Wages Act. They, therefore, suggested that this question should be examined before the proposition was put forward for the general acceptance of all commercial and industrial interests.

It is understood that the Bombay Chamber of Commerce has since suggested to the Associated Chambers of Commerce that they should sponsor a private member's Bill to provide for the elimination of pies from commercial transactions. It has been recognized, however, that the point raised by the Committee would have to be guarded against if and when legislation was introduced and that the new legislation might necessitate an amendment of the Payment of Wages Act. (*Appendix 55.*)

TESTING HOUSE.

(*See also pages 82 and 234 of Report for 1937.*)

In the Association's report for 1937, reference was made to the facilities for certain physical and chemical tests available at the Indian Central Cotton Committee's Laboratory at Matunga.

Towards the end of October, the Committee were invited to express an opinion on the appropriateness of the Laboratory undertaking the following additional tests and the scale of fees proposed therefor :—

| | <i>Fee proposed.</i> |
|---|---|
| 1. Determination of the type of cotton used for yarn and cloth. | Rs. 10 to Rs. 25 per sample depending on the amount of work involved. |
| 2. Tests on neps per yard | Rs. 2-8 per sample. |
| 3. Determination of weight per yard of cloth either under conditions of temperature and humidity prevailing in the room or under certain specified conditions | Rs. 1-8 and Rs. 4, respectively. |
| 4. Ginning of <i>kapas</i> for spinning test or for fibre test | Rs. 5 or Rs. 2-8. |
| 5. Calculation of variation of counts, strength or twist on a sample of yarn | Re. 1. |
| 6. Cloth : (a) Ash content | Rs. 5 per sample. |
| (b) Wettability | Rs. 3-8 do. |
| (c) Water absorption | Rs. 3-8 do. |
| (d) PH determination | Rs. 5 do. |
| 7. Yarn or cloth : Strength | Re. 1 per test. |

The Committee were in agreement with the scale of charges proposed for the new tests and informed the Indian Central Cotton Committee accordingly. (*Appendix 56.*)

PAYMENT OF BROKERAGE.

(*See also pages 127 and 375 of Report for 1938.*)

On page 127 of the Association's report for 1938, reference was made to a recommendation made to member mills, at the instance of the Bombay

Country, Fancy and Grey Piecegoods Merchants' Association; that they should instruct their selling agents to pay the brokerage due to their brokers on a contract when the buyers had paid for and taken delivery of the goods and all outstanding points, if any, arising out of any particular contract had been settled.

Early in February in the year under review, the Bombay Country, Fancy and Grey Piecegoods Merchants' Association pointed out that this arrangement gave them relief only so far as transactions through the medium of brokers were concerned, but did not touch the point where the transaction was a contract sale between the buyers and the sellers and there was no broker. They, therefore, suggested that the Association should issue a further circular to its members recommending that they and their selling agents should allow the brokerage account to be adjusted when settling the last account of a contract and that no deductions by way of dugh, mehta sugdi, etc., should be made.

The Committee felt that since deductions from brokerage by way of dugh, mehta sugdi, etc., were made according to age-long customs prevailing in the trade, it would be very difficult, if not impossible, to eliminate such deductions. Further, in regard to payment of brokerage where the transaction was a direct sale between the buyer and seller with no broker or the broker was stated to be self, it was understood that the brokerage due had always in the past been adjusted at the time of settling the last account of a contract, and allowed to the buyer. In these circumstances, it was felt that no useful purpose would be served by issuing a recommendation of the nature suggested by the Bombay Country, Fancy and Grey Piecegoods Merchants' Association. (*Appendix 57.*)

REBATE ON FUMIGATION CHARGES PAID ON AMERICAN COTTON.

Towards the end of the year, the Government of India, on the recommendation of the Indian Central Cotton Committee, sanctioned the grant to importers of American cotton, of a rebate of five annas per square bale and three annas per round or sample bale on the fumigation fees paid by them during the year ending 31st March 1940. All members of the Association who had purchased American cotton during the period referred to above were advised of the position and were asked to get into touch with their cotton merchants with a view to ensure that the refunds notified were collected and passed on to the mills. (*Appendix 58.*)

PIECEGOODS MARKETS REPORTS.

During the year, Mr. N. Khaitan continued to keep the Association informed of the trend of prices and tendencies of the piecegoods market in Calcutta. The weekly service of reports by Mr. Rama Kant Bhandari on the Amritsar piecegoods and yarn markets which was first introduced in 1938 was continued during the year also, and these together with the weekly reports submitted by Mr. Jamshed N. Mody on the Bombay piecegoods and yarn markets were sent out regularly to all members of the Association and were greatly appreciated.

RAW COTTON STOCKS HELD BY BOMBAY MILLS.

Quantity of Raw Cotton in stock.

| Date. | Cotton actually on hand in Mill Godowns. | | Ready cotton bought but not taken delivery of. | | Total. | |
|------------------|--|---|--|---|-------------------------|---|
| | Actual Number of bales. | Actual weight of bales (in Candies of 784 lbs.) | Actual Number of bales. | Actual weight of bales (in Candies of 784 lbs.) | Actual Number of bales. | Actual weight of bales (in Candies of 784 lbs.) |
| 29-2-1940 | 287,152 | 153,778 | 64,626 | 34,427 | 351,778 | 188,205 |
| 31-8-1940 | 265,249 | 141,638 | 16,478 | 8,678 | 281,727 | 150,316 |

MEMBERSHIP SUBSCRIPTION.

In accordance with Rule 35 of the Association's Rules and Regulations, the following rates of membership subscription for the year 1941 were fixed at a meeting of the Committee held on Monday, 9th December 1940 :—

| | FOR WOOLLEN MILLS. | FOR COTTON MILLS SITUATED IN | | FOR GINS AND PRESSES. |
|--|--------------------|---|------------|-----------------------|
| | | Bombay City and Island (including Kurla). | Up-country | |
| (a) For every 1,000 Mule Spindles or part thereof | Rs. 12 | Rs. 7 | Rs. 5 | .. |
| For every 500 Ring Spindles or part thereof | Rs. 12 | Rs. 7 | Rs. 5 | .. |
| For every 50 Looms or part thereof .. | Rs. 9 | Rs. 16 | Rs. 12-8 | .. |
| set up in the mill or mills, factory or factories, which, for the time being, shall belong to each member | | | | |
| (b) For every Rs. 10,000 or part of Rs. 10,000 of the cost up-to-date, without depreciation, of the plant, buildings and land, of dyeing, and/or bleaching and/or printing and/or mercerising factories or departments owned by a member | Rs. 2 | Rs. 2 | Rs. 2 | .. |
| FOR OTHER TYPES OF FACTORIES OWNED BY MEMBERS : | | | | |
| For every Rs. 10,000 or part thereof of the cost up-to-date, without depreciation, of the plant, buildings and land .. | .. | .. | .. | Rs. 2 |

Provided that the minimum subscription payable by any one member shall be Rs. 100.

MILL HOLIDAYS AND PAY DAYS FOR THE YEAR 1941. •

The following mill holidays and pay days which are in conformity with the provisions of the Indian Factories Act, 1934, and of the Payment of Wages Act, 1936, respectively, have been fixed by the Committee of the Millowners' Association, Bombay, for adoption by all Bombay member mills of the Association during the year 1941 :—

| MONTH. | DATE. | DAY. | FESTIVAL. | PAY DAY. | | |
|-----------|-------|-----------|--------------------------|---|---|--|
| | | | | MILLS EMPLOYING 1,000 OR MORE OPERATIVES. | MILLS EMPLOYING LESS THAN 1,000 OPERATIVES. | |
| JANUARY | 1st | WEDNESDAY | <i>New Year Day</i> | } Fri. 10th | } Tues. 7th | |
| | 5th | SUNDAY | | | | |
| | 12th | SUNDAY | | | | |
| | 19th | SUNDAY | | | | |
| | 26th | SUNDAY | | | | |
| FEBRUARY | 2nd | SUNDAY | <i>Maha Shivratri</i> | } Mon. 10th | } Fri. 7th | |
| | 9th | SUNDAY | | | | |
| | 16th | SUNDAY | | | | |
| | 24th | MONDAY | | | | |
| MARCH | 2nd | SUNDAY | <i>Holi</i> | } Mon. 10th | } Fri. 7th | |
| | 12th | WEDNESDAY | | | | |
| | 13th | THURSDAY | | | | |
| | 14th | FRIDAY | | | | |
| | 23rd | SUNDAY | | | | |
| | 28th | FRIDAY | | | | <i>Gudi Padwa</i> |
| APRIL | 6th | SUNDAY | <i>Ram Navami</i> | } Thur. 10th | } Mon. 7th | |
| | 13th | SUNDAY | | | | |
| | 20th | SUNDAY | | | | |
| | 27th | SUNDAY | | | | |
| MAY | 4th | SUNDAY | | } Sat. 10th | } Wed. 7th | |
| | 11th | SUNDAY | | | | |
| | 18th | SUNDAY | | | | |
| | 25th | SUNDAY | | | | |
| JUNE | 1st | SUNDAY | | } Tues. 10th | } Sat. 7th | |
| | 8th | SUNDAY | | | | |
| | 15th | SUNDAY | | | | |
| | 22nd | SUNDAY | | | | |
| | 29th | SUNDAY | | | | |
| JULY | 5th | SATURDAY | <i>Ashadi Ekadashi</i> | } Thur. 10th | } Mon. 7th | |
| | 13th | SUNDAY | | | | |
| | 20th | SUNDAY | | | | |
| | 29th | TUESDAY | | | | <i>Nag Panchami</i> |
| AUGUST | 6th | WEDNESDAY | <i>Narali Purnima</i> | } Sat. 9th | } Thur. 7th | |
| | 10th | SUNDAY | | | | |
| | 15th | FRIDAY | | | | |
| | 26th | TUESDAY | | | | <i>Gokul Ashtami</i> |
| | 31st | SUNDAY | | | | <i>Ganesh Chaturthi</i> <i>Gowri Visarjan</i> |
| SEPTEMBER | 4th | THURSDAY | <i>Anant Chaturdashi</i> | } Wed. 10th | } Sun. 7th | |
| | 14th | SUNDAY | | | | |
| | 20th | SATURDAY | | | | |
| | 21st | SUNDAY | | | | <i>Sarva Pitri Amvasa</i> |
| | 30th | TUESDAY | | | | <i>Solar Eclipse</i> <i>Dasara</i> |
| OCTOBER | 5th | SUNDAY | <i>Diwali</i> | } Fri. 10th | } Tues. 7th | |
| | 12th | SUNDAY | | | | |
| | 20th | MONDAY | | | | |
| | 21st | TUESDAY | | | | |
| | 22nd | WEDNESDAY | | | | |
| | 26th | SUNDAY | | | | |
| NOVEMBER | 2nd | SUNDAY | | } Mon. 10th | } Fri. 7th | |
| | 9th | SUNDAY | | | | |
| | 16th | SUNDAY | | | | |
| | 23rd | SUNDAY | | | | |
| | 30th | SUNDAY | | | | |
| DECEMBER | 7th | SUNDAY | | } Wed. 10th | } Sat. 6th | |
| | 14th | SUNDAY | | | | |
| | 21st | SUNDAY | | | | |
| | 28th | SUNDAY | | | | |

TARIFF VALUATIONS UNDER THE INDIAN TARIFF ACT.

For purposes of record, the Indian Customs Tariff, Schedules I and II appended to the Indian Tariff Act, XXXII of 1934 (as in operation during the year 1941) showing the rates of customs duties levied on goods imported into and exported from British India, together with tariff values assigned to certain articles for purposes of assessment to customs duties during the twelve months January to December 1941 are reproduced in full in *Appendix 59*.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

Balance Sheet as at 31st December, 1940.

| LIABILITIES. | | Rs. a. p. | Rs. a. p. | ASSETS. | | Rs. a. p. | Rs. a. p. |
|---|--|-----------|---------------|--|--------------|-----------|--------------|
| <i>Auditors' Fees, Advertisements, Printing, Stationery, Electric Lights, Fans, Bonus to staff, refund of subscription etc., unpaid</i> | | 4,456 | 13 6 | <i>Interest accrued on Association's General Fund upto 31st December, 1940, but not received</i> | | 2,150 | 10 0 |
| <i>Subscriptions received in advance for 1941</i> | | 7,085 | 0 0 | <i>Outstandings due</i> | | 2,935 | 4 9 |
| <i>Deposits : Arbitration Fees (Contracts)</i> | | 110 | 0 0 | <i>Advance payments made on account of Books and Periodicals, Telephones, Salary of Clerk at Calcutta and other sundry items</i> | | | 5,085 14 9 |
| <i>Recoveries from Mills in connection with Municipal Assessments.</i> | | 17 | 1 0 | <i>Advances to staff</i> | | | 673 8 5 |
| <i>Balance of Association's Magazine Account</i> | | 1,091 | 14 8 | <i>Association's Investments : At Cost.—</i> | Face value. | | 21 10 8 |
| <i>Balance of Amount appropriated for future propaganda and action for the promotion of the piecegoods and yarn trade of Member Mills</i> | | | 12,760 13 2 | | Cost | | |
| | | | 23,582 8 1 | <i>3½ per cent. Government Loan 1947-50</i> | Rs. 83,100 | 81,401 | 0 0 |
| ASSOCIATION'S GENERAL FUND :— | | | | <i>3 per cent. Government Loan 1951-54</i> | 10,000 | 10,187 | 8 0 |
| <i>Balance as on 31st December, 1939</i> | | 3,30,814 | 5 2 | <i>4 per cent. Government Loan 1960-70</i> | 1,10,000 | 1,10,672 | 8 0 |
| <i>Excess of Income over Expenditure during the year</i> | | 1,346 | 7 2 | <i>2½ per cent. Government Loan 1948-52</i> | 10,000 | 10,050 | 0 0 |
| | | | 3,32,160 12 4 | <i>Government 3 year Interest Free Defence Bonds</i> | 1,00,000 | 1,00,000 | 0 0 |
| | | | | <i>Fixed Deposit with the Bank of India Ltd.</i> | 45,000 | 45,000 | 0 0 |
| | | | | | Rs. 3,58,100 | | 3,57,311 0 0 |
| | | | | (Market value of the above is Rs. 3,67,609 10 0) | | | |
| | | | | CASH :— | | | |
| | | | | <i>With the Imperial Bank of India in General Account</i> | | 4,856 | 12 10 |
| | | | | <i>With the Imperial Bank of India in Secretary's Account</i> | | 427 | 1 0 |
| | | | | <i>In hand</i> | | 128 | 2 0 |
| | | | | | | | 5,411 15 10 |
| Total Rs. | | | 3,68,504 1 7 | Total Rs. | | | 3,68,504 1 7 |

Examined and found correct.

A. F. FERGUSON & CO.,

*Chartered Accountants,
Registered Accountants,
Auditors.*

T. MALONEY,
Secretary.

BOMBAY, 6th February, 1941.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

Dr.

Income and Expenditure Account for the year ended on the 31st December, 1940.

Cr.

| EXPENDITURE. | | | INCOME. | | | |
|--|--------|-------|----------|-------|---|---------------|
| | Rs. | a. p. | Rs. | a. p. | Rs. | a. p. |
| To Establishment | 63,982 | 13 8 | | | By Subscriptions for the year ended on 31st December, 1940 | 90,111 4 0 |
| „ Dear Food Allowance | 234 | 10 0 | | | „ Miscellaneous Receipts | 1,862 15 6 |
| „ Conveyance Allowances to Secretary, Assistant Secretary, Labour Officer and Assistant Labour Officer | 3,810 | 0 0 | | | „ Registration of Trade Numbers | 2,449 8 0 |
| „ Preparation of Monthly Import and Export Statistics for 1940 | 2,421 | 10 0 | | | „ Registration of Trade Names | 2,456 0 0 |
| „ Preparation of Statistics for the Bombay Cotton Mill Industry for 1939 | 542 | 0 0 | | | „ Certification of Trade Marks | 5 0 0 |
| „ Office Rent | 4,500 | 0 0 | | | „ Interest on Investments of General Fund, etc. (including interest accrued Rs. 2,150-10-0) | 10,239 1 7 |
| „ Printing Statistical Returns, Mill Statement for 1940, and Annual Report for 1939, etc. | 6,763 | 8 0 | | | | |
| „ Stationery | 3,071 | 9 6 | | | | |
| „ Advertisements | 76 | 8 0 | | | | |
| „ Books and Periodicals | 509 | 7 9 | | | | |
| „ Auditors' Fees | 300 | 0 0 | | | | |
| „ Telephones | 1,004 | 2 0 | | | | |
| „ Electric Lights and Fans | 599 | 9 3 | | | | |
| „ Law Charges | 1,362 | 11 0 | | | | |
| „ Furniture and Fixtures | 100 | 0 0 | | | | |
| „ Petty Charges, Sundry expenses including Postage and Telegrams | 2,341 | 5 6 | | | | |
| „ Association's Contributions to Provident Fund | 5,325 | 8 0 | | | | |
| „ Membership subscriptions to the Employers' Federation of India, The Textile Institute and the Royal Asiatic Society for 1940 | 1,318 | 0 9 | | | | |
| „ Income-tax on interest on Securities for 1938 paid | 3 | 11 0 | | | | |
| „ Income-tax on interest on Securities for 1939-40 deducted at source | 747 | 5 6 | | | | |
| | 751 | 0 0 | | | | |
| Less—Refund for 1939 from Income-tax Office | 120 | 14 0 | | | | |
| Less—Tax deducted on interest paid | 160 | 7 6 | | | | |
| „ Provision for Income-tax on Interest for 1940 | 281 | 5 6 | | | | |
| „ Bonus to Staff | 356 | 4 0 | | | | |
| | 1,688 | 0 0 | | | | |
| „ Association's Contributions for the year to :— | | | 1,00,777 | 5 11 | | |
| The Victoria Jubilee Technical Institute | 1,500 | 0 0 | | | | |
| „ Police Comforts Fund | 1,000 | 0 0 | | | | |
| „ Textile Technical School | 700 | 0 0 | | | | |
| „ Sir J. J. Hospital Nursing Association Fund | 500 | 0 0 | | | | |
| „ K. E. M. Hospital Poor Box Fund | 400 | 0 0 | | | | |
| „ Naigaum Social Service Centre | 350 | 0 0 | | | | |
| „ Bombay Textile and Engineering Association | 200 | 0 0 | | | | |
| „ Goculdas Tejpal Hospital Nursing Association Fund. | 200 | 0 0 | | | | |
| „ Maharashtra High School | 150 | 0 0 | | | | |
| | | | 5,000 | 0 0 | | |
| „ Balance, being excess of Income over Expenditure carried to Balance Sheet | | | 1,346 | 7 2 | | |
| Total Rs. | | | 1,07,123 | 13 1 | Total Rs. | 1,07,123 13 1 |

Examined and found correct.

A. F. FERGUSON & CO.,

Chartered Accountants,

Registered Accountants,

Auditors.

T. MALONEY,

Secretary.

BOMBAY, 6th February, 1941.

THE MILLOWNERS' ASSOCIATION PROVIDENT FUND.

Statement of Funds for the year ended on the 31st December, 1940.

| PROPERTY AT OPENING AND RECEIPTS | Rs. a. p. | Rs. a. p. | Rs. a. p. | PROPERTY AT CLOSING. | Rs. a. p. | Rs. a. p. |
|---|------------|---------------|----------------|---|--------------------|---------------|
| <i>Amount of Funds as at the 1st January, 1940.</i> | | 1,43,631 8 10 | | PROPERTY AT CLOSING. | | |
| Subscriptions received from members during 1940 | 5,325 8 0 | | | INVESTMENTS HELD AT COST :— | Face Value. Rs. | Cost. |
| Contributions from the Millowners' Association for 1940 | 5,325 8 0 | | | 3½ per cent. Government Loan 1947-50 .. | 18,900 | 18,859 0 0 |
| Interest (including interest accrued Rs. 1,641-10-0) .. | 5,544 12 0 | | | 4 per cent. Government Loan 1960-70 .. | 67,000 | 66,210 10 0 |
| <i>Less Bank Charges</i> .. | 13 0 0 | 5,631 3 0 | | 3 per cent. Government Loan 1951-54 .. | 65,500 | 64,967 13 0 |
| | | 16,182 3 0 | 1,59,813 11 10 | 3 per cent. Defence Bonds 1946 | 15,500 | 15,500 0 0 |
| <i>Lapses and Forfeitures :—</i> | | | | 1,66,900 | | 1,65,537 7 0 |
| Balance as per last statement | | 12,293 0 5 | 12,293 0 5 | <i>(Note.—The present worth of the above securities is Rs. 1,71,426.0-0.)</i> | | |
| | | | | Advances to Members | | 330 0 0 |
| Total Rs. . | | 1,72,106 12 3 | 1,72,106 12 3 | Interest accrued on the above securities | | 1,641 10 6 |
| | | | | Cash with the Imperial Bank of India on current account | | 4,597 10 9 |
| | | | | Total Rs. .. | | 1,72,106 12 3 |

Examined and found correct.

A. F. FERGUSON & CO.,

*Chartered Accountants,
Registered Accountants,
Auditors.*

BOMBAY, 6th February, 1941.

T. MALONEY,
Secretary.

Report for the Year 1940.

Section III.

CORRESPONDENCE.

APPENDICES 1—59.

APPENDIX 1.

REGISTRATION OF TRADE NUMBERS.

CLASSIFICATION FOR GREY FLANNELETTES AND CLOTHS RAISED ON ONE SIDE.

Copy of circular No. 5395/54, dated the 21st December 1940, from the Association to all members of the Association.

I am directed to inform you that the Trade Marks Sub-Committee of the Association have decided that a fresh sub-classification be provided for the registration of numbers to be used on grey flannelettes and all grey cloths which are raised on one side.

Mills which have included such cloths in other classifications will please apply for the transfer of such numbers as early as possible, with sample cutting of the cloths on which the numbers are used.

Bleached and dyed flannelettes raised on one side will be included in bleached and dyed flannelettes respectively.

APPENDIX 2.

ARBITRATION ON DEALERS' TRADE MARKS.

Copy of letter No. 3722/93, dated the 28th August 1940, from the Association to Messrs. Craigie Blunt and Caroe, Bombay.

I enclose herewith for ready reference a copy of the Association's Rules* for the Registration of Trade Marks and a copy of the "Supplementary Provisions for Dealing with Disputes in connection with Dealers' Trade Marks."

Rule 7 of the Association's Trade Mark Rules which more or less coincides with Rule 6 of the "Supplementary Provisions" states that :—

"Every member shall send to the Secretary such number of copies of every trade mark which is the property of a dealer dealing with such member, and which such member intends to apply to any produce of the mill or mills, factory or factories, owned by such member as the Managing Committee may from time to time prescribe in that behalf, regard being had to the total number of members, accompanied by a statement in writing specifying the name by which any such trade mark is intended to be known, and the class or classes of goods to which the trade mark is intended to be applied."

The "Supplementary Provisions" referred to above, prescribe the procedure to be followed in the event of an objection being raised by a member of the Association to the use of a dealer's trade mark circulated at the instance of another member of the Association. Such an objection, as you will notice from the "Supplementary Provisions," has to be dealt with by arbitration as laid down in Rules 24 to 36 of the Association's Trade Mark Rules, but the issue before the arbitrators in an arbitration which follows an objection to the use of a dealer's trade mark circulated under Rule 7 of the Association's Trade Mark Rules is whether a member, on whose behalf a dealer's trade mark was circulated, "may or may not apply such dealer's trade mark to any produce of the mill or mills, factory or factories owned by such member"; whereas in the case of an arbitration following the circulation of a member's

* Printed in Section VI of the Report.

own mark (*vide* Rules 5 and 9 of the Association's Trade Mark Rules), the issue before the arbitrators is whether the proposed mark is a colourable imitation of the registered trade mark or is calculated to deceive.

Even the restricted scope of arbitration we now have in respect of dealers' trade marks has created some difficulties and dissatisfaction for us. For instance, a verdict against the use of a dealer's trade mark already registered in Australia under the Australian laws by the dealer himself or by somebody else, would prevent the use of the trade mark at the instance of the registered proprietor on goods intended for the Australian market, though the trade mark registered with the Association by the objecting member has never been used on goods exported from India. Whatever the legal position, my Committee feel that the use of a trade mark outside India should be regulated by the law for the time being in force in those countries, and it is now suggested that our "Supplementary Provisions" should be amended to make the position quite clear so far as dealer's trade marks are concerned. Dealers' trade marks might, it is thought, continue to be circulated as at present, but if a member, at whose instance a dealer's trade mark was circulated, certified that the trade mark in question is intended to be used on goods exported out of India, the dispute should not be referred to arbitration as laid down in the Trade Marks Rules or in the "Supplementary Provisions," but that the parties would be free to take the matter to a court of law.

I have thought over this matter, and feel that the object we have now in view could be achieved by adding a proviso somewhat on the following lines to Rule 8 of the "Supplementary Provisions" :—

" Provided that Rule 8 and the following rules shall not apply in the case of a dealer's trade mark, which the member, on whose behalf it is circulated, has already certified, is being or is intended to be used on goods exported from India to particular and specified markets."

I would like to make it clear in this connection that the position, so far as members' own trade marks are concerned, continues to remain the same as at present, that is to say, a member's own trade mark, even though it is intended to be used on goods consumed in Australia, must continue to be registered with the Association and the usual arbitration procedure has to be gone through, and the exemption we are at present seeking to grant will only apply to dealers' trade marks which, as you are aware, are not registered with the Association but only circulated for information and referred to arbitration if disputes arise.

For ready reference, I enclose herewith the relevant papers* which were before my Committee at their last meeting, and shall be glad if you will kindly advise me in this matter as early as possible.

Copy of letter from Messrs. Craigie, Blunt and Caroe, dated the 3rd September 1940, to the Association.

We beg to acknowledge the receipt of your letter of the 28th ultimo covering copy of the Association's rules for the registration of trade marks and a copy of the supplementary provisions for dealing with disputes in connection with dealer's trade marks.

The facts upon which our opinion are asked are as follows :

Rule 7 of the Association's Trade Mark Rules which as you point out more or less coincides with Rule 6 of the "Supplementary Provisions" reads as follows :—

" Every member shall send to the Secretary such number of copies of every trade mark which is the property of a dealer dealing with such member, and which such member intends to apply to any produce of the mill or mills, factory or factories, owned by such member as the Managing Committee may from time to time prescribe in that

* Not printed.

behalf, regard being had to the total number of members, accompanied by a statement in writing specifying the name by which any such trade mark is intended to be known, and the class or classes of goods to which the trade mark is intended to be applied."

The "Supplementary Provisions" referred to above, prescribe the procedure to be followed in the event of an objection being raised by a member of the Association to the use of a dealer's trade mark circulated at the instance of another member of the Association. Such an objection, as you will notice from the "Supplementary Provisions," has to be dealt with by arbitration as laid down in Rules 24 to 36 of the Association's Trade Mark Rules, but the issue before the arbitrators in an arbitration which follows an objection to the use of a dealer's trade mark circulated under Rule 7 of the Association's Trade Mark Rules is whether a member, on whose behalf a dealer's trade mark was circulated, "may or may not apply such dealer's trade mark to any produce of the mill or mills, factory or factories owned by such member"; whereas in the case of an arbitration following the circulation of a member's own mark (*vide* Rules 5 and 9 of the Association's Trade Mark Rules), the issue before the arbitrators is whether the proposed mark is a colourable imitation of the registered trade mark or is calculated to deceive.

Even the restricted scope of arbitration you now have in respect of dealers' trade marks has created some difficulties and dissatisfaction. For instance, a verdict against the use of a dealer's trade mark already registered in Australia under the Australian laws by the dealer himself or by somebody else, would prevent the use of the trade mark at the instance of the registered proprietor on goods intended for the Australian market, though the trade mark registered with the Association by the objecting member has never been used on goods exported from India. Whatever the legal position, your Committee feel that the use of a trade mark outside India should be regulated by the law for the time being in force in those countries, and it is now suggested that your "Supplementary Provisions" should be amended to make the position quite clear so far as dealers' trade marks are concerned. Dealer's trade marks might, it is thought, continue to be circulated as at present, but if a member, at whose instance a dealer's trade mark was circulated, certified that the trade mark in question is intended to be used on goods exported out of India, the dispute should not be referred to arbitration as laid down in the Trade Marks Rules or in the "Supplementary Provisions," but that the parties would be free to take the matter to a court of law.

You feel that this object could be achieved by adding a proviso somewhat on the following lines to Rule 8 of the "Supplementary Provisions":

"Provided that Rule 8 and the following rules shall not apply in the case of a dealer's trade mark, which the member, on whose behalf it is circulated, has already certified, is being or is intended to be used on goods exported from India to particular and specified markets."

The position, so far as members' own trade marks are concerned, continues to remain the same as at present, that is to say, *a member's own trade mark* even though it is intended to be used on goods consumed in Australia, must continue to be registered with the Association and the usual arbitration procedure has to be gone through. The exemption you propose to grant will only apply to dealer's trade marks which are not registered with the Association but only circulated for information and referred to arbitration if disputes arise.

You desire our advice generally.

We have given our consideration to the matter and we agree that it seems a waste of time for two mills to arbitrate in respect of marks which the dealer desires to have applied to goods which it is intended to export from India, particularly as the abolition of the arbitration procedure does not take away from the objecting mill any rights which it may have and as a matter of fact still has, in the courts of law. We think it does not necessarily follow that because mill A affixes at the instance of a dealer a mark to goods which will not be sold in India but will be exported from India for sale in other markets, mill B will not have any right to object and to file a suit in a court of law in regard to the fixing of such a mark. We

do not express at the moment any opinion on this point as we have not been asked to do so, but we merely wish to guard ourselves against any assumption that our omission to refer to this possibility means that the fact that the mark is affixed only to goods which it is intended to export will not prevent any action being taken in regard thereto in this country.

Though we can appreciate the reason why a member should notify the Secretary that he intends to apply a dealer's trade mark to a particular lot of goods for export from India, is there any object in the Secretary circulating this mark and inviting objections when these objections will not lead to anything but merely remain on the file of the Association. It may perhaps be advantageous to circulate the dealer's marks among members because any member may then be informed in advance that goods bearing the mark which he claims to be a counterfeit mark of his own will be imported into, say, Australia, and he may be able to take steps either in this country or in Australia with regard thereto in advance before the goods actually come on the market; but is it consonant with common sense to invite objections to a mark when such objections will really lead to nothing.

We think that before we settle the proposed proviso to the additional rules this point should be discussed between us.

We would suggest, however, that in any case your proviso should make it clear that goods under that mark will not be sold in India but only exported from India. The rule as drafted by you if strictly construed would remove the provisions for arbitration however many bales were sold in India so long as a certain number of bales were exported from India.

Copy of circular No. 3969/93, dated the 17th September 1940, from the Association to all members of the Association.

Rule 7 of the Association's Trade Mark Rules which more or less coincides with Rule 6 of the "Supplementary Provisions" states that:—

"Every member shall send to the Secretary such number of copies of every trade mark which is the property of a dealer dealing with such member, and which such member intends to apply to any produce of the mill or mills, factory or factories, owned by such member as the Managing Committee may from time to time prescribe in that behalf, regard being had to the total number of members, accompanied by a statement in writing specifying the name by which any such trade mark is intended to be known, and the class or classes of goods to which the trade mark is intended to be applied."

The "Supplementary Provisions" referred to above, prescribe the procedure to be followed in the event of an objection being raised by a member of the Association to the use of a dealer's trade mark circulated at the instance of another member of the Association. Such an objection, as you will notice from the "Supplementary Provisions," has to be dealt with by arbitration as laid down in Rules 24 to 36 of the Association's Trade Mark Rules, but the issue before the arbitrators in an arbitration which follows an objection to the use of a dealer's trade mark circulated under Rule 7 of the Association's Trade Mark Rules is whether a member, on whose behalf a dealer's trade mark was circulated, "may or may not apply such dealer's trade mark to any produce of the mill or mills, factory or factories owned by such member"; whereas in the case of an arbitration following the circulation of a member's own mark (*vide* Rules 5 and 9 of the Association's Trade Mark Rules), the issue before the arbitrators is whether the proposed mark is a colourable imitation of the registered trade mark or is calculated to deceive.

Even the restricted scope of arbitration we now have in respect of dealers' trade marks has created certain difficulties. For instance, a verdict against the use of a dealer's trade mark already registered in Australia under the Australian Laws by the dealer himself or by somebody else, would prevent the use of the trade mark at the instance of the registered proprietor on goods intended for the Australian market, though the trade mark registered with the Association by the objecting member has never been used on goods exported from

India. Whatever the legal position, the Committee felt that the use of a trade mark outside India should be regulated by the Law for the time being in force in the countries concerned, and it was, therefore, decided that the Association's "Supplementary Provisions" should be amended to make the position quite clear so far as dealers' trade marks are concerned. It was, however, agreed that all dealers' trade marks might continue to be circulated as at present, but if a member, at whose instance a dealer's trade mark was circulated, certified that the trade mark in question is intended to be used on goods exported out of India, the dispute should not be referred to arbitration as laid down in the Trade Mark Rules or in the "Supplementary Provisions," but that the parties should be free to take the matter to a court of law.

The Association's Solicitors were consulted in this matter, and I enclose herewith for your information a copy of Rules 12, 13, 14 and 15 which, they point out, would give effect to the Committee's decisions, if incorporated in the "Supplementary Provisions." The effect of these rules, briefly stated, is that dealer's trade marks intended to be applied on goods sold and consumed in India would be circulated as before, objections being dealt with by arbitration as in the case of members' own marks. Dealers' trade marks *which are intended to be applied on goods sold in specified markets outside India* will be circulated as before, but objections, if any, received from any member of the Association would not be referred to arbitration by the Association, the parties to the dispute being free to decide the matter between themselves.

The draft rules framed by the Association's Solicitors were considered at a meeting of the Committee held yesterday, and it was decided that effect should forthwith be given to the amended rules.

Members will please note that, with effect from to-day, all dealers' trade marks submitted to the Association for circulation under the provisions of Rule 7 of the Association's Trade Mark Rules and Rule 6 of the "Supplementary Provisions" should be accompanied by a statement to show *whether such trade marks are intended to be used on goods sold in India or out of India. In the case of dealers' trade marks intended to be applied on goods exported or sold in specified markets outside India, the application for circulation should be accompanied by a certificate to that effect.*

Copy of additions to the "Supplementary Provisions" for dealing with disputes in connection with Dealers' Trade Marks circulated under Rule 7 of the Association's Rules for the Registration of Trade Marks.

(Approved and adopted at a meeting of the Committee of the Millowners' Association, Bombay, held on Monday, the 16th September, 1940.)

Rule 12.—The provisions of Rules 2 to 7 shall apply also to a dealer's trade mark which it is intended to apply to the produce of a mill for export from India to particular and specified markets only. Rules 8 to 11 shall not apply to such trade marks, but the following rules shall apply in addition to Rules 2 to 7.

Rule 13.—Every member shall send to the Secretary, with the copies of the trade mark sent to him under Rule 5, a certificate signed by him or by some person duly authorised to sign the same on behalf of the member that the produce to which the said mark is to be applied will not be sold in India but will be exported from India to particular and specified markets only.

Rule 14.—The Secretary shall, when sending copies of the trade mark to members under Rule 5, also send to them copies of the said certificate.

Rule 15.—If any member shall object to such dealer's trade mark on the ground set out in Rule 6, the Secretary shall notify the member of such objection but the Association shall not thereafter take any part in the said objection.

APPENDIX 3.

PIECEGOODS ARBITRATION RULES OF THE ASSOCIATION.

Copy of letter No. 1333/97, dated the 20th March 1940, from the Association to Messrs. Craigie, Blunt and Caroe, Bombay.

I enclose herewith for your information a copy of the Indian Arbitration Act, 1940,* which recently received the assent of the Governor-General, and which will come into operation on 1st July 1940. I am also sending you a copy of the Association's Rules* for Arbitration on Indian Piecegoods and Yarn. I shall be glad if you will kindly go through the Association's Arbitration Rules and let me know what alterations have to be made therein to bring them in conformity with the Indian Arbitration Act of 1940.

I shall greatly appreciate it if you will kindly attend to this matter as early as possible as the formalities to be observed before making any alterations in the Association's Arbitration Rules take some time to complete, and we are anxious to introduce our new rules on 1st July 1940.

Copy of letter dated the 27th April 1940, from Messrs. Craigie, Blunt and Caroe to the Association.

We beg to send you herewith a print of the Rules* of the Association for arbitration, showing in red ink the amendments which we consider necessary under the provisions of the Indian Arbitration Act.

We have gone through the rules with very great care but after full consideration we do not think it is necessary to make any substantial alterations, the only point on which we feel any difficulty is the extent to which section 27 (1) of the Act affects the provision of Rules 26A and B regarding the making of interim awards.

We have the following explanations to offer on the amendments we have made.

The amendments in Rules 16 and 19 are necessitated by the provisions of section 28 (2) of the Act.

We have made a complete revision of Rules 21, 26A and 26B, and have placed them in a different order. We think that as they now stand the rules should be clear as to the difference of procedure to be adopted in the case of an interim and a final award. We first tried to cover both kinds of award in one rule, but found it difficult to make the matter clear.

As regards Rules 26A and B, section 27 (1) provides that the arbitrators or umpire "may" if they think fit make an interim award. So far as the arbitrators are concerned, we think it is sufficient to leave the rules to conform with the Act, because arbitrators cannot be compelled to make an interim award when they do not agree upon the terms of such interim award. The matter can be referred only to the umpire. The point which seems to us to be open to some doubt is whether the word "may" is intended to leave it to the discretion of the umpire whether he will or will not give an interim award, or whether the clause is permissive giving him power to make an award and obliging him to do so if called upon by either party to do so. We have drafted the rule to read that the umpire is bound to make an award if called upon to do so.

The alteration in Rules 36 and 37 are formal.

* Not printed

Do you not think it will be advisable when the rules are reprinted to re-number the rules? If this is done, the cross references in certain of the rules will require amendment. We would refer you to the references in Rules 32, 33 and 34.

We return the copy of the Bill which you sent us.

Copy of circular No. 2454/97, dated the 4th June 1940, from the Association to all members of the Association.

I am directed to refer to my letter* No. 4814/206, dated the 21st November 1939, in which the attention of member mills was drawn to certain amendments made in the Association's Rules for Arbitrations on Indian Piecegoods and Yarn.

Since that letter was written, a Bill has been passed by the Central Legislature with the object of consolidating and amending the law relating to Arbitration in British India. The Bill received the assent of His Excellency the Governor-General in Council on 11th March 1940 and will come into force on the first day of July 1940.

The changes necessitated by the provisions of the new Act in the Association's Rules were recently taken up by the Committee in conjunction with the Association's Solicitors and certain minor modifications have been made so as to make our rules conform to the provisions of the new Act.

I enclose, for ready reference, a copy of the revised rules† which will come into force with effect from the 1st July 1940, the date on which the Arbitration Act, 1940, will come into operation.

APPENDIX 4.

ASSOCIATION'S STANDARD CONTRACT FORM: WAR RISKS.

Copy of circular No. 3750/205, dated the 30th August 1940, from the Association to all members of the Association.

I am directed to invite your attention to clauses 11 and 13 of the Association's Standard Contract which read as under :—

Clause 11. All goods of which delivery shall not be taken by the buyers in accordance with the terms of this contract shall, as from the date on which delivery thereof ought to have been taken, be deemed to have been appropriated to this contract and the buyers shall be deemed to have assented to such appropriation without any further consent on their part than is evidenced by their being parties to and signing this contract. From the date of such appropriation the said goods shall be held by the Company for the account of the buyers and at their sole risk as regards loss, damage, deterioration or otherwise and the price of the goods plus all charges shall carry interest in favour of the Company from due date at the rate of 9 per cent. per annum and the Company shall be entitled at its sole discretion and after giving not less than seven days' written notice to the buyers, which shall be deemed to have been duly given if delivered at or sent by registered post to the last known place of business or residence of the buyers, to sell the said goods on account and at the risk of the

* See page 120 of the Association's Report for 1939.

† See Section VI of the Report.

buyers either by public auction and/or private sale and either together or in lots and at such time or times and on such terms and conditions as the Company may think fit. If the net sale proceeds of the goods shall be less than the amount due to the Company for the price of the goods *plus* interest and all charges, the buyers shall pay the difference to the Company on demand.

Clause 13.—In respect of all goods of which delivery shall not be taken by the buyers within 14 days after the due date the buyers agree to pay to the Company on demand annas eight per bale per month or any part of a month for godown rent and annas four per bale per month or any part of a month for insurance calculated from the expiry of such period of 14 days to the date on which actual delivery shall be taken by the buyers.

These clauses define the rights and liabilities of the buyer and seller in the event of the former's failure to pay for and take delivery of the goods in accordance with the contract. Briefly stated, in the circumstances referred to above, the seller holds the goods at the risk of the buyer "as regards loss, damage, deterioration or otherwise" and "the price of the goods *plus* all charges shall carry interest in favour of the Company (seller) from due date at the rate of 9 per cent. per annum . . ." Clause 13 goes further and entitles the seller to claim from the buyer "eight annas per bale per month or any part thereof for godown rent, and four annas per bale per month or any part thereof for insurance" if delivery was not taken by the buyer within 14 days of the due date. In other words, while the risk in respect of the goods is passed on to the buyer on the due date of delivery, his liability to pay insurance, godown charges, etc., as stipulated in clause 13 would commence only 14 days after the due date.

Clause 11 states that "all goods of which delivery shall not be taken by the buyers in accordance with the terms of this contract shall, as from the date on which delivery thereof ought to have been taken, be deemed to have been appropriated to this contract and the buyers shall be deemed to have assented to such appropriation without any further consent on their part than is evidenced by their being parties to and signing this contract." The Association's Solicitors, whose attention was drawn to this clause, stated :—

"It is true that clause 11 says the goods 'shall be deemed to have been appropriated,' which would imply that even when there has not been anything amounting in fact and in law to an appropriation the rights of the parties shall be determined as if there had been. But to say that an act shall be deemed to have been performed whether or not it has in fact been performed is equivalent to saying that it need not be performed, and we think it is possible that this may not be open to the parties if the law requires the performance of the act as a pre-requisite to an agreement being effectual."

It, therefore, follows that the risk in respect of the goods which the buyer has not paid for or taken delivery of could only be validly and effectively passed on to the buyer if there has been an effective appropriation. It is not known whether mills always furnish their buyers with a statement of the goods ready for delivery on due date in respect of each contract, or give any other intimation to the buyers regarding the goods ready for delivery, but in view of the fact that the possibility of damage by war operations has increased, it is thought that mills might, if they are not already doing so, protect themselves in respect of undelivered goods by addressing a communication (as per copy enclosed) to the buyers who failed to pay for and take delivery of the goods on due date. *Please note that the suggested communication should be issued on the due date when the goods are actually ready.*

The Solicitors further explain :—

"The object of sending the letter is to place the mills in the position of having made an effective appropriation . . . Although we have not found a definite decision on the point, we think that if the claim to have made an effective appropriation is to be sustained, the appropriation should be in respect of goods existing on the due date of delivery. It would follow that the letter relating to the appropriation should be written on the due date and should specify the goods as ready and existing on that date. For these reasons we consider that the letter should be sent out on the due date of delivery,"

When this question was before the Committee, the Government War Risk Insurance Scheme on Commodities was in draft form, and the point arose as to whether and, if so, to what extent the Association's Standard Contract required amendment to cover mills in the event of their being called upon to insure goods held by them on buyers' account and risk under the provisions of clause 11 of the contract.

The position here seems to be that, in respect of contracts already entered into but not completed, the buyer cannot be made liable to pay the war risk insurance premia by means of a unilateral declaration or by a notice issued by the seller, but that he may be made liable by a fresh agreement made between the seller and the buyer later. In this view of the case, it seems that in case of all contracts entered into by mills after the introduction of Government War Risk Insurance, an additional clause should be inserted in the contract before it is signed by the parties, affirming the buyer's liability in respect of premia paid by the seller on goods held by him at the risk of the buyer. In the case of existing contracts, however, though it is realised that the buyer cannot be made liable to pay war risk insurance by a unilateral declaration on the part of the seller, mills might, whenever deliveries fall due, draw the attention of the buyer to the War Risk Insurance Scheme and indicate that he (buyer) would be debited with premia, if any, paid by the seller under this insurance in respect of goods held at the buyer's risk. The last sentence of the draft letter enclosed in fact covers this point, but it is left to individual mills to decide whether they should refer to the War Risk Insurance Scheme in connection with the existing contracts when notifying buyers of the total quantities of goods ready on their (buyers') accounts.

Copy of draft letter referred to in circular No. 3750/205, dated the 30th August 1940, from the Association to all members of the Association.

Dated.....194 .

Messrs.....

DEAR SIRS,

Subject :—Contract No.....Dated

We hereby give you notice that the undermentioned goods are ready for delivery to-day, which is the due date of delivery under the contract, and we call upon you to pay for and take delivery of the goods forthwith. As from to-day, the provisions of clause 11 of the contract apply and the goods are held entirely at your risk and expense. In addition to the liabilities specified in the contract, you will also be debited with the premium, if any, paid by us in accordance with Government's Scheme of War Risk Insurance on commodities on land, in respect of the goods specified.

PARTICULARS OF GOODS READY FOR DELIVERY.

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Yours faithfully,

Copy of circular No. 4527/205, dated the 23rd October 1940, from the Association to all members of the Association.

I am directed to invite your attention to my letter No. 3750/205, dated the 30th August, 1940, in which it was indicated that an amendment of the Association's Standard Contract may be necessary to clarify the liabilities of the seller and the buyer in regard to the insurance of goods under the Government War Risks (Goods) Insurance Ordinance, 1940. The point then raised was whether the seller could legally make the buyer responsible for the war risk insurance of goods sold which the latter has not paid for or taken delivery of. The position has since been carefully examined by the General Purposes Sub-Committee of the Association, and it is suggested that a clause on the following lines be inserted in the cloth and yarn contracts of all member mills. This clause affirms the buyers' liability in respect of premia paid by the seller on goods held by him at the risk of the buyer.

In the case of mills which follow the Association's Contract, the amendment may be taken in without any change, but in the case of those mills whose contracts contain almost all the clauses of the Association's Contract, *but arranged in a different order*, the references to clause numbers given in the body of the amendment should be corrected to suit the text of the contract :—

“ It is hereby agreed that in case the buyers fail to pay for and take delivery of the goods on the due date, the Company shall be entitled to claim from the buyers, in addition to the cost of the goods and the charges specified in clause 13 any premium paid by the Company in insuring the goods in question under the War Risks (Goods) Insurance Ordinance, 1940. PROVIDED that the buyers' liability under this clause in respect of the War Risks (Goods) Insurance Ordinance shall be limited to the amount of premium paid by the Company in respect of the goods in question. If the Company has not taken a *separate* policy in regard to the particular goods held by it at the risk and on account of the buyers, then the amount of premium payable by the buyers shall bear the same proportion to the total premium paid by the Company as the value of the goods which the Company holds at the risk and on account of the buyers bears to the total value of the goods insured. Nothing in this clause contained shall affect the provisions of clause 11 hereof or cause the goods to be held from and after the due date of delivery otherwise than for the account of the buyers and at their sole risk.”

The Association has been advised that all contracts entered into by mills on and after 31st October 1940, should contain the additional clause referred to in this letter, which should be initialled by the buyers and the company.

APPENDIX 5

DEFINITION OF “SEASONAL” GOODS IN THE CASE OF COTTON PIECEGOODS.

Copy of letter dated the 30th July, 1940, from Messrs. The Simplex Mills Co., Ltd., to the Association.

The Association's Contract differentiates between what are termed seasonal goods and non-seasonal goods. It is well known that certain classes of fancy goods can only be sold to the Calcutta markets for delivery August/December, while there are other fancies which only sell in any Indian market for about three months in the year. We were under the impression that it is this type of goods which is described as being seasonal.

In the case of even ordinary grey goods, the quantities which move into consumption in the months of May and June are very small but these are not, for that reason, termed seasonal.

We have certain qualities of fancies which go into consumption every year for a full nine months, but which move in very small quantities in the tenth month, and which do not appear to be delivered at all in the remaining two months of the year. Will you kindly inform us whether, in the opinion of the Association, such goods which move for ten months out of the twelve months in the year, can be termed to be seasonal goods or not.

Copy of letter No. 3733/166, dated the 29th August 1940, from the Association to Messrs. The Simplex Mills Co., Ltd., Bombay.

I am directed to invite your attention to your letter dated the 30th July, 1940, in which you request a clarification of the expressions "seasonal" and "non-seasonal" goods referred to in the Association's Standard Contract for cotton piecegoods. You also enquire whether goods which move into consumption for about ten months in the year could be called "seasonal." At your request, I placed the matter before the Committee of the Association and enclose for your information copies of the minutes* made. I am aware that there is no precise definition of the terms "seasonal" and "non-seasonal" goods in the minutes recorded but you will agree with me that most of our difficulties would perhaps disappear if the columns headed "seasonal" or "non-seasonal" in the contract were filled in before the contract is actually signed by the parties.

Copy of circular No. 3724/166, dated the 29th August 1940, from the Association to all members of the Association.

The attention of the Committee was recently invited by a member of the Association to clause 15 of the Association's Standard Contract Form which reads as under:—

"If the company shall be unable to deliver the whole or any part of any goods sold for future delivery by the time specified for delivery thereof by reason of the mills working short time or its being expedient to stop the mills temporarily or by reason of fire, war, stoppage or hindrance in the supply of raw materials or fuel, explosion, accident, strike, riot, lockout or other disorganization of labour or transport, breakdown of machinery, or any inevitable or unforeseen event beyond human control directly or indirectly interfering with the working or the full working of the mills, the buyers shall take delivery of such bales as the company may be in a position to deliver (if any) and the time for completing the contract shall, as regards the bales not ready by the specified time, be extended for such time as the company may reasonably require to make up for the delay caused by stoppage, hindrance to or interference with the working of the mills or any other events or circumstances before mentioned PROVIDED ALWAYS that should the inability to deliver in the case of non-seasonal goods be continuous during the period of three consecutive English calendar months, and in the case of seasonal goods during the period of one English calendar month, then the buyers shall be entitled by notice in writing of their intention to do so, to cancel the contract in respect of any bales then remaining to be manufactured."

According to the proviso to clause 15, a buyer would be entitled to cancel his contract if the seller's inability to deliver the goods following a strike, lock-out, etc., exceeded one month in the case of "seasonal" goods and three English calendar months in the case of "non-seasonal" goods. The member concerned desired to be informed of the types of cotton goods which would be regarded as "seasonal" or "non-seasonal," and whether goods which moved out for, say, ten months in the year could be regarded as "seasonal." The Committee thought that goods which moved for ten months in the year could not be considered "seasonal." The view was also expressed that goods saleable only for three or four months in the year might be called "seasonal." The Committee held the view that the best way of avoiding any disputes with buyers, in the event of it being found necessary to invoke the provisions of clause 15, would be for mills to ensure that column 3 of the Association's Standard Contract Form was correctly filled in at the time the contract was signed by the parties.

* Not printed.

APPENDIX 6.

TOKA LAND ASSESSMENT.

Copy of letter No. 1369/92, dated the 26th March 1940, from the Association to the Collector of Bombay.

The Association has been informed that a number of its member mills who hold land on toka tenure have been served with notices under Section 9 of Bombay Act, No. II of 1876. In this regard, it is suggested that the remaining mills in Bombay who hold land on toka tenure should also be served with notices and that pending replies from all of them to the questionnaire, action be deferred thereon. The Association on behalf of its member mills will later on be submitting a joint representation in reply to questions 9, 10 and 11 of the questionnaire which accompanied the notice to individual mills, but the answers to the first eight questions will be sent to you direct. The representation from the Association cannot, however, be made until all mills have received notices as it will cover general questions applicable to all mills, and this being the position, it is suggested that no assessments should be fixed until this joint representation has been received and the Millowners' representatives have had an opportunity of discussing it with you personally.

Copy of letter No. 2133/92, dated the 14th May 1940, from the Association to the Collector of Bombay.

On behalf of the undermentioned members of my Association who hold lands under the toka tenure, I am directed to address you in connection with the revision of assessments, of which notice has recently been issued to them under Section 9 of Bombay Act II of 1876. The detailed particulars relating to each mill called for in questions 1 to 8 of paragraph 2 of the notice have already been furnished to you directly by the mills concerned :—

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|-----------------------------|------------------------------|
| 1. The Spring Mill. | 7. The New China Mill. |
| 2. The Kohinoor Mill No. 1. | 8. The Moon Mill. |
| 3. The Kohinoor Mill No. 2. | 9. The Jacob Sassoon Mill. |
| 4. The Jam Mill No. 2. | 10. The Rachel Sassoon Mill. |
| 5. The Swan Mill. | 11. The Jam Mill No. 1. |
| 6. The Jubilee Mill. | |

Prior to 1930, toka land in the occupation of the mills concerned was assessed at rates varying from 1 to 4 pies per square yard. These assessments came up for revision with effect from 1st November 1930 and were eventually doubled.

The word "assessment" when applied to toka and other Government lands really means "ground rent" and it has been recognised by Government and the High Court in the past that the "user" of the land is of the greatest importance when fixing the rate.

In a series of appeals to the High Court in 1922 and 1923 with regard to land acquisition cases, the "assessments" of toka land were fixed, some at 2 per cent., some at 3 per cent. and some at 4 per cent. Macleod, C.J., appreciated "the varying nature of toka and newly assessed lands" and also observed, "there may be cases in which it may be equitable to allow a lower rate." In another case, Macleod, C.J., fully realised that the total of the possible ground rent could not be taken as assessment, when he remarked: "If the Government rent is taken at Rs. 1,056 (i.e., on a 4 per cent. basis) there would be practically nothing left for the occupant as he could hardly expect to get a higher rent from a tenant if he let it out on a building lease, or for any other purpose."

That these points have not been lost sight of in the past is borne out by the comparatively low rates taken for mill lands. The Association feels that there is no reason for

departing from this principle in view of the fact that there is no reasonable possibility of any of these mill lands being thrown on the market within the next 30 years, and that the value of mill land has certainly decreased since the last toka assessment.

As you are aware, mill toka lands have always been specially treated and the condition of the mill industry has been regarded as the most important consideration in fixing the assessment. This will be seen from the following extracts from the correspondence which passed between the Association and the Collector of Bombay when the assessments were revised in 1930. On 5th April 1929, Mr. G. A. Thomas, the then Collector of Bombay, wrote to the Association as under :—

“ In view (a) of the present position of the mill industry in Bombay and (b) of the fact that it is improbable that any more than a merely fractional portion of the mill properties now held on toka tenure will have a substantial market value for the next generation, I am prepared to recommend to Government to sanction an assessment of the areas now under consideration at double the present rates with a guarantee of 30 years, subject to the reservation that any portion of these areas now or at any future time during this period being used for remunerative purposes not connected with the Mills, such portions shall be assessed at full economic rates. Chawls erected by the Mills on their toka land for housing their own operatives shall not be held to be liable to full assessment.”

Again on 21st July 1929, Mr. W. Dillon, who had subsequently taken over the office of the Collector of Bombay, stated :—

“ With reference to your letter No. 1010/61, dated 23rd May 1929, I have the honour to state that I consider that the period of guarantee of 30 years proposed is long enough for the industry to revive and, if any concession is necessary thereafter, the case can then be represented to Government again. There will be a restriction of user during the period of this concessionary assessment and any areas now or at any future time being used for remunerative purposes not connected with the Mills will be assessed at full economic rates.

This concession is for the protection of the mill industry only, and will not be applicable to cases of lands taken on private leases by the mills, where under the leases the lessors are liable for payment of the Government assessment. In fact under section 10 of the Bombay City Land Revenue Act the superior holder, i.e., the lessor, is always liable for the payment of the Government assessment.”

Before submitting his final proposals regarding the revised assessment, Mr. Dillon again stated in a communication written to the Association on 17th August 1929 :—

“ I have the honour to invite your attention to my letter dated 21st July 1929 in the above matter and to say that I propose to write to Government now to sanction the arrangement arrived at by my predecessor and myself in respect of the re-assessment of toka lands occupied by mills. The terms are :—

- (1) All toka land occupied by mills and due for re-assessment on 1-11-1929 shall be re-assessed at double the present rates with a guarantee of *thirty years*.
- (2) The above concessionary rate of re-assessment shall be subject to the reservation that any portions of those areas used for remunerative purposes not connected with the mills, now or at any future time, shall be assessed at full economic rates.
- (3) Chawls erected by mills on their toka land for housing their own operatives shall not be held to be liable to full assessment.
- (4) The concessionary assessment in (1) above will not be applicable to lands held by mills on leases, where under the terms of the leases, the lessors are liable to pay the Government assessment.”

In a further letter addressed to the Association on 12th April 1930, Mr. Dillon again observed :—

“As regards the proposed guarantee of ten years, I would point out that in view of the restricted user of the land the period of guarantee is a minor point, as it would always be open to your Committee to approach Government for an extension of the period, in case your Committee find that the mill industry stands in need of such further concession.”

Government sanction was eventually received to an assessment at double the old rates with a guaranteed period of 10 years only, and negotiations for the new assessments are now proceeding.

As regards the condition of the industry, the Association furnished in 1929 figures showing the profits and losses made by the Bombay cotton mill industry for a period of 12 years from 1917 to 1928. These figures showed that the average profit earned by the industry was not anything like what might be called “abnormal” but was considerably less than what any commercial or industrial undertaking could reasonably expect in return for capital invested. The profits made by the industry since then have considerably deteriorated as will be seen from the following statement which sets out the position for the 10-year period from 1929 to 1938 inclusive :—

| Year. | Original Block Cost | Profit or Loss. |
|---------------------------|------------------------|------------------|
| | (In crores of rupees.) | |
| 1929 | 42.8 | 2.3 |
| 1930 | 35.9 | 2.4 |
| 1931 | 36.2 | 1.1 |
| 1932 | 37.0 | 1.6 |
| 1933 | 30.7 | 1.3 |
| 1934 | 31.1 | 0.7 |
| 1935 | 31.2 | 1.0 |
| 1936 | 30.9 | 0.7 |
| 1937 | 32.4 | 0.2 |
| 1938 | 33.3 | 0.2 |
| 10 | 341.5 | 11.3 |
| Loss for 9 years | | Rs. 11.3 crores. |
| Profit for 1 year | | Rs. 0.2 „ |
| | Net Loss | Rs. 11.1 crores. |

Or an average actual loss of Rs. 1.11 crores per annum for the last 10 years, which is equivalent to a loss of 3.33 per cent. on the block cost.

It has been suggested in certain quarters that the present war has created new opportunities to the Indian cotton mill industry and that the industry is now making considerable profits. This is certainly not the case. While it is true that there has latterly been some expansion in demand from export markets, the position in the home market remains very unsatisfactory and the realizations for manufactured yarn and cloth have not been commensurate with the steep rise that has taken place in the prices of raw cotton, dyestuffs, mill stores and all packing materials. For a considerable time previous to the declaration of the war in Europe, the industry was passing through a critical period: the reduced purchasing power of the ryot consequent on low commodity prices over a series of years had resulted in a drastic curtailment in the demand for manufactured yarn and cloth. The unsatisfactory state of the cloth and yarn markets had in fact not only compelled a fairly extensive reduction in output in individual mills, but had also compelled manufacturers to consider whether it would be feasible to reduce output by curtailing or suspending night-shift working. In the month of August last, mills in Bombay were known to be working at a loss, and the

advance in cloth prices between then and now has been less than two annas per lb. although raw cotton alone is to-day two annas per lb. higher, and the cost of dyestuffs, mill stock and all packing materials has advanced by anything from 30 per cent. to 250 per cent. It is obvious from these facts that, since the advent of the war, the margins for the manufacturers have so far not increased.

Another matter to which the Association would like to draw attention is the increase in the burden of taxation which the industry has been called upon to bear during the last few years.

In 1931, a duty of half an anna per pound was imposed on raw cotton imported into India and this duty was increased to one anna in 1939. Since 1938, the industry in Bombay has been called upon to bear a wage increase amounting to over a crore of rupees per annum as a result of the interim recommendations of the Textile Labour Inquiry Committee in spite of the fact that the assumptions underlying this recommendation had been falsified within a few months of the publication of their report. In 1939, the Bombay Finance (Amendment) Act, 1939, imposed a new Urban Immovable Property Tax at the rate of 10 per cent. of the rateable value of such property. This tax, which is based on the rateable value and is recoverable half-yearly along with the municipal property tax, has added to the cost of manufacture of the Bombay mill industry a sum of not less than 6½ lakhs of rupees per annum. As a result of the Indo-British Trade Agreement concluded in March 1939 the duty on British cotton piecegoods was reduced by 5 per cent. with effect from 1st April 1939. The effect of these imposts was to reduce the measure of protection accorded to the Indian cotton mill industry in the case of cloth as shown below :—

| | Per cent. |
|--|-----------|
| Effect of raw cotton duty | 4 |
| Effect of addition to wages and property tax | 5 |
| Effect of Indo-British Trade Agreement | 5 |
| | 14 |

Since 17th April 1940, the duties on British cotton piecegoods have been further reduced by 2½ per cent.

The next point to which the Association would like to draw Government's attention is the drop in rateable values of mill property in Bombay City which has taken place since 1929. For the year 1929, the valuations of the mills as fixed by the municipality were as under :—

| | Rs. |
|-----------------------------|---------------|
| Spring Mills | 3,15,740 |
| Kohinoor Mill No. 1 | 1,62,280 |
| Kohinoor Mill No. 2 | 93,790 |
| Jam Mill No. 2 | 81,655 |
| Swan Mills | 96,550 |
| Jubilee Mills | 84,635 |
| New China Mills | 1,17,020 |
| Moon Mills | 1,23,790 |
| Jacob Sassoon Mill | 3,98,630 |
| Rachel Sassoon Mill | 1,50,310 |
| Jam Mill No. 1 | 87,775 |
| | 17,12,175 |
| Total .. | Rs. 17,12,175 |

Protests were made to the Municipal Commissioner against the above figures. The rateable values were not reduced, but an agreement was reached whereby an allowance of 20 per cent. was given for trade depression for the years 1929-30 and 1930-31.

Further negotiations resulted in a trade depression allowance of 15 per cent. for the years 1931-32 and 1932-33.

For 1933-34 a larger allowance was claimed. No agreement could be reached and the mills eventually appealed to the Small Causes Court against their valuations, which, it may be noted, were those fixed for 1929-30.

As a result of the appeals, the valuations were reduced as follows :—

| | Rs. |
|-----------------------------|--------------|
| Spring Mills | 1,93,605 |
| Kohinoor Mill No. 1 | 1,02,820 |
| Kohinoor Mill No. 2 | 50,105 |
| Jam Mill No. 2 | 60,980 |
| Swan Mills | 55,905 |
| Jubilee Mills | 51,165 |
| New China Mills | 65,530 |
| Moon Mills | 67,220 |
| Jacob Sassoon Mill | 2,12,460 |
| Rachel Sassoon Mill | 73,425 |
| Jam Mill No. 1 | 65,265 |
| Total .. | Rs. 9,98,480 |

The same method of calculating rateable values is in force to-day and any difference between the above figures and those shown in the municipal bills, recently submitted to the Collector direct by the mills, will be on account of additions or demolitions since 1st April 1934 only.

It will, therefore, be seen that the valuations of land and buildings as at 1-4-1933 have been reduced by Rs. 7,13,695, which is equivalent to a reduction of 41.68 per cent. on the 1929-30 figures. Variations for additions or demolitions hardly affect the percentage, so when comparing these figures with "toka assessment," we must consider the following :—

For 1930-40 : Toka assessment was constant.

For 1929-30 and 1930-31 : Rateable value, which is the same as rental value, which in its turn must be something appreciably higher than toka assessment, was reduced by 20 per cent. by the Bombay Municipality.

For 1931-32 and 1932-33 : Rateable values were reduced by 15 per cent. by the Bombay Municipality.

For 1933-34 : Rateable values were reduced by 41.68 per cent. by the Chief Judge of the Small Causes Court, Bombay, who is the final authority on Rating matters.

For 1934 to-date : Rateable values have continued at the reduced percentage.

In the light of the facts set forth above, the Association maintains that there is a strong case for a reduction of toka assessments to the pre-1929 rates.

The period of assessment.—As regards the period of assessment, the Collector of Bombay recommended a period of 30 years in 1929. Government sanctioned only 10 years. The cost of this enquiry to the Association and to Government is probably out of all proportion to the amount involved if an enquiry is to be held every 10 years. Subject to a continuation of the reservation contained in the Collector's letter of the 5th April 1929, the Association holds that there can be no serious objection to a 30 years' period.

Newly assessed land.—Associated with the assessment of toka lands is the question of the assessment of newly assessed lands. The Spring Mills have 49,594 square yards of toka land and 26,851 square yards of newly assessed land. The former is assessed at 2 pies and the latter at 6.82 pies per square yard. The Finlay Mills have 2,013 square yards of newly assessed land rated at 8 pies per square yard. The user is identical and the plots intermingle. The Association suggests that in all these cases Government might apply a uniform rate of 2 pies or such other figure as may be fixed for toka lands.

In conclusion, the Association would appreciate an early opportunity of discussing with you any of the matters dealt with in the preceding paragraphs, before the assessments for toka land and newly assessed land are finally settled.

Copy of letter No. A.D.M.-47, dated the 4th June 1940, from the Collector of Bombay to the Association.

With reference to your letter No. 2133/92, dated 14th May 1940, I have the honour to state that you may call at my office on June 10th at 3 p.m. (S.T.), for discussing the above matter.

Copy of letter No. 2735/92, dated the 24th June 1940, from the Association to the Collector of Bombay.

Could you possibly let me know when you will be sending to Government your recommendations in regard to the assessment of mill toka lands? You might also let me know whether you require any further details, as Mr. Gadsden, the Association's adviser in this matter, may shortly be called up for military service.

Copy of letter No. A.D.M.-47, dated the 29th June 1940, from the Collector of Bombay to the Association.

With reference to your letter No. 2735/92, dated 24th June 1940, I have the honour to state that the Bombay Dyeing and Manufacturing Co., Ltd.; the Spring Mill, seems to be the only mill which has lands of toka and newly assessed tenures. Your suggestion to assess the two lands at one average rate will be recommended to Government. Please let me know if there is any other case of this type. I will also recommend to Government the continuance of the present assessment of toka and newly assessed lands of all the mills with a guarantee period of 20 years.

Please send me plans showing the sites let out by the Kohinoor Mill and the Jacob Sassoon Mill for electric and petrol service stations with particulars such as rent, period of lease, etc. These areas will be dealt with separately from the lands used for mill purposes.

Copy of letter No. 2888/92, dated the 4th July 1940, from the Association to the Collector of Bombay.

I am writing to acknowledge the receipt of your letter No. A.D.M.-47, dated the 29th June 1940. In reply I have to state that, as far as we have been able to ascertain, the Bombay Dyeing and Manufacturing Co., Ltd. (Spring Mill) is the only mill which has land

of toka and newly assessed tenure. The Finlay Mills have newly assessed land, but no toka. After discussing the matter further with the Association's adviser, Capt. G. H. Gadsden, he is definitely of opinion that the L.N.A. land assessment in the case of the Spring Mill is too high for mill land, and he desires me to urge that in this case a general rate of 2 pies per square yard should be fixed for both toka and L.N.A. land, subject, of course, to the existing agreements as to mill user. I admit that this would mean a reduction in Government revenue from the Spring Mill, but this reduction over the industry as a whole would be small and it would, in addition, continue the arrangement under which all toka lands in the same locality are assessed at the same rate. Similarly with the Finlay Mills, their "newly assessed" land is valueless except for mill user and I think it only fair that the mill rate for toka land should be applied in this case also. We trust that after further considering the matter, you will suggest this small concession when making your recommendation to Government. It is noted that you propose to recommend the continuance of the present assessment of toka and newly assessed lands for a further period of 20 years.

As regards plans showing the sites let out by the Kohinoor Mill and the Jacob Sassoon Mill for electric and petrol service stations with particulars of rent, period of lease, etc., I have to inform you that the two mills have already been addressed, and I hope to be able to send you the information desired at a very early date.

Copy of letter No. A.D.M.-47, dated the 10th July 1940, from the Collector of Bombay to the Association.

With reference to your letter No. 2888/92, dated the 4th July 1940, I have the honour to state that I do not agree to recommend to Government any reduction in the assessment paid by the Spring Mill and the Finlay Mills for the last several years in respect of the newly assessed areas.

2. Please send plans showing the sites let out by the Kohinoor Mill and the Jacob Sassoon Mill for electric and petrol service stations with particulars of rent, etc., early.

Copy of letter No. 5374/92, dated the 20th December 1940, from the Association to the Collector of Bombay.

I am directed to refer to my letter* No. 3008/92, dated the 10th July 1940, and to request that the plans, forwarded therewith, may kindly be returned to me when done with.

The Association would also appreciate it if you could let me have an indication as to when Government's decisions in regard to the revised assessments of toka lands occupied by mills may be expected.

Copy of letter No. A.D.M.-47, dated the 4th January 1941, from the Collector of Bombay to the Association.

With reference to your letter No. 5374/92, dated 20th December 1940, I have the honour to return herewith the plans received with your letter, dated 10th July 1940, and to state that Government have been pleased to sanction the continuance of the present assessments on the toka and newly assessed lands occupied by mills for a further period of 10 years from 1st November 1940. Government have also sanctioned assessment at the uniform rate of 3.69 pies per square yard on the toka and newly assessed lands held by the Spring Mills with a guarantee of ten years from 1st November 1940.

* Not printed.

APPENDIX 7.

DISCUSSION ON LABOUR MATTERS.

MEETING OF EMPLOYERS.

Letter dated 20th August 1940 from the Employers' Federation of India to the Association.

On behalf of the Employers' Federation of India and the All-India Organization of Industrial Employers, I am writing to invite you to send representatives to a Conference of representatives of industrial interests which will be held on Sunday, the 8th September, 1940, at 10-30 a.m. (S.T.) in the rooms of your Association.

Problems relating to labour have assumed considerable importance in the last few years, and a great deal of legislation and governmental action has resulted, adding to the difficulties through which industries have been passing. While the viewpoint of industrial interests has been, from time to time, expressed through their various organizations, a conference such as the one proposed will bring together the representatives of all the large-scale industries of India on the same platform, and should assist organized industry in arriving at common conclusions on many of the problems confronting it.

A provisional list of the subjects to be discussed at the Conference is enclosed herewith.

In view of the importance of the Conference, I shall be glad if you will give it your fullest co-operation and depute five or six representatives to take part in its deliberations.

Kindly let me know, as early as possible, who will represent the Association.

Copy of provisional agenda for the Conference of Industrialists to be held in Bombay on 8th September 1940, referred to in letter dated the 20th August 1940 from the Employers' Federation of India to the Association.

1. Holidays with pay.
2. Sickness insurance.
3. Prevention and settlement of industrial disputes.
4. Recognition of trade unions.
5. Collection of statistics concerning labour and industry.
6. Provincial measures for control of industries.

And any other subjects that may be brought forward with the permission of the chair.

Copy of the resolutions adopted at the Conference of representatives of Indian Industrial interests convened under the joint auspices of the Employers' Federation of India and the All-India Organization of Industrial Employers and held on 8th September 1940 at Bombay.

1. (a) This Conference, while according its support to the principle of social and labour legislation for the improvement of the conditions of the working classes, is of opinion that the Government of India should use its utmost endeavours to ensure that

- (i) any measures undertaken for the purpose should be on a strictly all-India basis, including Indian States and should also include Government undertakings, Central and Provincial;

- (ii) the burdens imposed should not be such as adversely to affect the position of industry ;
- (iii) due consideration should be given to the special difficulties confronting industries in India and to the burdens already imposed upon them or under contemplation by governmental measures, both Central and Provincial.

(b) This Conference is of opinion that, in order to secure uniformity of treatment throughout India, when labour legislation of an all-India character is under contemplation or consideration by the Government of India, Provincial Governments should be urged not to undertake legislation on the same or allied subjects.

2. *Factories Act Amendment* :—This Conference is in general agreement with the proposition enunciated at the Conference of Provincial Labour Ministers held at Delhi in January last, that pay in lieu of holidays should be given to such industrial employees as are prevented from getting a weekly holiday by an exemption under Section 43 (2) and 44 (2) of the Factories Act and have not been granted a substitute holiday within a reasonable period.

3. *Sickness Insurance* :—This Conference generally approves the principle of sickness insurance provided that

- (a) the State, employers and labour contribute to the cost ;
- (b) legislation is on an all-India basis ;
- (c) legislation is made applicable to all important industries and government undertakings, both Central and Provincial ; and
- (d) similar legislation is concurrently enacted in all Indian States.

4. *Prevention and Settlement of Industrial Disputes* :—This Conference recommends that the Central Government should, in consultation with organisations representative of Employers and Labour consider the desirability of amending the Trade Disputes Act of 1929 in the light of the experience gained during the last ten years, and that, pending such amendment, Provincial Governments should defer the enactment of legislation similar to the Bombay Industrial Disputes Act of 1938 until further experience of that Act has been gained.

5. *Collection of Statistics concerning Labour and Industry* :—(a) This Conference realizing the need for more complete statistics relating to the industrial and agricultural production of the country ; cost of living index number for industrial and agricultural workers ; and wholesale and retail prices, would welcome the introduction of Central legislation having for its object the compilation of specified statistics bearing on these heads in the first instance and on such other heads as might hereafter be agreed upon between Government and organisations representing the interests concerned.

(b) This Conference is further of opinion that if the work of collection of statistics is to devolve on the Provinces, then the expenses in connection with the collection of such statistics should be met from the general revenues of the Provinces.

A general discussion took place on the subject of leave and/or holidays with pay ; but no recommendations were adopted, since it was considered that the solution of the problem of sickness insurance should take precedence over holidays with pay.

The subject of recognition of trade unions was discussed at some length, but a decision was held over ; and it was agreed that, in the meantime, individual concerns and organisations might formulate their views regarding the obligations to be fulfilled by trade unions before recognition could be accorded by employers or employers' organisations as the case might be.

APPENDIX 8.

LABOUR CONFERENCE.

Copy of letter dated the 6th December 1940, from the President of the Employers' Federation of India to the Association.

I enclose, for your information, a copy of a communication received from the Government of India in the Department of Labour inviting the Federation to nominate eight representatives to meet the Hon'ble Member at Calcutta on Monday, the 6th January, 1941, to discuss the following questions :—

1. Amendment of the Trade Disputes Act of 1929.
2. Holidays with pay.
3. Extension of legislation to labour employed in commercial establishments and shops.
4. Extension of maternity benefits to women employed in coal mines.

I am anxious that the deputation should be fully representative of all employers' interests, and I am, therefore, to request that you will be so good as to nominate a representative of the Association to attend the Conference at Calcutta. The name of your nominee may kindly be communicated to me as early as possible.

Copy of letter No. L3079, dated the 30th November 1940, from the Government of India, Department of Labour, to the Employers' Federation of India, Bombay.

The existing practice of the Government of India when dealing with proposals regarding labour legislation is to elicit the opinion of employing, labour, and other interests concerned through Provincial Governments. This is usually done after the Government of India have examined a particular problem at length departmentally, and reached certain provisional conclusions, which are then placed before the public and the interests concerned for their views and comments. The Government of India propose to continue this practice, which time and experience have shown, is useful. At the same time the Central Government feel that it is desirable to have direct consultations with the most representative organizations of employers and labour on important questions affecting their welfare. I am, therefore, to say that the Honourable Member in charge of Labour will be glad to meet representatives of your organization at 11 a.m., on Monday, the 6th January, 1941, at 1 Council House Street, Calcutta, to discuss with them the following subjects :—

1. Amendment of the Trade Disputes Act of 1929.
2. Holidays with pay.
3. Extension of legislation to labour employed in commercial establishments and shops.
4. Extension of maternity benefits to women employed in coal mines.

Short memoranda on the items mentioned above will be forwarded to you in due course.

As the discussions will be informal and are mainly intended to ascertain the views of your organization, it will be convenient to limit the number of representatives you send to the meeting, and I am to say that the number should not exceed eight. I am to express the hope that your organization will extend their co-operation to the proposal and agree to participate in the discussions. The names and addresses of members of your organization (not exceeding eight as mentioned previously) who will attend the meeting may kindly be communicated to this department. An early reply will be greatly appreciated.

Copy of letter No. 5225, dated the 10th December 1940, from the Association to the Employers' Federation of India, Bombay.

I am directed to acknowledge the receipt of your letter dated the 6th in which you request the Association to nominate a representative to attend the conference convened by the Government of India to discuss certain proposals for labour legislation, and to say that the Chairman of the Association, Mr. V. N. Chandavarkar, will attend the conference as the Association's representative.

Summary of discussions held by the Hon'ble the Commerce Member with representatives of the All-India Organization of Industrial Employers and the Employers' Federation of India, on 6th January 1941, at Calcutta.

ITEMS ON THE AGENDA.

1. Amendment of the Trade Disputes Act, 1929.
2. Holidays with pay.
3. Extension of legislation to labour employed in commercial establishments and shops.
4. Extension of maternity benefits to women employed in coal mines.
5. Air raid precautions.

The following were present :—

1. The Hon'ble Sir A. Ramaswami Mudaliar (*Chairman*).
2. The Hon'ble Mr. M. S. A. Hydari, C.I.E., I.C.S.
3. Mr. P. M. Menon, I.C.S.
4. Mr. A. Hughes, I.C.S.
5. Mr. A. Khaleeli, I.C.S.
6. Mr. G. Peace (attended only for item No. 5).

REPRESENTATIVES OF THE ALL-INDIA ORGANIZATION OF INDUSTRIAL EMPLOYERS.—

1. Sir Shri Ram.
2. Mr. Amrit Lal Ojha.
3. Mr. Kasturbhai Lalbhai.
4. Lala Padampat Singhania.
5. Mr. Karam Chand Thappar.
6. Lala Gurusharan Lal.
7. Mr. Brijmohan Birla.
8. Mr. Akhil Bandhu Guha.
9. Mr. D. G. Mulherkar.

REPRESENTATIVES OF THE EMPLOYERS' FEDERATION OF INDIA.—

1. Sir Homi Mody.
2. The Hon'ble Mr. J. H. S. Richardson.
3. Mr. G. B. Morton.
4. Mr. V. N. Chandavarkar.
5. Mr. J. B. Ross.
6. Mr. J. H. Burder.
7. Mr. P. J. Griffiths.
8. Mr. R. W. Theobald.
9. Sir F. E. James.
10. Mr. H. A. Wilkinson.
11. Mr. T. Maloney.

In opening the discussions, the Hon'ble Member stated that the genesis of this meeting could be traced back to the Labour Ministers' Conference held in January 1940. Certain proposals which were formulated as a result of discussions in that Conference were forwarded to Provincial Governments for eliciting their opinion, and through them the opinion of the interests concerned. The Government of India considered that in addition to these consultations it was desirable to have direct discussions with representative bodies of organized labour

and employers to ascertain their views on some of the proposals. So this meeting was convened. Representatives of labour were similarly consulted on the previous day.

The Chairman pointed out that in spite of the present emergency it was of paramount importance to see that the legitimate grievances of labour were attended to, and steps taken to ensure peace and contentment. In the preliminary discussions, Sir Homi Mody, and Sir Shri Ram, pointed out the necessity of co-ordinating legislation in British Indian Provinces as well as in Indian States and also expressed the opinion that in view of the extensive reorganization and adjustment which post-war conditions would bring about, great caution should be exercised before placing labour measures on the statute-book at the present moment.

The Chairman explained that Government realized the necessity of co-ordinating labour conditions all over India and the Labour Ministers' Conferences were intended to facilitate such co-ordination. The advanced industrial Indian States were also being invited to these Conferences and attempts were being made to secure co-ordination by agreement as far as possible.

The different items on the agenda were then taken up for discussion and the views of the Employers' Delegates are briefly summarised below :—

1. *Amendment of the Trade Disputes Act, 1929.*—(1) The delegates generally accepted the principles laid down in the memorandum regarding the resolution of differences between labour and employer and the method of conciliation suggested therein.

(2) It was desirable to ascertain by secret ballot the opinion of workers on a question of strike and a strike should not be legal unless, say, more than 51 per cent. of the workers concerned voted for it.

(3) Conciliation Officers should be officers of good status and their status should be prescribed by statute or by rules made thereunder.

(4) Conditions in plantations differed greatly from conditions in other industrial concerns. As conditions in plantation were largely agricultural, lightning strikes did not adversely affect the planting industry or plantation labour in the same way in which such strikes affected other industrial concerns. The procedure suggested in the memorandum was unnecessary and unsuitable as far as plantation labour was concerned and plantations should, therefore, be left out of the scope of this proposal.

(5) Provisions analogous to those of the Bombay Act regarding standing orders and changes in standing orders should be included in the Act.

(6) Penalty for illegal strikes should be prescribed and the penalty should be heavier in the case of outsiders controlling trade unions and inciting illegal strikes.

(7) Picketing at the homes of workers was often attended with intimidation and such picketing should be made illegal in all circumstances. Provisions analogous to those in the English law on the subject should be included in the Act. (All delegates did not support the proposal that picketing at the homes of workers should be made illegal in all circumstances.)

(8) Both intimidation and victimisation of workers should be made illegal.

(9) Steps should be taken to see that the hiatus between the report of a Conciliation Officer and the appointment of a Court of Inquiry or a Board of Conciliation should be as brief as possible and that a strike during this period would be illegal.

(10) Before legislation was promoted the draft Bill should be published in the *Gazette of India* so as to give sufficient time to the interests concerned to make their

representations, and if necessary they should be given an opportunity to meet the Labour Department before the Bill was actually introduced in the Legislative Assembly.

2. *Holidays with pay.*—(The Chairman explained that as far as the war effort was concerned, it would be considered whether it was necessary to give exemption for the time being to any particular industry engaged in production for war.)

As regards the proposal to amend the Factories Act to grant paid compensatory holidays to workers deprived of their weekly days of rest, the delegates were of opinion that if such workers were paid at higher rates during those holidays it would not be necessary to give them other holidays as compensation. It was suggested that exemptions were given only in a very few cases and the people affected by the proposal would form only a very small percentage of workers. The delegates were, therefore, of opinion that Government should make further enquiries about the number of people affected and the necessity for such amendment before proceeding with the proposal.

As regards the proposal to grant a minimum number of holidays with pay to all factory workers, the view of the delegates was that while it would increase the cost of production there would be no corresponding benefit to labour. It was argued that at present most workers took long holidays during the year to go to their villages for family and festive occasions, and the need for the amenity proposed had not been made out. The delegates were unanimously of opinion that there should be no legislation for holidays with pay as suggested in the memorandum. The question of sickness insurance was of more practical importance and should be tackled first.

3. *Extension of legislation to labour employed in commercial establishments and shops.*—(1) The delegates were in favour of Central legislation relating to the grant of weekly holidays to persons employed in commercial establishments and shops.

(2) They were not in favour of discretionary power being granted to Provincial Governments to provide for the grant of an extra half holiday.

(3) They were of the view that provision for the prompt payment of wages should be made in the Act.

(4) The definition of "commercial establishments" in the draft Bill should be re-examined with a view to exclude the clerical staff engaged in factories.

(5) The power given to Provincial Governments in the draft Bill—section 2(C)—to notify premises or classes of premises as "commercial establishments" should be more strictly defined.

(6) The power given to Provincial Governments under section 11 of the draft Bill to exempt any establishment from the scope of the Act should cover not merely establishments but should also cover "any person or class of persons as well as class of establishments."

(7) Provision should be made in the Act to the effect that all rules framed by the Provincial Governments should be published for criticism before they were enforced.

(8) The question of steamship companies should be further examined with a view to excluding them from the operation of the Act.

4. *Extension of maternity benefits to women employed in coal mines.*—The delegates generally agreed that maternity benefits should be extended to women employed in coal mines on principles similar to those which were applied in respect of factory labour. They were also of opinion that maternity benefit legislation should be uniformly applicable to all Provinces and those Provinces which had at present no legislation should be requested to pass such legislation as early as possible.

5. *Air raid precautions*.—Mr. Hydari explained that the opinion of the delegates would be welcomed on the following points:—

(1) Whether it was not desirable to get a certain number of instructors from the United Kingdom with practical experience of air raids and the latest methods adopted for defence against air raids, and (2) whether when expert instructors were obtained a Central School should be set up for training personnel brought up from different parts of the country or whether the instructors should be sent round to give instruction in various localities. After discussion it was agreed that the best course would be to get the experts and set up a Central School. Persons selected from different parts of the country could be trained at the Central School and then go back to and organize air raid precautions work. The instructors from the United Kingdom would also be useful in inspecting the work so organized.

APPENDIX 9.

XXVI SESSION OF THE INTERNATIONAL LABOUR CONFERENCE.

Copy of letter No. L.O.2179, dated the 19th March 1940, from the Commissioner of Labour, Bombay, to the Association.

I have the honour to forward herewith for the information of your Association a copy of the Press *communiqué* issued by the Government of India in the Department of Labour on the above subject.

2. I should like to draw your attention to para 3 of the *communiqué* and to point out that all suggestions should be communicated to the Government of India direct and *not* to this office.

Copy of Press Communiqué dated 28th February 1940, issued by the Government of India in the Department of Labour.

The 26th session of the International Labour Conference will open at Geneva on the 5th June 1940. The agenda of the Conference will consist of one item only, viz., methods of collaboration between public authorities, employers' organizations and workers' organizations.

2. The delegates representing each Member State at the Conference include two Government delegates, one employers' delegate and one workers' delegate. Advisers can be appointed for each group according to necessity and circumstances. In view of the shortness of the agenda and the fact that the discussion will not lead to any immediate Convention or Recommendation, the Government of India have decided that this year it is not necessary to appoint advisers to accompany the delegates. The duty of nominating the personnel of the entire Indian delegation rests with the Government of India who, under the terms of the Treaty of Versailles, have undertaken to nominate non-Government delegates chosen in agreement with the industrial organizations, if such organizations exist, which are most representative of employers or workpeople, as the case may be. An association will be regarded as representative of employers only if it includes among its functions that of dealing with the interests of employers as such (e. g., regulating conditions of employment).

3. Employers' and workers' organizations wishing to make suggestions relating to the nomination of non-Government delegates may submit panels of names of their nominees to reach the Secretary to the Government of India in the Department of Labour as early as possible and, in any case, not later than the 31st March, 1940.

4. Allowances (on a scale which can be ascertained by application to the Department of Labour) will be granted by Government to defray the expenses of the delegates finally nominated.

Copy of letter No 1818/108, dated the 23rd April 1940, from the Association to the Secretary to the Government of India, Department of Labour, New Delhi.

I am directed to refer to Government Press *communiqué* dated the 28th February, 1940, inviting nominations regarding the appointment of employers' delegate to the twenty-sixth session of the International Labour Conference which will open at Geneva on the 5th June, 1940, and to say that the Committee of my Association have much pleasure in supporting the appointment of Mr. H. G. Misra, who, they believe, has been nominated by the Employers' Federation of India.

APPENDIX 10.

PAYMENT OF WAGES ACT (AMENDMENT) ORDINANCE, 1940.

Copy of letter No. P.W. 4818, dated the 8th July 1940, from the Chief Inspector of Factories, Bombay Province, to the Association.

I have to forward herewith, for your information, a copy of the Ordinance amending Section 7 of the Payment of Wages Act, 1936.

Copy of Government of India, Legislative Department, Ordinance No. III of 1940, dated Simla, 2nd July 1940.

AN ORDINANCE FURTHER TO AMEND THE PAYMENT OF WAGES ACT, 1936.

Whereas an emergency has arisen which makes it necessary further to amend the Payment of Wages Act, 1936, for the purpose of enabling an employer to deduct from the wages of a person employed by him sums intended for investment in furtherance of approved War Savings Schemes :

Now, therefore, in exercise of the powers conferred by section 72 of the Government of India Act as set out in the Ninth Schedule to the Government of India Act, 1935, the Governor-General is pleased to make and promulgate the following Ordinance :—

1. *Short title and commencement.*—(1) This Ordinance may be called the Payment of Wages (Amendment) Ordinance, 1940.

(2) It shall come into force at once.

2. In sub-section (2) of section 7 of the Payment of Wages Act, 1936 (hereinafter referred to as the said Act)—

(a) the word " and " at the end of clause (i) shall be omitted ;

(b) after clause (j) the following word and clause shall be added, namely :

" and

(k) deductions, made with the written authorisation of the employed person, in furtherance of any War Savings Scheme, approved by the Provincial Government, for the purchase of securities of the Government of India or the Government of the United Kingdom."

3. In section 13 of the said Act, after the brackets and letter "(j)" the words, brackets and letter "and clause (k)" shall be inserted.

SIMLA, the 29th June 1940 •

LINLITHGOW,
Viceroy and Governor-General.

Copy of circular No. 2913/187, dated the 6th July 1940, from the Association to all members of the Association.

As you are aware, the Payment of Wages Act, 1936, lays down that the wages of an employee shall be paid to him without deductions of any kind except those authorised under section 7 of the Act, namely :—

- (a) by way of fines ;
- (b) for absence from duty ;
- (c) for damage or loss of goods expressly entrusted to the employee ;
- (d) for house accommodation supplied by the employer ;
- (e) for the recovery of advances against unearned wages ;
- (f) for income-tax payable by the employed person ;
- (g) under court orders or under orders of some other competent authority ;
- (h) for subscriptions to and recovery of advances from recognized provident funds ;
and
- (i) for payments to co-operative credit societies approved by the local Government or to a scheme of insurance maintained by the post office.

In view of the desirability, in the present emergency, of enabling an employer to deduct from the wages of a person employed by him sums intended for investment in furtherance of approved War Savings Scheme, an Ordinance has recently been issued by His Excellency the Governor-General (Ordinance No. III of 1940, dated 29th June 1940), amending the Act, so as to permit of deductions from wages, made with the written authorization of the employed person, in furtherance of any War Savings Scheme, approved by the Provincial Government, for the purchase of securities of the Government of India or the Government of the United Kingdom.

It may be presumed that the Government of Bombay have approved of investments in the Government of India Defence Loans of the descriptions mentioned below :—

1. Interest-free Bonds ;
2. 10-Year Defence Savings Certificates ; and
3. 6-Year Defence Bonds.

APPENDIX 11.

DEFINITION OF THE EXPRESSION " WAGES " UNDER THE PAYMENT OF WAGES ACT.

Copy of circular No. P.W./6435, dated the 26th November 1937, from the Chief Inspector of Factories, Bombay Presidency, addressed to all mills in the Bombay Province.

The attention of owners of factories and other industrial establishments affected by the Payment of Wages Act is drawn to the definition of " wages " in the Act. The effect of that definition is to incorporate into wages any bonus that may be offered by the employer for good attendance, good work, good production, or matters of that kind. Moreover, this bonus becomes payable whether or not the conditions governing the earning of the bonus are fulfilled or not. For example, if an employer offers a good attendance bonus of Rs. 2 to every worker who puts in 24 out of 26 working days, he cannot confine the giving of that Rs. 2 to those workers who put in regular attendance. If there are 26 working days in a month and the wages of workers in a particular department are Rs. 24 a month, then if a bonus of Rs. 2 is offered for good attendance, the wages of all the men in that department automatically become Rs. 26. The actual amount payable will, of course, depend upon the

number of days put in by each worker. A man who works the full month gets Rs. 26 : the man who worked only 20 days would get 20/26ths, and so on. The same position arises if a bonus is offered for good work or good production. This would be payable to all workers, whether they produced good work or bad work.

The system whereby a worker who is absent on Saturday or Monday loses two days' pay is also illegal. Nor is it legal to have two rates of pay: one for "good" and one for "bad" work. From 1st January, the provisions of the Act will be strictly enforced and employers are hereby informed that by that date they must have taken the necessary steps to deal with the question of bonuses.

Copy of circular No. 3/187A, dated the 3rd January 1938, from the Association to all members of the Association.

I am directed to invite your attention to the circular No. 6435, dated the 26th November 1937, issued by the Chief Inspector of Factories, Bombay Province. The legality and validity of the circular, especially the interpretation sought to be placed by the Chief Inspector of Factories on section 2 (vi) of the Payment of Wages Act, appeared to be doubtful, and the Association's Solicitors were, therefore, consulted.

I enclose herewith for your information copy of a written opinion received from the Solicitors. Briefly stated, the Solicitors hold that the interpretation sought to be placed on section 2 (vi) of the Payment of Wages Act by the Chief Inspector of Factories is incorrect, and that the special bonuses being paid in certain member mills do not contravene the provisions of the Act. They, however, point out that the system of grain allowance current in Sholapur mills is illegal under the Act, but the Solicitors are not aware of the fact that in Sholapur, the worker has the option of taking cash for a grain allowance if desired.

The Association has written to the Chief Inspector of Factories suggesting a joint conference to discuss the issues involved before a test case is taken out, but it is not certain that such a conference will be agreed to. In the event of any claims being made against your mills under section 15 of the Payment of Wages Act by or on behalf of an employee or employees, I would like you to inform the Association immediately.

Copy of letter dated the 28th December 1937, from Messrs. Craigie, Blunt and Caroe, Bombay, to the Association.

We duly received your letters* No 4897/187A of the 21st instant and No. 4908/187A of the 22nd instant with their respective enclosures.

You have sent us a copy of a circular issued by the Chief Inspector of Factories expounding that official's interpretation in a certain respect of the Payment of Wages Act, 1936, and inviting the strict compliance (as from the 1st January) of all mills with the Act as so interpreted.

The views of the Chief Inspector as set out in the circular may be summarised as follows :—

1. The effect of the definition of wages in the Act is to incorporate into wages any bonus that may be offered by the employer for good attendance, good work, good production or matters of that kind.
2. Such bonus, as a result, becomes payable whether or not the conditions governing the earning of the bonus are fulfilled.

3. The system whereby a worker who is absent on Saturday or Monday loses two days' pay is illegal.
4. It is also illegal to have two rates of pay one for "good" work and one for "bad" work.

You have sent to us a note by Mr. Stones explaining that a certain mill in which he is interested has two normal loom rates, an "A" and a "B" rate, the "A" rate being for fancy goods of a special character. It is stated that this system has been passed as legal by the Chief Factory Inspector.

Mr. Stones also mentions the case of a U.P. mill which had a high percentage of fines before the Act came into force. When the Act came into force, this mill proceeded to fix rates for "A" "B" and "C" quality cloths, "A" being the pre-Act rate and "B" and "C" being rates reduced by more even than the former usurious fines.

Mr. Stones then goes on to set out at some length the method and the economic advantages of employing incentives to induce attendance or production above what is regarded as a normal efficiency paid for at a basic rate.

You have also sent us several letters from different mills explaining the system of bonus payments employed by them respectively.

You desire our advice on certain questions which may be set out as follows :—

1. Is the interpretation above mentioned placed by the Chief Inspector on the Act correct ?
2. Is the system of payment referred to by Mr. Stones inconsistent with the Act ?
3. Can it be stated that any of the systems mentioned in the letters from the mills definitely contravenes the Act ?
4. If the Chief Inspector's interpretation is incorrect, is not the Government of Bombay going beyond the provisions of section 26 of the Act ?
5. If so, what action can be taken by the Association to secure the cancellation of the circular ?

In reply to these questions in order, we beg to advise as follows :—

1. In our opinion the Chief Inspector's interpretation of the Act is incorrect.

To appreciate the position it is necessary to set out the definition of "wages" to which he refers. This is as follows :—

"Wages" means all remuneration, capable of being expressed in terms of money, which would, if the terms of the contract of employment, express or implied, were fulfilled, be payable, whether conditionally upon the regular attendance, good work or conduct or other behaviour of the person employed, or otherwise, to a person employed in respect of his employment or work done in such employment, and includes any bonus or other additional remuneration of the nature aforesaid which would be so payable and any sum payable to such person by reason of the termination of his employment."

The definition goes on to enumerate certain things which are not included in the term "wages" but this part of the definition is not now material.

The Chief Inspector has attempted to interpret this definition in the following sense. "Wages" is to include (a) monthly (or other periodical) sums payable as a *quid pro quo*

for service during the period concerned (this is the common meaning of the term and accordingly the definition does not refer expressly to this item), (b) all remuneration payable as a *quid pro quo* as aforesaid but with a further condition attached, (c) all bonuses or additional remuneration (payable conditionally, as in their nature they must be). Since (a), (b) and (c) are all to be included together in the term "wages," the ordinary meaning of which is represented by (a), therefore (b) and (c) must be equated with (a) and must be made capable of bearing the same meaning, i.e., they must lose their specific attributes and acquire the attributes of (a).

Such an argument is to our mind clearly fallacious.

Again, the Chief Inspector's view implies the following argument, namely, that because the word "wages" as used in the Act is to include for the purposes of the Act certain payments which might not otherwise fall within such designation, all contracts between employers and labour throughout the Province are to be modified by nullifying every condition attached to the payment of any remuneration. This is once more a mere *non sequitur* and clearly fallacious.

We will proceed to analyse the definition with a view to determining its true meaning and effect.

The essential words of the definition are the following :—

"Wages means all remuneration, capable of being expressed in terms of money, which would, if the terms of the contract of employment, express or implied, were fulfilled be payable to a person employed in respect of his employment or of work done in his employment"

The remaining words, excised from this version, are mere amplifications, the purpose of which is to make it plain that payments are no less "wages" within and for the purposes of the Act because they are payable only on the fulfilment of certain specified conditions over and above the bare contract to employ and to serve for a specified period.

It is perfectly plain that the definition is complete and sufficient without the amplifying words inserted *ex abundanti cautela*. It is only the presence of those amplifying words which has misled the Chief Inspector into putting on the definition the interpretation for which he contends. In its simplest form, as given above, the definition cannot possibly be read as intended to modify the conditions of contracts or to do anything more than ensure that every payment forming part of the employee's remuneration is treated as wages for the purposes of the Act.

It is next necessary to turn to section 7 (1) of the Act which enacts that "the wages of an employed person shall be paid to him without deductions of any kind except those authorised by or under this Act."

Having twisted the definition to mean that remuneration subject to a special condition is henceforth to be regarded as if no such condition was attached, the Chief Inspector's argument proceeds that such remuneration must then be payable without any deduction except as allowed by section 7 (1).

In our opinion, all that section 7 (1) enacts is that a payment which is within the definition of wages is to be payable in accordance with the terms on which it is contracted to be paid without deduction except as authorized by the section.

We may take the case of a bonus for good attendance. The terms of the contract in such a case are (in the briefest form) "Serve me a month and I will pay you Rs. X : if during that month you are not absent from duty for more than one day I will pay you in addition Rs. Y."

The bonus of Rs. Y is a payment which (in the words of the definition) "would, if the terms of the contract were fulfilled, be payable." If employee A fulfils the second term of the contract, the employer would become liable to fulfil it too and the payment of Rs. Y would be "wages" within the Act and therefore not subject, e.g., to deduction for fines or to payment in kind.

If, however, employee B does not fulfil the second term of the contract, there is nothing in the definition or the Act which forces the employer to go beyond the contract and pay Rs. Y where the employee has not fulfilled the contract which alone entitles him to such payment. In such a case, the "wages" of employee B for the purposes of the Act are the wages which would be payable if the contract under which they are payable were fulfilled on both sides, i.e., employee B having remained in the service for a month, thus fulfilling *that* contract, is entitled to his wages payable under *that* contract, without deduction, but he is not entitled to the wages which would have been payable under a different contract (or a different term) had he fulfilled such different contract or term by attending duty with only the specified number of days of absence.

The words "if the terms of the contract of employment express or implied, were fulfilled" do not mean that every contract or term of a contract on the part of a workman is henceforth to be deemed to be fulfilled by him whether or not in fact he fulfils it. To declare such a thing would surely require an operative section: it could not be a by-product of a definition clause. What the words mean is that in determining what payments are wages within the Act, regard is to be had to everything which on due performance by the workman of his contract would be payable by the employer under the terms of the contract.

In our opinion, therefore, the interpretation which the Chief Inspector seeks to place upon the definition of "wages" in the Act is incorrect, and the conclusions which he draws misrepresent the legal position and the effect of the Act.

2. It follows from the above that we see nothing inconsistent with the Act in the methods of payment at the mill in which Mr. Stones is interested.

With regard to the U.P. mill to which he refers, we may point out that if it was a case of a genuine differentiation of wage rates based on a specified rate of production or the production of different types of goods, there would, in our opinion, be no contravention of the Act. If, however, the scheme is really to leave the wages of the worker undetermined until the end of the month and permit the employer at the end of the month to pay the worker one of three rates according to his arbitrary judgment of the workers' performance, it would be a mere colourable device for evading the restrictions on the employer's power to fine and deduct from a pre-determined wage and as such illegal. The illegality would not consist in the introduction of differential rates but in the fact that the whole scheme was a mere evasion and amounted to no more than the retention of an arbitrary power to fine.

3. We have considered the particulars of bonuses, etc., supplied by various mills. On the view which we take of the Act, none of the bonuses for good attendance, efficiency, extra production, or work on special machines contravenes the Act.

The only item which appears to us to contravene the Act is the fixed deduction compensated by grain allowance, utilised by the Sholapur Spinning and Weaving Co., Ltd. Apparently in this case, a fixed deduction from the fixed monthly wage of all workers is first made to compensate the company against absence. Such a deduction is now illegal except as permitted by Section 9 of the Act. Then in the case of workers who have not been absent more than a specified number of days, the deduction is replaced by an issue of grain. This is illegal under section 6 of the Act.

We may add that the Inspector is correct when he states in his circular that a deduction of two days' pay for absence on a Saturday or Monday is illegal. This follows from section 9 of the Act.

With regard to the statement that it is illegal to have two rates of pay, one for "good" and one for "bad" work, this is correct where it is a question of a colourable device as in the case of the U.P. mill mentioned above. But if there is a differentiation between specific types or qualities of work, so that it can be said *ab initio* that if certain work is done Rs. X will be paid, and if certain further or better work is done Rs. X + Y will be paid, we do not consider there is any illegality.

4 We do not think that there is any question of Government's overstepping the limits of section 26. That section permits the making of rules by Government. Government has not purported to make any rule on this matter. All that has happened is that the official responsible to administer the Act has expressed his (and no doubt, Government's) view of its effect and has called upon employers to act in accordance with that view. That view may or may not be sound; that is a question to be tested in the proper forum, but the expression of an erroneous opinion by (or through) an official does not render Government guilty of an *ultra vires* act.

5. Nevertheless, we are of opinion that the matter should be taken up with Government and Government should be invited to reconsider the position.

If the opinions expressed in the circular are not disputed, mills neglecting to comply therewith, will find themselves faced with claims under section 15 of the Act. These claims will be adjudicated upon in the first instance by the authority under that section from which an appeal lies only in certain cases and then only to the Small Causes Court or the District Court.

It may be that ultimately it will only be on such a claim that a ruling as to the correct interpretation of the Act will be obtained. We are not aware at present who is the authority appointed under section 15.

It would be preferable to obtain Government's reconsideration of the matter and a suspension of the threat to attempt to enforce the Chief Inspector's views, without the matter being left to be decided by a tribunal perhaps not of first rate legal skill, perhaps on a case selected to enhance the Chief Inspector's chances of success, and perhaps with the weight of Government's considered opinion to contend against.

We return the papers sent to us with your two letters and have kept a copy of the circular.

Copy of circular No. 3344/187, dated the 1st August 1940, from the Association to all members of the Association.

It will be remembered that in a circular letter, dated the 26th November 1937, addressed to all mills in the Province, the Officiating Chief Inspector of Factories, Bombay, expressed the view that, according to his interpretation of the term "wages" (*vide* section 2 (vi) of the Payment of Wages Act) any bonus that may be offered by the employers for good attendance, good work, good production, etc., would become payable whether the conditions attached to the payment of such bonus were fulfilled or not. The Association declined to accept the interpretation attached to section 2 (vi) of the Act by the Chief Inspector of Factories, but no immediate action was taken since it was understood that this question was the subject-matter of an application by the Inspector of Factories, Ahmedabad, to the City Sub-divisional First Class Magistrate of Ahmedabad, against the Manager of the Arvind Mills.

The facts of the case connected with this particular application were : the Arvind Mills were paying a regular attendance bonus to their pieceworkers and doffer boys for full work attendance. In each case, the bonus, according to the mill, was payable *only* if the operatives put in *full* attendance in the week or *hapta*, and the rate boards put up by the mills under the Act set forth this condition. The Inspector of Factories appears to have held that under section 2 (vi) of the Act, the mill would not be justified in withholding the full amount of the regularity attendance bonus even if the operatives did not put in full attendance, and he further appears to have contended that the bonus offered would become payable irrespective of whether the conditions attached to it were fulfilled or not. As the mill company in question refused to accept the Inspector's interpretation of the section, the matter was taken up, as stated above, by the Inspector of Factories, and an application was filed by him before the City Sub-divisional Magistrate of Ahmedabad.

The City Sub-divisional Magistrate upheld the point of view of the Inspector of Factories and this was further confirmed, on appeal, by the Assistant Sessions Judge of Ahmedabad. The mill company, however, made an application for revision before the High Court, and I enclose herewith for ready reference a copy of the judgment issued by the Chief Justice and by Mr. Justice Wassoodew.

The judgment now enclosed makes it quite clear that bonus will not become a part of the wages nor be payable unless the conditions attached to it are fulfilled by the operatives. In this connection I must make it clear that this decision only applies to bonus of the type referred to at the beginning of this letter and has no reference whatsoever to a system of bonus which contemplates remuneration *in kind* if certain conditions were fulfilled.

Copy of judgment delivered by the Chief Justice and Mr. Justice Wassoodew in Civil Revision Application No. 337 of 1939 (with Civil Revision Application No. 338 of 1939), dated 5th July 1940.

These are two revisional applications which call in question an order made by the 1st class Sub-Divisional Magistrate, Ahmedabad, under section 15 of the Payment of Wages Act, 1936. The learned Magistrate's decision was upheld by the Assistant Judge, Ahmedabad.

The short point is this. The Arvind Mills, Ltd., who are the applicants carry on the business of the manufacture of yarn and cloth at Ahmedabad, and they employ workmen at their mills, some of whom are paid by the piece, and some by time. The mill authorities recently introduced a scheme for paying a bonus to workmen. In the case of workmen paid by the piece the scheme is that any workman who turns out within a week the number of pieces set opposite the quality of the cloth in a published list will be paid a bonus of four annas for each week of 6 days. In the case of time workers the scheme seems to be that the workers are employed for a *hapta*, which means a time period of 16 days at certain remuneration, and the scheme provides that the bonus of a specified amount will be paid to any worker who attends through the whole of the *hapta* ; if he is absent for any day of the first 8 days he loses half the bonus, and if he is absent for any day of the other eight days he loses the rest of the bonus. The scheme is obviously intended to encourage regular and quick work. The result of the learned Magistrate's decision is, not to declare the bonus scheme unlawful under the Payment of Wages Act, but to affirm that the bonus is payable, not only to those who come within the terms of the scheme, but to all other employees of the applicants. That seems on the face of it a rather remarkable conclusion, at which to arrive. *Prima facie* an employer is not bound to pay for work which has not been done, and an employee is not entitled to receive payment which he has not earned. However, the question is whether the decision which the learned Magistrate has arrived at is in conformation with the Act.

Now, the Act recites that it is expedient to regulate the payment of wages to certain classes of persons employed in industry. Then under section 2, there are various definitions,

including a definition of "wages" and seems the argument of the respondent, which prevailed in the Court below turns on that definition, I will come back to it after noticing the general scheme of the Act, section 3 provides that every employer shall be responsible for the payment to persons employed by him of all wages required to be paid under the Act. Section 4 requires wage-periods to be fixed, and section 5 deals with the time of payment of wages. Section 6 provides that all wages shall be paid in current coin or currency notes or in both. Section 7 provides that the wages of an employed person shall be paid to him without deduction of any kind except those authorised by or under the Act, and the rest of the section authorises certain deductions. Section 8 deals with fines, and section 9 deals with deductions for absence from duty, the effect of this section being to provide that the deductions from the wages shall be proportionate to the period of absence from work. So that if a man is absent for one day out of 8, he can only lose one-eighth of his wages and the employer cannot make a greater deduction because of the inconvenience occasioned to him by the absence. The latter sections deal with deductions for damage caused by neglect or default of the employed person and other deductions. Section 23 prohibits an employed person from contracting himself out of the rights conferred by the Act so that the general purpose of the Act appears to be to provide that employed persons shall be paid their wages in a particular form and at regular intervals and without any unauthorised deductions. But apart from the definition of "wages" to which I will now refer, there is nothing in the Act to suggest that the workman is to be paid wages which under the terms of the contract of employment have not been earned.

Now, the definition of "wages" in section 2 is this: "wages" means "all remuneration capable of being expressed in terms of money, which would if the terms of the contract of employment, expressed or implied, were fulfilled, be payable, whether conditionally upon the regular attendance, good work or conduct or other behaviour of the person employed, or otherwise, to a person employed in respect of his employment or of work done in such employment, and includes any bonus, or other additional remuneration of the nature aforesaid which would be so payable and any sum payable to such person, by reason of the termination of his employment." The argument on behalf of the respondent is that "wages" under that definition means potential wages and not actual wages; that the words "all remuneration which would, if the terms of the contract of employment were fulfilled, be payable" include in wages sums capable of being earned under the contract; and that inasmuch as every workman might earn the bonus, the bonus forms part of the wages of all the workmen. That argument appealed to both the lower courts, who took the view that the "wages" as defined were not wages actually earned but wages capable of being earned. No doubt on the language of the definition there is something to be said for that view, but it has to be observed that under the opening words of section 2 the definitions only apply if there is nothing repugnant in the subject or context. It seems to me that the word "wages" as used in most, at any rate, of the sections of the Act, plainly does not mean potential wages, but wages earned. Section 5, for instance, provides that the wages of every person employed shall be paid before a particular date. That must clearly mean wages earned, though curiously enough in sub-section (2) the expression "wages earned" is actually used in connection with wages of men whose employment has been terminated. Section 7 which is the section under which it is suggested that the bonus cannot be deducted because it forms part of the wages, in my opinion, plainly refers to wages earned. It says: "The wages of an employed person shall be paid to him without deduction of any kind." That cannot mean that wages which may be earned, but have not been earned, shall be paid without deductions. The expression "wages" there must mean "wages earned."

Even if, therefore, the bonus falls within the definition of wages, I am of opinion that there is nothing in the Act to prevent its deductions if not earned. But, in my opinion, taking the definition in conjunction with the rest of the Act, it does not embrace potential wages. The expression "remuneration, which would, if the terms of the contract were fulfilled be payable" seems to me to mean no more than "remuneration payable on the fulfilment of the contract." In my judgment the bonus never became payable to the employees who did not earn it under the terms of the bonus scheme, and the judgment of the lower courts were wrong and these revisional applications must be allowed with costs throughout.

(Per Wassoodew, J.) I agree.

APPENDIX 12.

INDUSTRIAL HEALTH ADVISORY BOARD, BOMBAY : MEDICAL EXAMINATION
OF INDUSTRIAL WORKERS

Copy of letter No. 2288, dated the 22nd August, 1940, from the Secretary, Industrial Health Advisory Board, Bombay, to the Association.

Under instructions from the Chairman of the Industrial Health Advisory Board, I forward herewith 75 copies of circular appeal for co-operation to industrial employers for favour of distribution to individual members of your Association.

Copy of circular appeal for co-operation dated the 23rd August, 1940, from the Industrial Health Advisory Board, Bombay, to Industrial Employers in Bombay.

In October 1939, the Government of Bombay constituted Industrial Health Advisory Boards for Bombay, and Ahmedabad, the functions assigned to the Boards being to advise the Labour Welfare Department in all its health activities.

On the health side the programme of the Department embraces the following among other activities :—

1. Spread of education regarding health matters.
2. Advice to workers regarding the maintenance and improvement of health.
3. Planning of physical culture, sports and indoor games.
4. Study of hygienic conditions in the labour areas and suggestions for their improvement.
5. Preparation of suitable literature to spread knowledge of basic information regarding personal health and public hygiene.
6. Preparation of slides, films, charts, etc., for visual instruction on health matters.
7. Periodical medical examination of workers in factories.
8. Periodical medical examination of the workers visiting the centres.
9. Periodical medical examination of dependents of workers in their places of residence.
10. Health visiting for reform of conditions in individual working class tenements.

The Industrial Health Advisory Board has come to the conclusion that while other activities may be pursued, attention should be concentrated immediately on the question of medical examination of *workers' families*.

The medical examination will show to what extent each *individual worker* is suffering from any disease or deficiency and steps can then be taken to provide the necessary relief, and to give to the workers useful advice in this matter.

The Medical Sub-Committee of the Industrial Health Advisory Board has worked out after careful consideration of all aspects of this question a scheme of medical examination, and had devised forms, separate for men and women, to record the information collected by the examining doctors. The approximate cost of this examination has been estimated to be Rs. 60 for a group of 300 workers.

It is hoped that as a result of this Industrial Medical Survey, the health of the workers will benefit and their efficiency will improve considerably.

The Labour Welfare Department has limited financial resources to put into effect its various activities and this appeal is circulated to industrial employers for their financial assistance and co-operation in carrying out this scheme of medical examination of industrial

workers. The cost to the individual employer will be about Rs. 60 for a group of 300 workers, as already mentioned.

The scheme has been formulated on the assumption that help and co-operation of the industrial employers in the city will be forthcoming in adequate measure in view of the humanitarian as well as the industrial aspect of the proposals.

This letter is being addressed to you in the hope that the Committee will have your assistance in applying the scheme to the workers employed in your establishment and that the requisite means will be made available to the Committee for this purpose.

Copy of letter No. 3705/181, dated the 27th August 1940, from the Association to the Industrial Health Advisory Board, Bombay.

I am in receipt of your letter dated the 22nd instant and 75 copies of the circular appeal issued by your Board. The whole question is at present being considered by the Committee, and pending their final instructions in the matter, I am not circulating your appeal to our members. I shall, however, write to you again when my Committee's decisions in this matter are available.

Copy of letter No. 3991/181, dated 18th September 1940, from the Association to the Industrial Health Advisory Board, Bombay.

I am directed to refer to your letter No. 2288, dated the 22nd August, 1940, in connection with the medical examination of workers at the expense of the employers. According to the memorandum which accompanied your letter, the function of the Board is "to advise the Labour Welfare Department in all its health activities." The proposed medical examination, the memorandum adds, "will show to what extent each individual worker is suffering from any disease or deficiency," and it is then stated "steps can then be taken to provide the necessary relief, and to give to the workers useful advice in this matter." "It is hoped," the memorandum further adds, that "as a result of this Industrial Medical Survey, the health of the workers will benefit and their efficiency will improve considerably."

The approximate cost of this examination has been estimated to be Rs. 60 for a group of 300 workers, and the scheme appears to have been formulated on the assumption that the help and co-operation of industrial employers in the city will be forthcoming.

My Committee have given their most careful consideration to this matter, and they cannot agree to the suggestion that the cost of a medical examination of this character should be met by employers. My Committee would also like to point out that cotton mill employers in Bombay have already provided medical facilities which are freely resorted to by their workers.

My Committee agree that it would be desirable to improve the health and efficiency of workers generally in India, but this could hardly be achieved by the proposed examination since where health and physical condition is defective, medical or other treatment is a natural corollary, otherwise the money spent on the proposed examination would be wasted.

Copy of circular No. 3992/181, dated the 18th September 1940, from the Association to all mills in Bombay.

I enclose herewith for your information copy of my letter No. 3991/181, dated the 18th September 1940, addressed to the Secretary of the Industrial Health Advisory Board, Bombay, who had put forward a scheme for a systematic medical examination of workers at the cost of the employers. In case you receive any communication from the Industrial Health Advisory Board direct requesting you to conduct such medical examination, you are requested to state that the Millowners' Association, Bombay, have already dealt with this matter on behalf of all their members, and that you entirely agree with the views expressed by them.

APPENDIX 13.

DEARNESS ALLOWANCE AND STRIKE.

Copy of Bombay Government, Political and Services Department, Notification No. 3590/34-I, dated the 4th February 1940.

In exercise of the powers conferred by section 23 of the Bombay Industrial Disputes Act, 1938 (Bom. XXV of 1938), the Government of Bombay is pleased to constitute a Board of Conciliation consisting of:—

Sir Sajba Shankar Rangnekar (*Chairman*),

Mr. J. C. Setalvad,

Mr. A. S. Trollip,

Mr. Jamnadas M. Mehta, M.A., Barrister-at-Law, M.L.A., and

Mr. S. C. Joshi, M.L.C.,

for promoting a settlement of an industrial dispute which has arisen between the management of the New China Mill, Bombay, and their employees regarding the demand for a change in the scale of wages to neutralise the rise in the cost of living.

Copy of Bombay Government, Political and Services Department, Notification No. 3590/34-II, dated the 4th February 1940.

In exercise of the powers conferred by sub-section (1) of section 39 of the Bombay Industrial Disputes Act, 1938 (Bom. XXV of 1938), the Government of Bombay is pleased to refer to the Board of Conciliation constituted under Government Notification, Political and Services Department, No. 3590/34-I, dated the 4th February 1940, the industrial dispute which has arisen between the management of the New China Mill, Bombay, and its employees regarding the demand for a change in the scale of wages to neutralise the rise in the cost of living.

Copy of letter No. 13, dated the 8th February, 1940, from the Secretary, Board of Conciliation in the New China Mill Dispute, Bombay, to the Association.

With reference to P. and S. D. Notifications Nos. 3590/34-I and II, dated 4th February 1940, in the *Bombay Government Gazette Extraordinary*, constituting a Board of Conciliation for promoting a settlement of the industrial dispute which has arisen between the management of the New China Mill and their employees regarding the demand for a change in the scale of wages to neutralise the rise in the cost of living and to which dispute the employers who are engaged in the cotton textile industry and are members of the Bombay Millowners' Association are a party by virtue of their being affected by such change in consequence of an intimation having been given under sub-section (2) of section 29 of the Bombay Industrial Disputes Act, 1938, I am directed by the Chairman and members of the Board to request you to appear before the Board with all your evidence at 11 a. m. on Thursday, 8th February 1940, at the Council Hall, Bombay.

Copy of Statement submitted by the Association to the Board of Conciliation on 12th February 1940.

The main problem before the parties appearing before the Board is to find a fair and equitable solution of the difficulties which have been caused to the cotton mill workers of

Bombay by the rise in the cost of living which has recently occurred owing to the influence of the war.

The mill industry's ability to assist towards the effective solution of the problem obviously depends on its financial position, but we wish to make it clear that no moral responsibility rests on the industry to raise the cash level of wages to meet each and every change in the cost of living when the changes in the cost of living are brought about by circumstances entirely beyond the industry's control. The Board is doubtless aware that the position of the industry in Bombay is by no means happy. Immediately before the war, every mill in Bombay had the greatest difficulty in disposing of its output and such sales as were made were at prices which did not cover the cost of manufacture; stocks had risen to very high levels; many mills had already curtailed or were on the point of curtailing production; and the Association was contemplating the removal of at least a portion of the 12½ per cent. advance in wages granted in February 1938, as a result of the interim recommendations of the Textile Labour Inquiry Committee.

The outbreak of war eased the situation to the extent that deliveries against old orders increased, and the burden of stocks was lightened, but the prices realised for new transactions did not cover the increase in raw cotton costs and the increase in the prices of mill stores. Before the end of December the position had again deteriorated, stocks increased substantially and prices had again receded. To-day, the industry is again faced with inadequate demand for cloth and unremunerative prices.

Nevertheless, the millowners, mainly in the hope that the position will improve in the months to come, are prepared with retrospective effect from 1st February, to restore to the workers their pre-war living standard, provided that the cost of living is assessed on the Government working class cost of living index figures, and not on unofficial figures collected and compiled by interested parties. The cost of living index numbers show that from a pre-war level of 106 the index number had risen to 114 by the middle of January, since when it is understood to have fallen appreciably. The rise in the cost of living is, therefore, approximately 7½ per cent. against a normal fluctuation in the immediate pre-war years of 3 per cent. to 4 per cent. It is the view of the millowners that in the interests of all concerned, as far as practicable, increases in the cost of living should be met otherwise than by cash increases in wages, which would merely accentuate the tendency for commodity prices to rise. The Government of Bombay apparently hold similar views since they have opened a number of cheap food shops in the city for the purpose of keeping the cost of living within reasonable bounds. The conciliation proceedings in Ahmedabad have also established the principle that at least the greater part of the rise in the cost of living should be met in kind rather than in cash.

During the months of December and January, the mills in Bombay, acting on the advice of the Association, opened shops selling grains and other necessaries of life at pre-war prices to take care of the rise in the workers' cost of living. The whole of the losses on the sales in these shops were borne by the mills. If fully availed of, these shops would have brought the cost of living to within one or two per cent. of the pre-war cost, and any cash allowance to be paid to make up the deficiency would have been comparatively small.

It has been understood from the leaders of the Red Flag Union that while they are not prepared to accept pre-war price shops, they would welcome cost-price shops, and they ask the millowners to make a change-over and sell at cost instead of pre-war prices. Cost price shops would bring down the cost of living to 110 or less than 4 per cent. over pre-war, and this amount the millowners are prepared to make up in cash.

In order to ensure peace in the industry, the Association's Committee are in fact prepared to recommend mills to go even further and give the whole 7½ per cent. in cash in addition to affording facilities for the purchase of foodstuffs at wholesale cost prices, it being understood that the cash allowance equal to 7½ per cent. would be converted into a flat

rate payment per day of full work for men and a lower flat rate payment per day for women in the following manner :—

- (a) Adult males except doffer boys and creelers . . . 1½ annas per day of full work and attendance.
- (b) All women workers 1 anna per day.
- (c) All doffer boys and creelers 1 anna per day.

The lower flat rate in the case of women is essential because mills are compelled to employ more women than are necessary, as individual women do not put in a full day's work.

This recommendation will be made on the distinct understanding that no further demand for an increase in cash wages shall be made for a period of at least six months unless the working class cost of living index rises beyond 125 for a consecutive period of three months. The millowners would similarly be asked to agree that no demand should be made by them for the removal of the dear food allowance for a period of six months unless the official cost of living index number fell below 110 for a consecutive period of three months.

This recommendation is undoubtedly generous considering the facts of the case. It amounts to the employer granting an advantage of approximately 12½ per cent. (7½ per cent. in cash and 5 per cent. by way of cheap grains) to cover a 7½ per cent. increase in the cost of living and that at a time when mills are unable to sell their output and unable to realize remunerative prices.

Copy of circular No. 945/52, dated the 26th February 1940, from the Association to all mills in Bombay.

At to-day's urgent general meeting of the members of the Association, the following resolutions were proposed by Mr. T. V. Baddeley (Chairman) and seconded by Mr. Neville N. Wadia (Deputy Chairman) and passed unanimously :—

RESOLVED :—

- “(1) That the rate of dear food allowance recommended by the majority of the Board of Conciliation be accepted and given effect to by cotton mill members in Bombay City and Kurla with effect from 1st December, 1939.
- (2) That the allowance should continue to be paid at 2 annas per full working day, as recommended, so long as the Bombay Working Class Cost of Living Index Number, as at present compiled by the Government Labour Office, ranges between 105 and 123.
- (3) That, if the above-mentioned Cost of Living Index Number remains below 105 or exceeds 123 for a continuous period of three calendar months, the question of making adjustments in the rate of allowance should be discussed at a further meeting of members duly convened for the purpose, and pending such meeting, no individual action be taken to reduce or to increase the allowance.
- (4) That the grain shops which were recently established in mills should continue to sell the grains and other necessities of life listed by the Association, at cost prices without any profit to the mills.”

FURTHER RESOLVED :—

“That the Committee of the Association be empowered to take such steps as may be considered necessary to give effect to the above resolutions.”

Following the urgent general meeting, the Committee of the Association met and arrived at the following decisions :—

- (1) That the dear food allowance should also be paid to *badli* workers for the days on which they worked during the months of December and January, and should become payable for the days worked from 1st February onwards.
- (2) That the dear food allowance of 2 annas per day should be paid to the clerical staff and watch and ward staff employed at the mills, but that payment of any dear food allowance to the clerical staff at the Agents' office should be entirely within the discretion of the Agents.
- (3) That mills should make the payments of the allowances due for December 1939, and January 1940, as under :—
 Ticket Day—Monday, the 4th March 1940.
 Payment—Tuesday, 5th March 1940.
- (4) That the new grain shop price list, applicable to the purchases from 1st February 1940, be compiled and sent to mills.
- (5) That mills be instructed to make payments of the allowances due to workers who might have left services, on presentation of substantiated claims on future unclaimed wages pay-days.

Your particular attention is invited to the above decisions and especially to the decision regarding the date of payment of the allowance for December and January.

Copy of letter No. 966/52, dated the 27th February 1940, from the Association to the Chief Secretary to the Government of Bombay.

I am directed to inform you that, at an urgent general meeting of millowners held in the rooms of the Association on Monday, the 26th February 1940, the following resolutions were unanimously agreed to :—

RESOLVED :—

- “(1) That the rate of dear food allowance recommended by the majority of the Board of Conciliation be accepted and given effect to by cotton mill members in Bombay City and Kurla with effect from 1st December, 1939.
- (2) That the allowance should continue to be paid at 2 annas per full working day, as recommended, so long as the Bombay Working-class Cost of Living Index Number, as at present compiled by the Government Labour Office, ranges between 105 and 123.
- (3) That, if the above-mentioned Cost of Living Index Number remains below 105 or exceeds 123 for a continuous period of three calendar months, the question of making adjustments in the rate of allowance should be discussed at a further meeting of Members duly convened for the purpose, and pending such meeting, no individual action be taken to reduce or to increase the allowance.
- (4) That the grain shops which were recently established in mills should continue to sell the grains and other necessities of life listed by the Association, at cost prices without any profit to the mills.”

FURTHER RESOLVED :—

“That the Committee of the Association be empowered to take such steps as may be considered necessary to give effect to the above resolutions.”

It may be noted that all working mills in Bombay were represented at the meeting with the exception of :—

- (a) The Raghuvanshi Mill (Non-Member Mill) ;
- (b) The Dhanraj Mill (Member Mill)
- (c) The New China Mill (Member Mill) ;
- (d) The Standard Mill (Member Mill) ; and
- (e) The Dawn Mill (Member Mill).

The Raghuvanshi Mill will be asked to comply with the decisions taken at the meeting, and the other mills may be expected to fall into line as they are members, and two of them are already on the Committee.

Following the urgent general meeting, the Committee of the Association met, and the following decisions were taken :—

- (1) That the dear food allowance should also be paid to *badli* workers for the days on which they worked during the months of December and January, and should become payable for the days worked from 1st February onwards.
- (2) That the dear food allowance of 2 annas per day should be paid to the clerical staff and watch and ward staff employed at the mills, but that payment of any dear food allowance to the clerical staff at the agents' office should be entirely within the discretion of the agents.
- (3) That mills should make the payments of the allowances due for December 1939, and January 1940, as under :—
 - Ticket Day—Monday, the 4th March 1940.
 - Payment—Tuesday, 5th March 1940.
- (4) That a new grain shop price list, applicable to the purchases from 1st March, 1940, be compiled and sent to mills.
- (5) That mills be instructed to make payments of the allowances due to workers who might have left services, on presentation of substantiated claims on future unclaimed wages pay-days.

All mills in Bombay have already been advised of the texts of the resolutions passed at the general meeting and at the special meeting of the Committee which followed it, and the new grain shop price list mentioned in Committee resolution No. 4 has already been sent to all mills.

The decisions taken at the general meeting were conveyed to the operatives by leaflets and by posters yesterday. Copies of the leaflets and posters are enclosed herewith for your information. The Marathi posters were put up in all the more important departments in all mills, and 40,000 Marathi leaflets were distributed to the operatives before they left the mills in the evening.

Copy of letter No. 980/52, dated the 27th February 1940, from the Association to the Chief Conciliator, Bombay Industrial Disputes Act, Bombay; the Registrar, the Industrial Disputes Act, Bombay; and the Government Labour Officer, Bombay.

Following the publication of the Report of the Board of Conciliation in the *Government Gazette*, an urgent general meeting of millowners was held in the rooms of the Association on

Monday, the 26th February 1940, and the following resolutions were unanimously agreed to :—

RESOLVED :—

- “ (1) That the rate of dear food allowance recommended by the majority of the Board of Conciliation be accepted and given effect to by cotton mill members in Bombay City and Kurla with effect from 1st December, 1939.
- (2) That the allowance should continue to be paid at 2 annas per full working day, as recommended, so long as the Bombay Working-class Cost of Living Index Number, as at present compiled by the Government Labour Office, ranges between 105 and 123.
- (3) That, if the above-mentioned Cost of Living Index number remains below 105 or exceeds 123 for a continuous period of three calendar months, the question of making adjustments in the rate of allowance should be discussed at a further meeting of Members duly convened for the purpose, and pending such meeting, no individual action be taken to reduce or to increase the allowance.
- (4) That the grain shops which were recently established in mills should continue to sell the grains and other necessaries of life listed by the Association, at cost prices without any profit to the mills.”

FURTHER RESOLVED :—

“ That the Committee of the Association be empowered to take such steps as may be considered necessary to give effect to the above resolutions.”

All mills in Bombay have already been advised of the texts of the resolutions passed at the general meeting. A list of the mills which have agreed to be bound by the resolutions passed on the 26th will be forwarded to you at an early date.

The decisions taken at the general meeting were conveyed to the operatives by leaflets and by posters yesterday. Copies of the leaflets* and posters* are enclosed herewith for your information. The Marathi posters are understood to have been put up in all the more important departments in all cotton mills and on the notice board at the timekeeper's office, and 40,000 Marathi leaflets containing the text of the notices were distributed to the operatives before they left the mills in the evening.

Copy of circular No. 982/52, dated the 28th February 1940, from the Association to all mills in Bombay.

Further to my letter No. 945/52, dated the 26th instant, as a number of enquiries have been received regarding the calculation of the dear food allowance to clerical staff and other monthly paid staff entitled to the allowance, I am directed to explain that the dear food allowance should be calculated according to the number of full working days put in by the individual concerned.

Copy of letter No. P-116 (1)-E, dated the 9th March 1940, from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.

I am directed to address you in the matter of the present dispute in the textile industry. Government has been closely watching the progress of this dispute and is anxious that no justifiable step should be left untried which might contribute towards an early settlement, and end a stoppage of work that is causing loss to the workers, the industry, and the public. The dispute has arisen over the amount of a “dearness allowance” intended to

* Not printed.

compensate workers for a rise in the cost of living, and the millowners have already agreed to accept the recommendations of the Conciliation Board. But although the dispute has arisen out of that question Government has little doubt that a contributory factor is the desire on the part of the worker to share in the profits which it is the general belief will accrue to the industry in consequence of war conditions.

2. In the view of Government it is a legitimate expectation of labour that if large profits are made by the industry as a result of the war labour should share in them. I am therefore to enquire of your Association, whether it is willing to give an undertaking to Government that the owners will be prepared to give a war bonus to their workers, if increased profits are made by the industry as a result of war conditions, as soon as the extent of these profits has been determined.

Copy of letter No. 1245/52, dated the 15th March 1940, from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department.

I am directed to acknowledge the receipt of your letter No. P-116(1)-E, dated the 9th March, in which you state that it is Government's view that it is a legitimate expectation of labour that if large profits are made by the (cotton) industry as a result of the war, labour should share in them. You further enquire as to whether the Association is willing to give an undertaking to Government that the owners will be prepared to give a war bonus to their workers, if increased profits are made as soon as the extent of these profits has been determined.

2. At the outset, I am to express my surprise that Government's letter which raises issues of such far-reaching importance should have been published in the Press before it could be placed before the Committee of the Association. Nevertheless, your letter has received the very earnest consideration of my Committee. They greatly appreciate the efforts which have been made and are being made by Government to re-establish peaceful working in the industry. The ostensible cause of this unfortunate and uncalled for strike is the workers' unwillingness to accept the allowance, recommended by a Board of Conciliation appointed by Government and put into effect by the Millowners' Association, to meet the rise in the cost of living; but the real cause is undoubtedly the unwarranted anticipations raised in the minds of the workers by the extravagant demands made on their behalf by the leaders of the Girni Kamgar Union (Red Flag), and the false hopes these leaders had engendered of wringing some further concession from the millowners by direct action.

The position of the industry before the outbreak of the war was so bad that the Association would have been justified in making a demand for the removal of the increment in wages granted in 1938 following the Interim Report of the Textile Labour Inquiry Committee, on the ground that the profits which they held warranted the payment of that increase had disappeared. After the war broke out, the situation of the industry did not improve, but instead of being able to take up the question of the removal of the "interim increments," the Association was called on to face the demand for a dear food allowance. It was in these adverse circumstances that the decision was taken not only to continue the burden of the interim increases but also to shoulder the further impost of a dear food allowance which the acceptance of the recommendations of the Board of Conciliation involved, although my Committee did not agree with them. My Committee have no doubt that Government will concede that in making this decision the millowners went to the utmost limit possible.

3. In the letter under consideration, Government ask for an undertaking from the Association that the owners will be prepared to give a war bonus to their workers if increased profits are made as a result of war conditions, but in leading up to this request, Government's letter also referred to the wider principle of profit-sharing. My Committee do not think that Government intended to raise this larger issue, since it would not be fair to raise such an issue with reference to a particular industry located in a particular centre, especially when that industry is passing through a critical time, which has been aggravated by a wanton strike. If such a principle is at all to be considered, it should be considered not only in relation to the mill industry in Bombay, but also in other centres as also with reference to all other

industries in the country. My Committee feel it necessary to indicate that the principle of allowing employees a share at times when abnormal profits are made would similarly entitle employers to demand that workers should accept the logical corollary of a reduction in wages at a time when losses are incurred and which labour has not agreed to in the past.

4. My Committee believe that Government's sole intention was to inquire whether the Association would be prepared to give an undertaking to pay a war bonus if large profits were made as a result of the war. If this is so, my Committee desire to invite the attention of Government to the record of the Bombay cotton mill industry during and immediately following the last war, when very large sums were paid out of war profits to meet the cost of dearness allowances and for the payment of bonuses on scales unequalled by other industries or by other centres in this country. My Committee need not remind Government of the difficulties and strikes the industry had to face when these war bonuses had to be discontinued, or of the fact that the substantial dearness allowances so paid had to be maintained in full by the industry for a period of more than twelve years, although the reasons which led to their grant had disappeared, and despite the fact that the industry was continuously making losses which had in consequence to be borne entirely by shareholders and managing agents, and in some cases led to the complete scrapping of the mills.

5. The question of a war bonus raised by Government is more or less of an academic character, which can only be dealt with satisfactorily as and when increased profits due to war conditions have been made. The discussion of such a question at this stage and the giving of an undertaking as desired by Government in regard to the distribution of profits which have yet to accrue at some future day, and which may not accrue at all, would create false hopes in the minds of the workers, and thus instead of leading to the restoration of peaceful conditions in the industry, would undoubtedly lead to a state of continued unsettled conditions. Government will, therefore, appreciate the Association's difficulty in giving a categorical undertaking of the kind indicated in your letter. All that the Association can do at this stage is to request Government to bear in mind the record of the industry in this matter during the last war. The Association, consistently with its desire to give a square deal to labour, would be prepared to give an assurance to Government that the cotton mill industry in Bombay would consider sympathetically any reasonable proposal for the grant of a war bonus or allowance, if the industry were to make profits on the same scales as those made in the years 1918 to 1921 inclusive, provided similar assurances were obtained from all other large-scale industries throughout the country. My Committee wish to make it clear, however, that before making appropriations for the grant of war bonuses or allowances, it would be necessary to take into consideration not only the levels of increments in wages and other taxations then in operation, and the claims of the shareholders for an adequate return on their investments, but also the fact that a very large section of the industry in Bombay has for many years only been able to make meagre allowances for depreciation, renewals and replacements of machinery, and has in addition very large capital and funded debts and other liabilities to discharge. The maintenance of the industry on a sound footing demands that adequate provision should be made for these factors as soon as sufficient profits begin to accrue.

6. Finally, my Committee would like to make it clear that the payment of bonuses must be taken as symbolic of a state of goodwill existing between employers and employees. Direct action of the type taken by the workers at the instigation of the Red Flag Union following the decision of the industry to accept the recommendations of the Board of Conciliation is hardly calculated to promote the growth of such goodwill.

Copy of letter No. 302/40, dated the 11th March 1940, from the Bombay Provincial Congress Committee to the Association.

We are herewith sending you the copies of the correspondence* that has passed between us and the G. K. U. The correspondence explains the Congress attitude on the subject of this unfortunate strike.

*Not printed.

We have to appeal to you in the same terms as we have appealed to the labour leaders to rise to the occasion and adopt a line of action which will end this unfortunate strike as soon as possible.

Copy of letter No. 1189/52, dated the 12th March 1940, from the Association to the Bombay Provincial Congress Committee, Bombay.

I am writing to acknowledge the receipt of your letter No. 302/40, dated the 11th March 1940, with which were enclosed a copy of a letter dated the 8th March addressed to you by the Bombay Girni Kamgar Union (Red Flag) and a copy of your reply to that communication, dated 10th March 1940. My Committee appreciate your courtesy in sending copies of these two letters for their consideration. In reply, I am to point out that my Committee, from the very commencement of the war, have adopted a line of action calculated to remove any hardships arising out of the increases in prices which have occurred as a result of the war. By accepting *in toto* the well-considered recommendations of the Board of Conciliation, which was presided over by an impartial and independent former High Court Judge, my Committee feel that they have done all they could to meet the requirements of the situation, and the position of the Association and the industry it represents has been made very clear in the speech of the outgoing Chairman at the annual general meeting of the Association held yesterday, the 11th March 1940.

Copy of letter No. 315/40, dated the 14th March 1940, from the Bombay Provincial Congress Committee, to the Association.

We have received your letter No. 1189/52, dated the 12th March 1940, in reply to ours.

We have since received a copy of the speech delivered by Mr. T. V. Baddeley at the annual general meeting of the Association.

By now you are aware of the attitude which both the Congress in the city and the Municipal Corporation have taken on the subject of this unfortunate deadlock in the textile industry. Your letter does not say anything about the remedy of arbitration that we have suggested in our letter to the representatives of labour. We shall, certainly, be interested to know your Association's view on this suggestion.

Copy of letter No. 1249/52, dated the 15th March 1940, from the Association to the Bombay Provincial Congress Committee, Bombay.

I am directed to acknowledge the receipt of your letter No. 315/40, dated the 14th March 1940, and in reply to say that the decision to give effect to the recommendations of the Board of Conciliation represents the Association's final word in this matter, and that that being the case there is no scope for arbitration as suggested in your letter.

Copy of letter No. 10210, dated the 14th March 1940, from the Mayor, Municipal Corporation, Bombay, to the Chairman of the Association.

I have the honour to forward herewith for your information the accompanying Resolution passed by the Municipal Corporation of Bombay at their meeting, held on the 13th March 1940, with reference to the situation arising out of the strike of textile workers in the city.

2. I am also to point out that grave concern was expressed by various speakers at the meeting at the situation which if allowed to develop further would mean considerable harm to the industry and untold hardship to a large number of citizens. I am therefore desired by the Corporation to press upon your Association the urgent need of arriving at an

early settlement and ending the present unfortunate deadlock by mutual adjustment or by referring the matters in dispute to independent arbitration.

3. I am to add that I shall be glad to discuss the present situation and the means of ending the deadlock with yourself and such other representatives as your Association might decide to depute in my room at the Municipal Head Office at 4 p.m. (Bombay Time) to-morrow, Friday, the 15th March 1940.

I shall be glad to hear from you whether the above time and place will be suitable.

Copy of Corporation Resolution No. 1275, dated the 13th March 1940.

"That the Corporation view with grave concern the prevalence of general strike of mill workers in the city inasmuch as the continuance of such a big strike involving unemployment of 160,000 people for any length of time must in the end result in harming the industry in inflicting great hardship and sufferings upon the workers and in affecting the general prosperity and even health of the City.

"2. That the Corporation, therefore, request His Worship the Mayor to approach the representatives of the Millowners' Association and of the workers concerned and to impress upon them the urgent need of arriving at an early settlement and ending the present unfortunate deadlock by mutual adjustment or by referring the matters in dispute to independent arbitration."

Copy of letter No. 1248/52, dated the 15th March 1940, from the Chairman of the Association to His Worship the Mayor, Municipal Corporation of Bombay.

I have the honour to acknowledge the receipt of your letter No. 10210, dated the 14th March 1940, forwarding copy of a resolution passed by the Municipal Corporation of Bombay at their meeting held on 13th March 1940.

I greatly appreciate your anxiety as also the anxiety of the Corporation to prevent any unnecessary harm being done to the industry and to the city of Bombay by a prolongation of the present uncalled for strike. The circumstances which led to the strike are well known, and at every stage, the Association has made its position perfectly clear. For ready reference, I enclose a copy of the retiring Chairman's speech* delivered at the annual general meeting of the Association held on Monday last, the 11th instant. It is the considered opinion of my Committee that the Association's attitude in the present strike has been extremely generous and that the millowners have gone to the utmost limit possible in accepting in their entirety the recommendations of the Board of Conciliation appointed by Government, particularly when it is remembered that less than two years before, wages had been increased by 12½ per cent. following the Interim Report of the Textile Labour Inquiry Committee. In the opinion of my Committee, the question of dear food allowance has been very carefully gone into by a competent body of persons, presided over by a former Judge of the High Court, and there is absolutely no scope for arbitration as suggested in your letter. If, despite this final decision of the Association, Your Worship still desires to meet the representatives of the Association, the Deputy Chairman and I, with the Secretary, will see you at a time and place to be settled by telephone.

Copy of circular No. 1228/52, dated the 14th March 1940, from the Association to all mills in Bombay.

A number of mills have recently made inquiries as to the procedure which should be followed in regard to payment of wages and dear food allowances which were unclaimed by

*Not printed.

the workers on the payment days previously specified. This matter was considered by the Committee of the Association at a meeting this morning, and I am desired to draw your attention to the provisions of Standing Order No. 8 which states :—

“ Any wages due to an operative but not paid on the usual pay day on account of their being unclaimed shall be paid by the company on such unclaimed wage pay day in each week as may be notified to the worker and following the date on which a substantiated claim was presented by the operative or, on his behalf, by his legal representative provided that such claim is submitted within three years from the date on which the wages become due to the operative.”

In most mills, the next unclaimed wages pay day will be on Tuesday, the 19th instant, but in the intervening days, operatives may be permitted to record their names at the timekeeper's office so that satisfactory arrangements can be made for effecting payments on the unclaimed wages pay day. It is anticipated that the Red Flag Union, in view of the fact that more than 20,000 workers have already taken their pay and dear food allowances, may resile from their earlier attitude and advise workers to take their February pay and dear food allowances, and this being the case, it is desirable that a notice should be posted in all mills informing the workers that unclaimed wages for February and unclaimed dear food allowances for December, January and February, will be made on the next unclaimed wages pay day to all those persons who record their names at the timekeeper's office before Monday evening.

Copy of letter No. 407/40, dated the 9th April 1940, from the Bombay Provincial Congress Committee to the Association.

You are aware that discussions and interviews have taken place between the G.K.U. and the B.P.C.C. on the question of the present strike and ultimately the G.K.U. by their letter of to-day's date have forwarded to us their proposals which, according to them, should form the basis of arbitration.

The proposals are as follows :—

1. That the award should not be less than what was given by the Conciliation Board.
2. That the arbitrator should consider the question of giving a larger percentage than what was granted by the Conciliation Board.
3. That the arbitrator should also consider the demand of the workers that the war allowance should be granted from the month of November 1939.
4. That any further increase granted should be in the form of cash alone.

While forwarding these proposals we wish to point out that the B.P.C.C. would be glad to see peace restored in the city without any more loss of time in the general interest of all concerned.

Copy of letter No. 1647/52, dated the 11th April 1940, from the Association to the Bombay Provincial Congress Committee, Bombay.

I write to acknowledge the receipt of your letter No. 407/40, dated the 9th April 1940, in which you state that discussions and interviews have taken place between the B.P.C.C. and the G.K.U. on the question of the present strike. The letter also sets out the proposals which, according to the G.K.U., should form the basis of arbitration. In reply, I am directed to say that this Association has already made known to the general public

through its *Press communique* and to its workers by notices and leaflets that there is no case or scope for arbitration and that the decision to give effect to the recommendations of the Board of Conciliation represented the Association's final word in this matter. In our letter No. 1189/52, dated the 12th March 1940, in reply to your letter No. 302/40, dated the 11th March 1940, we also pointed out that by accepting *in toto* the recommendations of the Board of Conciliation, presided over by a former High Court Judge, although we did not agree with them, the Association has done all it could to meet the requirements of the situation.

We appreciate the fact that the B.P.C.C. would like to see peace restored in the industry without loss of time in the general interests of all concerned, and we would like to point out that, if it were not for the intimidation which is being practised, this uncalled for and deplorable strike would have come to an end long ago.

Copy of circular No. 1924/198, dated the 30th April 1940, from the Association to all mills in Bombay.

In a circular letter* addressed to mills on the 23rd April, which specified the prices at which commodities stocked for sale in mill grain shops were to be sold, it was stated that general questions in relation to running of mill grain shops were under discussion by the Committee of the Association and that, when final conclusions have been reached, they would be communicated to all mills. At the meeting of the General Committee of the Association held on the 29th of April 1940, the following resolutions were unanimously adopted :—

RESOLVED : " That the recommendations made by the Grain Shops Sub-Committee be approved with the exception of recommendation (5) providing for the inauguration of a system of central purchase."

Further resolved that comparisons of samples of grains purchased by individual mills against the standard samples maintained by the Association be continued.

Also resolved that the question of the advisability of central purchasing be reconsidered after three months' experience of individual purchases.

The relevant portions of the Report of the Grain Shops Sub-Committee, referred to in resolution No. (1) above, are reproduced for information :—

- (1) That until more suitable arrangements can be made, mills should continue to make their purchases of grains, etc., individually, but that they should be instructed to send samples of any new purchases to the Association for checking against the standard samples maintained by the Association ;
- (2) That the prices at which mills should sell foodstuffs, etc., should be uniform ;
- (3) That the prices fixed on the 26th of February should be modified, if necessary, after Mr. Jacob and Mr. Varade had examined the wholesale prices paid for recent deliveries to mill shops. After this examination has been made by Mr. Jacob and Mr. Varade, a fresh price list effective from the 1st April should be sent to mills who would be expected to give effect to the new rates ; and
- (4) That future prices will ordinarily be adjusted at monthly intervals and will have effect for the whole of a particular calendar month, but in cases of violent fluctuations in wholesale prices, adjustments may be made during the currency of a calendar month.

In order that the policy set out in the above report may be effectively carried out, mills are requested to continue to send to the Association at the beginning of each month a statement in respect of goods purchased during the previous month showing :—

- (1) Commodities purchased.
- (2) Quantity purchased.
- (3) Date of each separate purchase.
- (4) Prices paid for each separate purchase.
- (5) Source of supply for each purchase.

The prices should be the net prices actually paid after providing for any discounts which may have been received.

On receipt of this information from mills, the retail prices for the following month will be compiled in accordance with the recommendations in the Sub-Committee's report.

Mills are also requested to ensure that deliveries against purchases of important commodities should be compared for quality, etc., against the standard samples maintained by the Association. If mills have any difficulty in making their purchases, or in fixing up suitable sources of supply, the Association should be consulted.

The data in relation to prices paid by individual mills for different commodities will be available for inspection by any mills interested.

Mills are also requested, when sending in particulars of purchases at the beginning of each month, to submit a statement showing (a) the value of total sales made during the previous month ; and (b) the number of persons who make purchases during the month.

APPENDIX 14.

PICKETING AT WORKERS' PLACES OF RESIDENCE.

Copy of letter No. 1844/126, dated the 24th April 1940, from the Association to the Chief Adviser to His Excellency the Governor of Bombay.

One of the matters discussed at the informal conference which representatives of the Association had with yourself and the Chief Secretary to the Government of Bombay on the 19th instant concerned the question of chawl picketing and I promised to send you a summary of the views expressed by the Millowners' Association, Bombay, on this matter since 1921. This summary* is enclosed with this letter.

A perusal of the enclosure will show that the Association has for the last twenty years consistently advocated that picketing of any kind whatsoever at or near a worker's place of residence should be prohibited by law. As far as picketing of industrial establishments is concerned, the arrangements which have been made by the police authorities during recent years have been quite satisfactory, and while the Association is still inclined to hold that the prohibition of picketing in any form might be desirable until the workers and trade unions developed a greater sense of their responsibilities in dealing with and during industrial disputes, it does not wish to press this point of view. During the last strike, there is every reason to believe that the watching, besetting and picketing of chawls combined with intimidation in the chawls by persons influenced by or in the employ of the Red Flag Union were the main causes of the prolongation of the strike. Many complaints of intimidation, etc., at the chawls were received during the strike by the mill managements, the Association and

*Not printed.

the police, and it would seem that the organisation developed by the Red Flag Union during recent years for dealing with workers' residences completely terrorised the average mill worker. At the many meetings of mill managers held while the dispute was in progress, it was universally stated that the great bulk of the workers were willing to return to work on the terms granted by the employers, but that they were effectively prevented from doing so by the intimidation which was taking place in and around the workers' homes. My Association is completely convinced that, unless means are devised for overcoming this intimidation, many unnecessary strikes will take place in future, that when they do occur they will be unduly prolonged, and that there is a danger of industrial activity in Bombay being paralysed by the communist menace in the not too distant future. The observations made in the Bombay Disturbances Enquiry Committee's Report also indicate the need for effective measures being taken to eradicate the evil effects of chawl intimidation. In view of these facts, my Committee trust that the Government of Bombay will take steps at the earliest possible opportunity to make watching, picketing or besetting at or near a worker's residence a penal and cognizable offence.

Copy of letter No. P. 116(1)-E, dated the 7th June 1940, from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.

With reference to your letter No. 1844/126, dated the 24th April 1940, to the Adviser to His Excellency the Governor, on the above subject, I am directed to state that the request of the Association that Government should take steps at the earliest possible opportunity to make watching, picketing or besetting at or near a worker's residence a penal and cognizable offence has been noted.

APPENDIX 15.

INDIAN TRADE MARKS ACT, 1940.

(a) PROCEDURE FOR THE DEPOSIT OF TRADE MARKS.

Copy of circular No. 1975/94, dated the 3rd May 1940, from the Association to all members of the Association.

Frequent inquiries have been received by the Association from its member mills as to the position of trade marks registered with the Association and the procedure to be followed now that section 85 of the Indian Trade Marks Act of 1940 has come into operation. Many members also state that they have been approached by firms of Patent and Trade Mark Agents offering to assist them in obtaining registration of their trade marks under the new Act.

The position is that, although section 85 of the Act is nominally in operation, the Rules of Procedure concerning applications have not yet been published by the Government of India. The Association is in touch with the Government of India in this matter as also with the Controller of Patents and Designs who will be the Registrar of Trade Marks under the new Act. We have pointed out to the Government of India that, in so far as cotton textile marks are concerned, provision should be made for the submission of applications through the Deputy Registrar in Bombay and that section 63 of the Act, which provides for the establishment of a branch of the Trade Marks Registry in Bombay, should be brought into operation. As soon as the procedure incidental to the submission of applications for registration under the Act has been decided, the Association will issue instructions to its members as to how they should proceed. Meanwhile, member mills are advised *not to employ* the services of any outside Trade Mark Agents.

Copy of circular No. 3070/94, dated the 15th July 1940, from the Association to all members of the Association.

I am directed to invite your attention to my circular letter No. 1975/94, dated the 3rd May 1940, and to quote below for ready reference extracts from a communication which appeared in the *Times of India* of 13th July, 1940 :—

“DEPOSIT OF TRADE MARKS.

Rules of Procedure.

SIMLA, July 12.

The procedure for the deposit of trade marks at the Patent Office under the Trade Marks Act is published.

It, *inter-alia*, requires any person claiming to be the proprietor of a trade mark used in British India and intending to apply for its registration under Trade Marks Act, 1940, to apply not earlier than 1st October, 1940, and not later than 31st March, 1941, for its deposit at the Patent Office. The application shall be forwarded by registered post to the Registrar of Trade Marks, Calcutta.

If the trade mark to be deposited is in respect of certain specified goods the application may at the option of the depositor, be forwarded by registered post to the Deputy Registrar of Trade Marks, Bombay.—*Associated Press.*”

I have not yet received a copy of the Rules of Procedure reported to have been published by Government ; these will probably come in the course of a day or two, but in the meantime, I shall be glad if members will kindly take on hand the preparation of a full list of trade marks owned and registered by them with the Association.

I shall be writing to you again on receipt of the Rules of Procedure referred to in the Press Note.

Copy of circular No. 3091/94, dated the 16th July 1940, from the Association to all members of the Association.

In continuation of my letter No. 3070/94, dated the 15th July, 1940, I enclose herewith for your information a copy of the Rules of Procedure prescribed by the Central Government in exercise of the powers conferred on them by section 85 of the Trade Marks Act, 1940, for the deposit of trade marks at the Patent Office.

I am trying to establish contact with the Deputy Registrar of Trade Marks, Bombay, who will be in charge of cotton marks. The application form referred to in Rule 3 of the enclosure is not at present available, and there are certain points arising from the Rules of Procedure which may have to be discussed in conference with the Deputy Registrar in Bombay. These matters are engaging the attention of the Association, and a further communication may be expected from me in the course of a week or so. In this connection, I would like to invite the attention of members to one or two sections of the Trade Marks Act, which should be borne in mind when filing applications with the Deputy Registrar in Bombay.

Section 2(1) (f).—“ Mark ” includes a device, brand, heading, label, ticket, name, signature, word, letter or numeral or any combination thereof.

Section 2(1) (l).—“ Trade mark ” means a mark used or proposed to be used in relation to goods for the purpose of indicating or so as to indicate a connection in the course of trade between the goods and some person having the right, either as proprietor or as registered user, to use the mark whether with or without any indication of the identity of that person.

Section 6.—(1) A trade mark shall not be registered unless it contains or consists of at least one of the following essential particulars, namely :—

- (a) the name of a company, individual, or firm, represented in a special or particular manner ;
- (b) the signature of the applicant for registration or some predecessor in his business ;
- (c) one or more invented words ;
- (d) one or more words having no direct reference to the character or quality of the goods, and not being, according to its ordinary signification, a geographical name or surname or the name of a sect, caste or tribe in India ;
- (e) any other distinctive mark, provided that a name, signature, or any word, other than such as fall within the descriptions in the above clauses, shall not be registrable except upon evidence of its distinctiveness.

(2) For the purposes of this section, the expression “ distinctive ” means adapted, in relation to the goods in respect of which a trade mark is proposed to be registered, to distinguish goods with which the proprietor of the trade mark is or may be connected in the course of trade from goods in the case of which no such connection subsists, either generally or, where the trade mark is proposed to be registered subject to limitations, in relation to use within the extent of the registration.

(3) In determining whether a trade mark is adapted to distinguish as aforesaid, the tribunal may have regard to the extent to which :—

- (a) the trade mark is inherently so adapted to distinguish, and
- (b) by reason of the use of the trade mark or of any other circumstances, the trade mark is in fact so adapted to distinguish.

Provided that in the case of a trade mark which has been continuously used (either by the applicant for registration or by some predecessor in his business, and either in its original form or with additions or alterations not substantially affecting its identity) in relation to the same goods as those in relation to which registration is applied for, during a period from a date prior to the 25th day of February, 1937, to the date of application for registration, the Registrar shall not refuse registration by reason only of the fact that the trade mark is not adapted to distinguish as aforesaid, and may accept evidence of acquired distinctiveness as entitling the trade mark to registration.

Section 7.—(1) A trade mark may be limited wholly or in part to one or more specified colours, and any such limitation shall be taken into consideration by any tribunal having to decide on the distinctive character of the trade mark.

(2) So far as a trade mark is registered without limitation of colour it shall be deemed to be registered for all colours.

Section 11.—(1) Where the proprietor of a trade mark claims to be entitled to the exclusive use of any part thereof separately, he may apply to register the whole and the part as separate trade marks.

(2) Each such separate trade mark shall satisfy all the conditions applying to, and have all the incidents of, an independent trade mark.

(3) Where a person claiming to be the proprietor of several trade marks in respect of the same goods or description of goods which, while resembling each other in the material particulars thereof, yet differ in respect of :—

- (a) statements of the goods in relation to which they are respectively used or proposed to be used ; or

- (b) statements of number, price, quality, or names of places ; or
- (c) other matter of a non-distinctive character which does not substantially affect the identity of the trade mark ; or
- (d) colour ;

seeks to register those trade marks, they may be registered as a series in one registration.

Section 64.—In respect of textile goods being piecegoods :—

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

Clause (1) of the Rules of Procedure requires the deposit of existing trade marks not earlier than the 1st October 1940, and not later than the 31st March, 1941. As a good deal of time is likely to be taken up in getting together the information required in the Rules of Procedure, members are again reminded that they should immediately take on hand—if they have not already done so—the work of compiling a complete list of trade marks, trade numbers and trade names at present used by them and registered with the Association.

(Copy of extract from the "Gazette of India", dated 13th July 1940, Part I, p. 997.)

Rules of Procedure for the Deposit of Trade Marks at the Patent Office.

TRADE MARKS.

The 13th July, 1940.

No. 409-Ind. (1)/40.—In exercise of the powers conferred by section 85 of the Trade Marks Act, 1940 (V of 1940), the Central Government is pleased to prescribe the following procedure for the deposit of trade marks at the Patent Office, namely :—

(1) *Any person claiming to be the proprietor of a trade mark used in British India and intending to apply for its registration under Trade Marks Act, 1940, may apply, not earlier than the 1st October, 1940, and not later than the 31st March, 1941, for its deposit at the Patent Office.*

(2) *The application shall be forwarded by registered post to the Registrar of Trade Marks (1, Council House Street, Calcutta,) hereinafter referred to as the Registrar :*

Provided that, if the trade mark to be deposited is in respect of goods of a class specified in the Schedule hereto annexed, the application may, at the option of the depositor, be forwarded by registered post to the Deputy Registrar of Trade Marks (Trade Marks Registry, Bombay Branch, Bombay), hereinafter referred to as the Deputy Registrar.

(3) *The application shall be made in duplicate on printed forms obtained from the Registrar (or, if the application is to be made to the Deputy Registrar, from that officer) on payment of one rupee per set of two forms.*

(4) *The application shall be signed by the depositor or his authorised agent.*

(5) *A separate application shall be made in respect of each trade mark. If the depositor claims to be entitled separately to the exclusive use of a part of the trade mark, he may send a separate application for the deposit of such part.*

(6) Every application for deposit of a trade mark shall be accompanied by eight durable representations of the trade mark corresponding exactly with one another. Each representation shall be mounted on a sheet of strong, durable paper (not cardboard), 13 inches by 8 inches in size, bearing on the left-hand top corner the name of the depositor and the number of deposit given on the printed forms of application, and on the right-hand bottom corner the signature of the depositor or his authorised agent. Additional representations of the trade mark shall be supplied by the depositor, if so required by the Registrar, or, as the case may be, the Deputy Registrar.

(7) The language or languages in which any words or letters occurring in the trade mark are written shall be stated in the application. Where the words or letters are written in a language other than English, the exact translation in English and, if necessary, an exact trans-literation in Roman script, shall be given in the application.

SCHEDULE.

(1) Yarn and threads.

(2) Tissues (piecegoods), bed-covers and table-covers.

(3) The following goods when they are composed to a substantial extent of artificial or natural textile fibres or are complete articles of clothing :—

Ropes, string, nets, tents, awnings, tarpaulins, sails, sacks ; padding and stuffing materials (e. g., hair, capoc feathers, sea-weed, etc.) ; raw fibrous textile materials ; clothing, boots, shoes and slippers ; lace and embroidery, ribands and braid ; buttons ; artificial flowers.

Copy of letter No. 4016/94, dated the 19th September 1940, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I confirm having wired as under to the Hon'ble Diwan Bahadur Sir Ramaswami Mudaliar, to his address at Madras to-day :—

“ One Rupee per set of two forms for deposit trade marks exorbitant and unnecessary particularly in case of trade names and trade numbers of which 150,000 registered with Association and because section 64(d) restrictions on registration unknown. At our last meeting you kindly promised consider advisability specially reduced fees textile marks. As time for deposit trade marks drawing near would appreciate early orders. Suggest free deposit forms trade names and numbers and present fee tickets and stamps.”

Copy of letter No. 4064/94, dated the 24th September 1940, from the Association to all members of the Association.

As members are already aware, section 85 of the Trade Marks Act, 1940, has already been brought into operation and trade marks may be deposited either with the Registrar of Trade Marks, Patent Office, Calcutta, or with the Deputy Registrar of Trade Marks, Central Government Buildings, Queen's Road, Bombay, as and from the 1st of October, 1940, up to the 31st of March, 1941. The Trade Marks Sub-Committee of the Association have had an opportunity of discussing with the Deputy Registrar the various problems arising out of the rules of procedure for the deposit of trade marks and the following tentative decisions have been reached.

Until further instructions are issued by the Association, member mills should deposit only their tickets and stamps. The Association has made representations to the Government of India regarding the charges to be made for deposit application forms in respect of trade numbers and trade names, and until it is known whether a reduction in the charges for the

deposit application forms will be made, it is considered inadvisable to deposit such marks immediately. A further representation has also been made to the Government of India requesting a decision regarding the conditions and restrictions which will be imposed on the registration of trade numbers and trade names (*vide* section 64(d)). The necessity of an early decision by the Government of India regarding the registration of trade numbers and trade names will be apparent to members since the restrictions which may be imposed might rule out the eligibility for registration of certain names and numbers.

The procedure in regard to the deposit of a trade mark with the Registrar is comparatively simple. All that is required is that the applicant mill should correctly fill in the information asked for in the deposit application form,* a copy of which is attached hereto for ready reference. The Association will assist members in connection with any difficulties they may experience, but members will appreciate that most of the information required can only be given by the mill concerned. When deposit application forms have been completed in respect of every ticket and/or stamp registered with the Association, the signed form should be sent to the Association, if possible, by a special messenger, and the Association will check the entries in the form against the particulars entered in the Association's Trade Marks Registers and will issue a certificate in respect of each trade mark registered specifying the date of registration, and the types of goods for which the trade mark has been registered with the Association. A fee of 8 annas per certificate will be charged for each certificate. When the deposit application forms have been checked and the certificates issued by the Association have been completed, the Association will then forward the deposit application forms to the Deputy Registrar of Trade Marks, Bombay.

GENERAL INSTRUCTIONS REGARDING THE DEPOSIT APPLICATION FORMS.

It should be noted that one set of two deposit application forms has to be completed in respect of each original trade mark. This set of deposit application forms should be accompanied by 8 mounted representations of the original registered trade mark and 8 mounted copies of each variation in colour, shape or size. These copies should be mounted on good strong paper 13" × 8" in size. The particulars to be included in the deposit application form should relate to the trade mark originally registered with the Association. If copies of the original trade mark registered with the Association are not available, the Association should be consulted. When variations in shape, size and colour of an original trade mark are submitted a slip should accompany each set of 8 mounted copies of such variations specifying the date from which that particular variation has been used.

In specifying the types of cloth or yarn on which a ticket or stamp has been used, the Trade Marks Sub-Committee of the Association consider that it would be advisable to specify particulars corresponding to the categories used by the Association. These are as under :—

(Class 1)—Cotton yarns and threads being either grey or bleached.

(Class 2)—Cotton yarns and threads being coloured either in whole or in part.

(Class 3)—Cotton piecegoods of all kinds.

It will be noted that the deposit application form asks for a translation and a transliteration in the English language of the words and letters used on a ticket or stamp. Since in some cases stamps and tickets contain not only the name of mark but other particulars as well, it should be noted that the translation and transliteration must cover the whole of the words and letters on the ticket. Member mills might consult the Association both in regard to the translation and the transliteration. For the guidance of members it might be explained that a transliteration means rendering in English spelling of the phonetic sound of the vernacular words, names or expressions appearing on the ticket. For example assuming the name of the trade mark as printed on the trade mark itself is :—

“ कान्ता चप ”

the translation would be “ Scale stamp ” and the transliteration would be “ Kanta chap.”

*Not printed.

Deposit application forms should be applied for immediately to the Deputy Registrar, and the work of filling them in should be taken in hand at once. The number of sets to be ordered will, of course, depend on the number of original trade marks that mills desire. *Dealers' trade marks should be deposited by dealers themselves and not by the mill using those marks.*

Copy of letter No. 4063/94, dated the 24th September 1940, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

The Association has been notified that the Registrar and the Deputy Registrar of Trade Marks will receive applications for the deposit of trade marks between 1st October, 1940, and 31st March, 1941. After considering the question carefully, the Trade Marks Sub-Committee of the Association respectfully urge that section 64 of the Act should be put into operation at once and the conditions and restrictions relating to registration of letters and numerals and any combinations thereof should be prescribed without delay. The reasons underlying this suggestion are that until the Association is made aware of the restrictions which are to be imposed on the registration of trade names and trade numbers, it is not possible for the Association to advise its member mills as to which of the trade names and trade numbers registered with the Association should be deposited with the Registrar. Government will appreciate that the Association would be loath to advise the deposit of each and every trade name or trade number registered under the Association's private registration scheme in view of the deposit application form fee and the fact that 150,000 names and numbers are registered with the Association, unless the Association was fairly certain that the great bulk of such names and numbers would apparently become eligible for registration under the Act.

In this connection, I am desired to refer to a representation recently made to the Honourable the Commerce Member suggesting that the deposit application form fee in respect of trade names and trade numbers should be purely nominal and that unless the fee is reduced, users of trade names and trade numbers might be constrained to deposit only those names and numbers which are of essential importance. The Government of India will appreciate that all tickets or stamps are *prima facie* eligible for registration under the Act, but this is not apparently the case with trade names and trade numbers since restrictions on the registration of trade names and trade numbers are contemplated by section 64(d) of the Act.

Copy of letter No. 409-Ind. (1), dated the 3rd October 1940, from the Under Secretary to the Government of India, Department of Commerce, to the Association.

I am directed to refer to your letter No. 4016/94, dated 19th September, 1940, and to say that the Government of India do not find it possible at this stage to consider any alteration in the fee prescribed for application forms for the deposit of trade marks. They will, however, consider the question of fixing a lower fee for textile trade marks when the registration fees are being settled.

(b) CONSTITUTION OF THE ADVISORY COMMITTEE.

Copy of letter dated the 18th September 1940 from the Deputy Registrar of Trade Marks, Bombay, to the Association.

With reference to my interview with the members of the Trade Marks Sub-Committee of your Association, I have the honour to state that, *inter alia*, I mentioned the requirements of this office in respect of the Advisory Committee which is to be formed under the Act.

For your convenience, I should like to point out that the Committee is to be constituted under section 66 read together with section 84 (2) (j). The points which arise for consideration are :—

- (1) The constitution of the Committee. You have to take into consideration the interests of the millowners, as far as possible, all over India and all other persons who may be interested in the trade marks relating to textile goods, such as importers.
- (2) The manner in which the meetings are to be held.
- (3) Draft rules may be framed by your Association and sent on to me.

At the meeting you were kind enough to state that you would (as far as possible) send me a list of the numbers which are common to the trade or common to certain mills.

Copy of letter No. 4086/94, dated the 25th September 1940, from the Association to the Deputy Registrar of Trade Marks, Bombay.

I am directed to acknowledge the receipt of your letter dated the 18th instant in connection with the constitution of the Advisory Committee. The matter has been considered by the Trade Marks Sub-Committee of the Association, and they feel that, so far as cotton marks are concerned, there should be only one Advisory Committee for the whole of India which should be stationed in Bombay.

Turning to the constitution of this body, my Committee are of opinion that, in the interest of business economy and efficiency, it should consist of persons who, apart from their business experience, could be depended upon to attend the meetings of the Advisory Committee fairly regularly. The people who are likely to be interested in the working of the Act may be classified under the following broad heads :—

- Manufacturers, i.e., mills in India.
- Importers.
- Bazaar Traders.

This Association, which has an all-India membership, represents about 50 per cent. of the productive capacity of the country. Seventy per cent. of the working looms in the country are installed in the Bombay Province and if adequate representation is afforded to the Bombay and Ahmedabad Millowners' Associations, the position could be regarded as satisfactory so far as Indian manufacturers are concerned.

With regard to importers, my sub-committee feel that the Bombay Chamber of Commerce and the Indian Merchants' Chamber, Bombay, would be in a position to represent their interests satisfactorily. The customs and usage, so far as foreign trade marks are concerned, appear to be one and the same all over India so far as cotton marks are concerned, and it is thought that the interests of importers generally could be served by the two organizations mentioned.

Coming to the bazaar, which includes dealers in both Indian and imported goods, some of whom are also proprietors of trade marks, it is thought that they could be sufficiently represented through the three Piecegoods Merchants' Associations which exist in Bombay and the Maskati Piecegoods Merchants' Association, Ahmedabad.

My Committee have carefully considered the quantum of representation to be given to the respective parties on the Advisory Committee and they suggest that it should be afforded as under :—

| | |
|---|-----------|
| The Millowners' Associations of Bombay and Ahmedabad | 3 each. |
| The Bombay Chamber of Commerce and the Indian Merchants' Chamber .. | 1 each. |
| The Native Piecegoods Merchants' Association, Bombay | } 1 each. |
| The Bombay Country, Fancy and Grey Piecegoods Merchants' Association .. | |
| The Hindustani Native Piecegoods Merchants' Association | |
| The Maskati Piecegoods Merchants' Association, Ahmedabad | |

A Committee constituted as suggested above would function more efficiently and quickly than a body drawn from all parts of India ; but, of course, it would always be open to you to consult up-country piecegoods and millowners' organizations not represented on the Advisory Committee on questions connected with particular local areas or any matter of importance which is not of a very urgent character.

APPENDIX 16.

TRADE DESCRIPTION OF MIXED YARN.

Copy of letter No. I.G. 160/95N, dated the 7th February 1940, from the Director of Industries, Bombay, to the Association.

I have to state that the Secretary, Millowners' Association, Ahmedabad, suggests that miscellaneous yarn called "Kharaba" may be exempted from the provisions of the Indian Merchandise Marks Act, 1889, for the reasons given in his letter No. 2713, dated 6th September 1939, copy of which is attached hereto for your information. I have, therefore, to request you kindly to let me know whether your Association experiences similar difficulties and whether they concur with the views of the Secretary, Ahmedabad Millowners' Association.

Copy of letter No. 2713, dated the 6th September 1939, from the Secretary, Millowners' Association, Ahmedabad, to the Director of Industries, Bombay.

In continuation of my letter No. 917, dated 8th April 1939, I am directed by my Committee to refer to the case of the miscellaneous yarn which is known in trade as "Kharaba." As you are no doubt aware, the bottom of different counts varying from 20s to 40s or 40s to 60s are reeled together in this type of miscellaneous yarn. It would obviously not be possible to mark the number of count on the bundle even within the limits of errors suggested in our letter under reference, as a bundle is composed of different counts of yarn, nor would it be possible to ensure the statutory length of 840 yards. My Committee therefore suggest that this type of yarn may be exempted from the requirements in regard to marking of counts and length, if necessary by an amendment under the Merchandise Marks Manual. If necessary, a provision might be made that such yarn shall be marked as miscellaneous or mixed yarn on the analogy of fents. My Committee shall much appreciate your early action in the matter.

Copy of letter No. 1307/73, dated the 19th March 1940, from the Association to the Director of Industries, Bombay.

I am directed to acknowledge the receipt of your letter No. I.G. 160/95N, dated the 7th February 1940, requesting my Committee to express an opinion on certain suggestions received from the Ahmedabad Millowners' Association. The Ahmedabad Millowners' Association, it is understood, desire that miscellaneous yarn which is known to the trade as "Kharaba" and which is reeled from different counts of yarn varying from 20s to 60s should be exempted from the provisions of the Indian Merchandise Marks Manual. The proposal has been carefully examined by my Committee. The Indian Merchandise Marks Act does not compel a manufacturer to stamp the count or the weight of the bundle or the number of knots in the bundle in the case of yarn, but the Manual lays down that, in the case of grey yarn, the average length of hank in the bundle in the case of single hanks should not be less than 840 yards. That is to say, even if the number of the counts, weight of the yarn, etc., were not stamped on the bundle, it would be an offence under the Indian Merchandise Marks Act, if the average length of the yarn in the bundle was less than 840 yards. If, however, the weight of yarn and the count were stamped on the bundle, then these particulars should

be in conformity with the provisions of the Manual and the tolerances allowed therein. The Ahmedabad Millowners' Association points out that mixed yarn should be entirely exempted from the provisions of the Act. What they are asking for is that the restriction relating to the hank length should be relaxed. In considering this question, the issue is whether the hank should be 840 yards in length in the case of regular yarn and the hank less or more than 840 yards in the case of mixed yarn. A hank is a recognized measure, and my Committee do not agree that it should be interpreted in a different way in the case of mixed yarn. Even assuming, as the Ahmedabad Millowners' Association suggests, that different counts of yarn reeled together make up the "Kharaba" yarn, no insuperable difficulty is likely to be experienced in conforming to the hank length. In this view of the case, therefore, my Committee cannot agree to the relaxation of the provisions relating to the hank length in the case of "Kharaba" yarn.

As already pointed out, the Act does not insist upon the count and the weight of the bundle being stamped in the case of yarn. This drawback in the statute might, in my Committee's view, lead to "Kharaba" yarn being passed off as regular yarn, and in this view of the case, they suggest that bundles containing "Kharaba" yarn should be stamped in bold letters "Kharaba Yarn" or "Mixed Yarn." If, in addition, bundles containing such yarn are stamped with particulars relating to their weight and number of knots per bundle then we should insist upon correct particulars being stamped in every case. That is to say, wherever the weight of the bundle and the number of knots in the bundle are stamped, they should be in conformity with the provisions of the Manual.

In a letter No. 1637/114, dated the 1st April 1938, this Association drew the attention of the Government of India to the difficulties experienced by the Indian spinning industry in complying with the provisions of the Indian Merchandise Marks Manual. A copy of this communication* is enclosed herewith for your information, and what my Committee desire to point out now is that until the Indian Merchandise Marks Manual is amended in the light of the suggestions already made by my Committee, the position relating to the "Kharaba" yarn should be as suggested in the preceding paragraphs.

APPENDIX 17.

EXEMPTIONS UNDER THE BOMBAY WEIGHTS AND MEASURES ACT, 1932.

*Copy of Bombay Government, General Department, Draft Notification No. 2924/33,
dated the 19th December 1939.*

The following draft of a notification which the Government of Bombay proposes to issue, in exercise of the powers conferred by section 46 of the Bombay Weights and Measures Act, 1932 (Bom. XV of 1932), is published as required by the said section 46, for the information of all persons likely to be affected thereby, and notice is hereby given that the draft will be taken into consideration by the Government of Bombay on or after the 20th February 1940.

2. Any objection or suggestion which may be received by the Secretary to the Government of Bombay, General Department, from any person with respect to the said draft before the date aforesaid will be considered by the Government of Bombay :—

DRAFT NOTIFICATION.

In exercise of the powers conferred by section 46 of the Bombay Weights and Measures Act, 1932 (Bom. XV of 1932), the Government of Bombay is pleased to exempt the classes of weights or measures or weighing or measuring instruments specified in the first column

*Not printed.

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

Schedule.

| Weights or measures or weighing or measuring instruments to be exempted. 1 | Purposes other than trade for which weights, etc., specified in column 1 when used or intended to be used would be exempted. 2 | Sections from the provisions of which weights, etc., specified in column 1 would be exempted. 3 |
|--|---|---|
| 1. Weights, measures, weighing and measuring instruments. | (1) For purposes other than trade when used by the following classes of persons or at the following places : 1. Educational or Research Institutions. 2. Laboratories maintained by manufacturing establishments. 3. <i>Bona fide</i> students of educational institutions. (2) For weighing or measuring in hospitals and convalescent homes. (3) For ascertaining weights of persons, provided no fees are charged for it. | Section 4 so far as it does not relate to the establishment of standards of weights; section 13 and section 16 subject to the conditions that— (a) the weight or measure or weighing or measuring instrument is clearly, indelibly and prominently marked "Not for trade" and (2) the weight has no leading hole. |
| * 2. Weights and weighing instruments. | (1) For estimating the postage or freight payable on letters and parcels, for personal information only. (2) In the mixing departments of industrial establishments for the purpose of weighing various ingredients to be mixed, for instance, in match and rubber factories, dye-houses, litho printing presses, fireworks factories and soap factories. | Do. |
| 3. Weights, measures, scales, calibrated bowls, menes mixers, calibrated tea-spoons and such other cooking utensils. | For rough weighments or measurements in households for personal use only. | Do. |
| 4. Knowle's patent yarn balance and similar other balances. | For testing the counts of yarn | Do. |
| 5. Weighing instruments used and kept in Cotton Pressing Factories. | For the purposes of estimating approximate weight of loose cotton to be pressed into each bale provided no charge is levied for estimating such weights. | Do. |

Copy of letter No. 911/85, dated the 22nd February 1940, from the Association to the Secretary to the Government of Bombay, General Department.

The attention of my Committee has been drawn to Government Notification No. 2924/33, dated the 19th December 1939, published on pages 39/41 of Part IV-B of the *Bombay Government Gazette*, dated January 11, 1940. The notification in question exempts certain weights or measures or weighing or measuring instruments from the provisions of Sections 4, 13 and 16 of the *Bombay Weights and Measures Act*. Item 2 (2) of the schedule reproduced in the notification specifies the weights and weighing instruments which are

proposed to be exempted from the provisions referred to in the mixing departments of industrial establishments for the purpose of weighing various ingredients to be mixed, for instance, in match and rubber factories, dye-houses, litho printing presses, fireworks factories and soap factories. My Committee have carefully read the provisions of the draft notification, but they feel that these do not go far enough. There are, for instance, several weights and weighing instruments used in cotton spinning and weaving mills and bleaching, dyeing and/or printing factories which are not used for *bona fide* trade purposes as defined in the Act. These weights and weighing instruments are used in the daily inter-departmental checks in industrial establishments for such purposes as measuring the supplies of stores from the store-house or godowns to individual departments, or checking the weight of the goods in process at various stages. It may be pointed out that these weights and measures have no connection whatsoever with weights or quantities on the basis of which mills enter into contracts with other parties. They do not also enter into calculation of wages payable to the operatives. In this view of the case, my Committee suggest that the draft notification be amended as under so that the departments and the scales and weights specified may be brought within the scope of the exemption :—

- (a) Stores department, process departments, size mixing departments, bleaching departments, printing, and finishing and calendering departments of textile mills ; and
- (b) the scales to be exempted are :—
- (1) scales used for weighing laps ;
 - (2) scales and weighing machines used for weighing doffs ;
 - (3) scales used for weighing sized beams ;
 - (4) scales used in weighing the production of looms ;
 - (5) all weights and measures used in godowns and stores departments ;
 - (6) scales for weighing yarn which pass out from the spinning department to the reeling, winding, doubling or weaving departments ; and
 - (7) wrapping scales.

Copy of letter No. 2457/85, dated the 4th June 1940, from the Association to the Secretary to the Government of Bombay, General Department.

I am directed to invite your attention to my letter No. 911/85, dated the 22nd February 1940, in which suggestions were made by the Committee of the Association for the exemption of certain departmental scales and weights from the stamping provisions of the Bombay Weights and Measures Act. My Committee now suggest that tape measures should also be exempted from the stamping provisions of the Act, in view of the fact that they are only used for departmental purposes and since the Act is primarily designed for the protection of the ultimate consumer in the retail market.

Copy of letter No. 2458/85, dated the 4th June 1940, from the Association to the Director of Industries, Bombay.

I am directed to enclose for your information copy of a representation submitted by the Association to the Secretary to the Government of Bombay, General Department, on the 22nd February 1940, suggesting certain amendments in the Government notification No. 2924/33, dated the 19th December 1939, published on pages 39/41 of Part IV-B of the *Bombay Government Gazette*, dated 11th January 1940 which sought to exempt certain weights and measures or weighing or measuring instruments from the stamping provisions of the Bombay Weights and Measures Act, and to enquire what action has been taken by Government in this matter.

I am also sending you copy of a further representation submitted to Government to-day suggesting that tape measures which are only used for departmental purposes should also be exempted from the stamping provisions of the Act.

Copy of Bombay Government, General Department, Notification No. 2924/33, dated the 31st May 1940.

In exercise of the powers conferred by section 46 of the Bombay Weights and Measures Act, 1932 (Bom. XV of 1932), the Government of Bombay is pleased to exempt the classes of weights or measures or weighing or measuring instruments specified in the first column of the schedule hereto, when used or intended to be used for purposes other than trade specified in the corresponding entry in the second column thereof, from the provisions of the sections specified in the third column thereof :—

SCHEDULE.

| Weights or measures or weighing or measuring instruments to be exempted. 1. | Purposes other than trade for which weights, etc., specified in column 1 when used or intended to be used would be exempted. 2. | Sections from the provisions of which weights, etc., specified in column 1 would be exempted. 3. |
|--|---|---|
| 1. Weights, measures, weighing and measuring instruments. | (1) For purposes other than trade when used by the following classes of persons or at the following places : 1. Educational or Research Institutions. 2. Research Laboratories 3. <i>Bona fide</i> students of educational institutions. (2) For weighing or measuring in hospitals and convalescent homes. (3) For ascertaining weights and measurements of persons, provided no fees are charged for it. | Section 4 so far as it does not relate to the establishment of standards of weights; section 13 and section 16 subject to the conditions that— (a) the weight or measure or weighing or measuring instrument is clearly, indelibly and prominently marked "Not for trade" and/or (2) the weight has no leading hole and in case of weights of capacity below 2 tolas or 1 ounce, a cross extending to the sides of the weight is indelibly marked on the top surface of the weight. |
| 2. Weights and weighing instruments. | (1) For estimating the postage or freight payable on letters and parcels, for personal information only. (2) For the purpose of weighing various ingredients to be mixed in match, rubber and firework factories. | Do. |
| 3. Weights, measures, scales, calibrated bowls, menes mixers, calibrated tea-spoons and such other cooking utensils. | For rough weighments or measurements in households for personal use only. | Do. |
| 4. Knowle's patent yarn balance and similar other balances. | For testing the counts of yarn | Do. |
| 5. Weighing instruments used and kept in Cotton Pressing Factories. | For the purposes of estimating approximate weight of loose cotton to be pressed into each bale provided no charge is levied on the basis of such estimated weights. | Do. |

Copy of letter No. 2963/85, dated the 9th July 1940, from the Association to the Director of Industries, Bombay.

A few months ago, a draft notification was published in the *Bombay Government Gazette* which, had it become operative, would have exempted certain weights and measures used for purposes other than trade from the stamping provisions of the Bombay Weights and

Measures Act. On the issue of this draft notification, a representation was made by the Association in which the view was expressed that the exemptions proposed did not go far enough, and that several weights and weighing instruments used for the purpose of inter-departmental checking in industrial establishments and for purposes such as measuring the supplies of stores from the store-house or godowns and checking weights of goods in the process of manufacture should also be exempted. Definite suggestions for extending the scope of the exemptions in their application to the cotton mill industry were put forward. A final notification on the subject of exemptions appeared in the *Government Gazette*, dated 6th June 1940, the result of which would appear to be that despite the Association's representation, the exemptions indicated in the draft notification were reduced in number and scope. My Committee consider the position to be extremely unsatisfactory, but before arriving at a final decision as to whether a further representation should be made to Government in the matter, they would like to be given an opportunity of meeting you and discussing the matter in all its bearings. For this purpose, a small sub-committee consisting of Mr. S. D. Saklatvala, Mr. F. Stones and Mr. T. Maloney has been appointed, and I should be glad if you would kindly indicate the date, time and place which would be convenient for the informal discussion which has been suggested.

Copy of letter No. 2924/33-C., dated the 11th July 1940, from the Government of Bombay, General Department, to the Association.

With reference to your letter No. 2457/85, dated the 4th June 1940, on the subject mentioned above, I am directed to refer to Government Resolution No. 2924/33, dated the 31st May 1940, and the Government notification accompanying it, and to say that the notification exempts certain classes of weights or measures or weighing or measuring instruments from certain provisions of the Bombay Weights and Measures Act, 1932. This notification has been issued after careful consideration of the suggestions and objections received by Government in respect of the provisional Government Notification No. 2924/33, dated the 19th December 1939.

2. The suggestion of your Association for the exemption of the tape measures from the stamping provisions of the Act is separately under consideration.

Copy of letter No. 4535/85, dated the 23rd October 1940, from the Association to the Secretary to the Government of Bombay, General Department.

I am directed to invite your attention to your letter No. 2924/33-C, dated the 11th July 1940, and to request that the Association may kindly be informed as to whether Government have since considered my Committee's suggestion for the exemption of tape measures from the stamping provisions of the Bombay Weights and Measures Act..

Copy of letter No. 4534/85, dated the 23rd October 1940, from the Association to the Director of Industries, Bombay.

I am directed to invite your attention to a joint meeting which took place at your office towards the middle of August at which Mr. Stones and Mr. Maloney were present on behalf of the Association. The question of widening the scope of certain exemptions already granted by Government was discussed at this conference, and it was understood that the points made by the representatives of the Association at the conference would be considered by you and the results communicated to the Association, so that before final decisions were taken, the Association would have a further opportunity of discussing the tentative conclusions reached by you. I shall be glad if you will kindly let me know whether you are now in a position to communicate your tentative conclusions on the subject discussed to the Association.

APPENDIX 18.**HOISTS IN MILLS AND FACTORIES.****AMENDMENT OF RULE 46 (ii) OF THE FACTORIES RULES.**

Copy of letter No. 6648, dated the 24th September 1940, from the Chief Inspector of Factories, Bombay Province, to the Association.

I have the honour to state that the safety of hoists in mills and other factories is governed by the above rule.

2. Such hoists are not within the scope of the recent legislation for lifts, but experience has proved that the rule needs strengthening in two directions, viz. :—

(a) The regular examination should take place at intervals of not longer than three months.

(b) In the case of new ropes or chains the manager should be required to obtain a certificate from the maker or importer of the material of the safe working load if it is of wire or iron.

3. I should be pleased if you would inform me if your Committee has any objection to the proposals.

Copy of letter No. 4394/200, dated the 15th October 1940, from the Association to the Chief Inspector of Factories, Bombay.

I am directed to acknowledge the receipt of your letter No. 6648, dated the 24th September, 1940, in which you request my Committee to express an opinion on certain amendments you propose to make in Rule 46(ii) of the Rules under the Indian Factories Act. The proposed amendments seem to be in order and my Committee have no objection to their being incorporated in the rules.

APPENDIX 19.**POWER COSTS.**

Copy of letter No. 53/41, dated the 3rd January 1940, from the Association to Messrs. The Tata Hydro-Electric Agencies, Ltd., Bombay.

I understand that certain mills whose power contracts expired on 31st December, 1939, have been requested to enter into fresh contracts for a further period of five years. Your particular attention is invited to Exhibit 'A'—paragraph headed "Minimum Monthly Bill." I do not find any provision in the paragraph giving effect to the undertaking conveyed to me in the first paragraph of your letter* No. BH257/39, dated the 22nd September, 1939. The paragraph in question may, therefore, be amended on the lines of the agreement before presenting the contract for the signature of those mills whose contracts are due for renewal.

*Not printed.

Copy of letter No. BH8/40, dated the 10th January 1940 from Messrs. The Tata Hydro-Electric Agencies, Ltd., to the Association.

We have to acknowledge and thank you for your letter No. 53/41, of 3rd January, in reference to the minimum monthly bill under Schedule T-4 and to confirm that the following modified clause will be contained in the revised rate-schedule submitted to those consumers who have been requested to enter into fresh contracts for a further period of five years :—

*“ Minimum Monthly Bill.—*The minimum monthly bill shall be the amount obtained by multiplying the demand charge by the KVA of demand which shall in no case be less than 65 per cent. of the highest KVA of Demand supplied during the eleven preceding months, provided, however, that if the mill is closed through any cause whatever, the minimum charge payable for each complete calendar month of such closure will not exceed that provided for under Schedule T-3.”

We trust that this will meet with your requirements.

Copy of circular No. 1613/41, dated the 9th April 1940, from the Association to all Bombay member mills.

It has been reported to the Association by certain mill companies that, in the Hydro-Electric Agencies' power bills for the month of March, 1940, the minimum demand clause has not been equitably interpreted with the result, it is understood, that mills have been called upon to pay more than what they would have paid if the T-3 Tariff had been in operation. The matter is being taken up by the Association with the Power Companies ; but in the meantime, individual mills might, when paying their bills for the month of March, point out to the Power Companies *that the total amount is being paid under protest*. They might also make the following points :—

- (1) The matter is being taken up by the Millowners' Association on behalf of its member mills in Bombay, and
- (2) that, any agreement reached between the Association and the Power Companies which resulted in a reduction in power charges for the month of March should be adjusted in the Power Companies' bill for the month of April.

Copy of circular No. 1632/41, dated the 10th April, 1940, from the Association to all Bombay member mills.

Will you kindly refer to my circular letter No. 1613/41, dated the 9th April, 1940? This question was again discussed by the Committee of the Association to-day, and it was the general view that payment of mills' power bills for March should be deferred for some days. The provisions of the T-4 Schedule regarding discount for prompt payment should, however, be borne in mind. The Association will take up this matter with the representatives of the Power Companies at the earliest possible opportunity, but before doing so, would like to be supplied with full particulars of :—

- (a) the payments made by mills during the last 12 months ;
- (b) the maximum demand from month to month ;
- (c) the units consumed ; and
- (d) the units consumed, maximum demand, the period worked, and the details of the bills presented by the Hydro-Electric Agencies for the month of March.

Your mills might also send to us the calculations showing what would have been payable for the month of March under the T-3 Schedule.

It is hoped the negotiations with the Hydro-Electric Agencies will be completed before the bills fall due for payment under the prompt payment clause, i.e., within ten days from submission of the bill but if negotiations are not completed within that time, mills might pay *under protest* as suggested in my circular letter of yesterday's date.

Copy of letter No. 1678/41, dated the 12th April 1940, from the Association to Messrs. The Tata Hydro-Electric Agencies, Ltd., Bombay.

As you may be aware, many mills have written to the Association in regard to the power bills for March. In the view of the Association, there is a very strong case for a revision of all power bills and possibly for a modification of the minimum demand clause in the T-4 Schedule. A small sub-committee of the Association has been appointed to go into this matter, and they would greatly appreciate being given an opportunity of discussing it with two or three representatives of the Hydro-Electric Agencies, Ltd., at a very early opportunity. I am also desired to indicate that the meeting might be held, if convenient to you, at 3-0 p.m. (S. T.) on Monday, the 15th instant, in the Association's rooms.

Copy of letter No. BH124/40, dated the 29th April 1940, from Messrs. The Tata Hydro-Electric Agencies, Ltd., to the Association.

With reference to your letter No. 1678/41, of 12th April, and the meeting with the sub-committee of your Association on the 15th instant concerning the bills rendered to the mills for power supply for the month of March, which were submitted in strict accordance with Schedule T-4, as modified and accepted by your Association, I am pleased to inform you that your requests have had favourable consideration and it has been decided, in the special circumstances, to make an adjustment whereby the bills for the month of March will not exceed the amount which would have been payable had Schedule T-3 been in force. A credit adjustment will accordingly be made in subsequent bills in those cases in which it is applicable.

Our final decision in this matter as regards the future will be communicated to you in due course.

Copy of letter No. 1934/41, dated the 30th April 1940, from the Association to Messrs. The Tata Hydro-Electric Agencies, Ltd., Bombay.

I am directed to acknowledge the receipt of your letter No. BH124/40, dated the 29th April, 1940. Your letter was considered at a meeting of the General Committee of my Association yesterday afternoon and my Committee would like a further clarification of the position. It is stated in your letter that the request put forward by the Special Sub-Committee of the Association had received favourable consideration and it had been decided by the Board of the Hydro-Electric Agencies, Ltd., that an adjustment would be made in the March bills under which the amount payable for that month would not exceed what would have been payable had the T-3 Schedule been in force. This statement leaves the position extremely vague since no indication has been given as to whether the Board would bill the mills in the manner suggested at the meeting which was a demand charge of 65 per cent. of the average maximum KVA for the previous 12 months plus energy charges as set out in the T-3 Tariff for the actual units consumed. My Committee would also request that, if the above very reasonable proposition was not placed before the Board of the Hydro-Electric Agencies, Ltd., at their last meeting, it might be placed before their next meeting.

They would also like to point out that, at the joint meeting on the 15th April, 1940, the question of billing for the month of April was also raised and that it was urged that some adjustment in the power bills would be necessary for the reason that many mills were completely closed for about half the month and many others were running only a very small portion of their machinery, and that chiefly for the purpose of breaking the strike which,

had it continued for longer than was absolutely necessary, would have very adversely affected the Hydro-Electric Power Companies' revenues for the month of April. What in fact is desired is that the month of April should be treated as a strike period and that an appropriate adjustment in bills should be made.

Copy of letter No. BH146/40, dated the 23rd May 1940, from Messrs. The Tata Hydro-Electric Agencies, Ltd., to the Association.

In reply to your letter No. 1934/41, of 30th April, 1940, we have to inform you that all the suggestions made by the Special Sub-Committee of your Association have been fully considered by our Board of Directors and it has been decided to revise the minimum monthly bill clause of Schedule T-4 as follows :—

“ Minimum Monthly Bill.—The minimum monthly bill shall be the amount obtained by multiplying the demand charge by the KVA of demand which shall in no case be less than 65 per cent. of the highest KVA of demand supplied during the eleven preceding months.

Provided however that if a mill is closed through any cause whatever for a period exceeding 14 consecutive days in any month, the monthly bill shall not exceed the amount which would have been payable had Schedule T-3 been in force.”

2. The revision as detailed above shall apply retrospectively to the bills rendered to the mills for the months of March and April.

3. In accordance with this decision, credit notes will be issued to the customers affected and will be taken into account in the bills rendered for the month of May.

4. Your suggestion that the bills for the months of March and April should be based upon a reduced KVA of demand for billing purposes below that actually recorded was also considered by our Board of Directors and they regretted they could not accept it.

The revised minimum clause precludes any possibility in future of the mills being charged a higher bill under Schedule T-4 than under Schedule T-3 due to conditions such as those which prevailed during the months of March and April.

You are at liberty to advise the members of your Association of the modification to the minimum bill clause of Schedule T-4. We shall also communicate directly with them.

Copy of letter No. 3406/41, dated the 5th August 1940, from the Association to Messrs. The Tata Hydro-Electric Agencies, Ltd., Bombay.

I am directed to acknowledge the receipt of your letter No. BH146/40, dated the 23rd May, 1940, in which you intimate that, after considering the suggestions made by the Association, your Board of Directors had decided to revise the minimum monthly bill clause of Schedule T-4. After very full consideration by a Special Sub-Committee and the General Committee of the Association, I regret to have to inform you that my Association is disappointed to find that the minor modification which has been made in the minimum monthly bill clause does not meet the real needs of the case either adequately or fairly, and the demand for an entirely new clause more suited to occasions when production is curtailed or ceases entirely owing to strikes and similar occurrences beyond the control of mills, seems to have been entirely ignored. We would like to place before your Board three suggestions for meeting the situation more adequately :—

First Suggestion.—That in months in which production is affected by strikes, payment for power consumed should be made at the average unit rate of the preceding eleven

months of normal working, provided that the total monthly bill exceeds the minimum monthly bill of the agreement clause. In support of this suggestion, it may be reasonably contended that the revenue from any one consumer as provided for in the minimum monthly bill clause justified the contract being made and covers the Hydro Agencies' capital costs in making the connection. It may be noted that no time limit has been specified during which the minimum monthly bill may continue, and it, therefore, follows that if the minimum monthly payment is exceeded during a strike period, the Hydro Agencies would not be making a dead loss. The profits of the Hydro-Electric Companies would naturally be curtailed, but against this must be set the fact that the mills shut down by a strike make a dead loss with no minimum revenue from any source.

Second alternative suggestion.—That the minimum monthly bill clause should be more reasonably interpreted when applied to months affected by strikes by billing on the basis of 65 per cent. of the demand charge plus normal unit charge according to the T-3 Schedule.

Third alternative suggestion.—That charges for electric power during strikes as also during periods of normal working should be as favourable as those given by the Calcutta Electric Supply Corporation, Ltd. It is, in the view of my Committee, most significant that charges for normal running are lower in Calcutta than in Bombay, and, in addition, consumers are not unreasonably penalised during strike periods. We have had a few examples worked which will illustrate at a glance the differences between the Calcutta and Hydro-Electric Agencies' charges for power during periods of normal working and in periods affected by a strike such as that which occurred in March and April this year. My Committee trust that these figures will be taken into consideration by your Board in order to assist them in arriving at conclusions as to what would constitute an appropriate basis of charges for power both during strikes and periods of normal working.

MILL 'A.'

Strike period—March 1940—Mill worked for 3 days only.

| | | | | | | | | |
|----------------|----|----|----|----|----|----|----|-------------|
| Units consumed | .. | .. | .. | .. | .. | .. | .. | 114,720. |
| Maximum demand | .. | .. | .. | .. | .. | .. | .. | 1,716 KVA |
| Power factor | .. | .. | .. | .. | .. | .. | .. | .999 |
| Load factor | .. | .. | .. | .. | .. | .. | .. | 8 per cent. |

Charges on Calcutta basis (1940)—Rs. 4,804 = .67 anna per unit.

Charges on Hydro Agencies basis—Rs. 5,904 = .823 anna per unit.

Bombay charges higher than Calcutta by approximately 23 per cent.

MILL 'A.'

Normal working—May 1940.

| | | | | | | | | |
|----------------|----|----|----|----|----|----|----|--------------|
| Units consumed | .. | .. | .. | .. | .. | .. | .. | 676,008 |
| Maximum demand | .. | .. | .. | .. | .. | .. | .. | 1,728 KVA. |
| Power factor | .. | .. | .. | .. | .. | .. | .. | .999 |
| Load factor | .. | .. | .. | .. | .. | .. | .. | 52 per cent. |

Charges on Calcutta basis—Rs. 12,802 = .303 anna per unit.

Charges on Hydro Agencies basis—Rs. 16,041 = .38 anna per unit.

Bombay charges higher than Calcutta charges by approximately 25 per cent.

MILL ' B. '

Strike period—March 1940—Mill worked for 3 days only.

| | | | | | | | | |
|----------------|----|----|----|----|----|----|----|-------------|
| Units consumed | .. | .. | .. | .. | .. | .. | .. | 85,520 |
| Maximum demand | .. | .. | .. | .. | .. | .. | .. | 2,864 KW. |
| Power factor | .. | .. | .. | .. | .. | .. | .. | .96 |
| Load factor | .. | .. | .. | .. | .. | .. | .. | 4 per cent. |

Charges on Calcutta basis (1940)—Rs. 3,549 = .664 anna per unit.

Charges on T-3 Tariff—Rs. 6,826-14-0 = 1.227 annas per unit.

Bombay charges higher than Calcutta by 92 per cent.

MILL ' B. '

March—Actual conditions—Mill closed for 23 days.

| | | | | | | | | |
|----------------|----|----|----|----|----|----|----|--------------|
| Units consumed | .. | .. | .. | .. | .. | .. | .. | 142,320 |
| Maximum demand | .. | .. | .. | .. | .. | .. | .. | 2,864 KW. |
| Power factor | .. | .. | .. | .. | .. | .. | .. | .96 |
| Load factor | .. | .. | .. | .. | .. | .. | .. | 6.6 per cent |

Charges on Calcutta basis (1940)—Rs. 5,906-4-0 = .664 anna per unit.

Charges on Hydro Agencies basis T-3—Rs. 7,957-5-0 = .894 anna per unit.

Bombay charges higher than Calcutta by approximately 35 per cent.

MILL ' B. '

Normal working—Double shift—Lowest cost reached on T-4.

| | | | | | | | | |
|----------------|----|----|----|----|----|----|----|---------------|
| Units consumed | .. | .. | .. | .. | .. | .. | .. | 1,262,360 |
| Maximum demand | .. | .. | .. | .. | .. | .. | .. | 2,892 KW. |
| Power factor | .. | .. | .. | .. | .. | .. | .. | .988 |
| Load factor | .. | .. | .. | .. | .. | .. | .. | 58.6 per cent |

Charges on Calcutta basis (1940)—Rs. 22,959 = .291 anna per unit.

Charges on Hydro Agencies basis T-4—Rs. 27,888-13-0 = .354 anna per unit.

Bombay charges higher than Calcutta by approximately 21.5 per cent.

MILL ' C. '

March 1940—Strike period—Mill closed for 15 days.

| | | | | | | | | |
|----------------|----|----|----|----|----|----|----|---------------|
| Units consumed | .. | .. | .. | .. | .. | .. | .. | 387,684 |
| Maximum demand | .. | .. | .. | .. | .. | .. | .. | 3,960 KW. |
| Power factor | .. | .. | .. | .. | .. | .. | .. | .955 |
| Load factor | .. | .. | .. | .. | .. | .. | .. | 13.1 per cent |

Charges on Calcutta basis (1940)—Rs. 13,060-2-0 = .539 anna per unit.

Charges on Hydro Agencies basis—Rs. 13,965-13-0 = .573 anna per unit.

Bombay charges higher than Calcutta by approximately 7 per cent.

MILL 'C.'

Normal full working—Single shift (lowest cost reached on T-4).

| | | | | | | | | |
|----------------|----|----|----|----|----|----|----|--------------|
| Units consumed | .. | .. | .. | .. | .. | .. | .. | 887,190 |
| Maximum demand | .. | .. | .. | .. | .. | .. | .. | 3,972 KW. |
| Power factor | .. | .. | .. | .. | .. | .. | .. | .955 |
| Load factor | .. | .. | .. | .. | .. | .. | .. | 30 per cent. |

Charges on Calcutta basis (1940)—Rs. 19,074-8-0 = .344 anna per unit.

Charges on Hydro Agencies basis T-4.—Rs. 23,224-8-0 = .419 anna per unit.

Bombay charges higher than Calcutta by approximately 21 per cent.

We have had an opportunity of perusing a number of the contracts of other power supplying companies in India and most of them contain special clauses dealing with the payments to be made during strike periods which are relatively more favourable to consumers than that proposed by your Board.

Another point to which it is desired to draw attention is the statement in your letter dated 23rd May, that "the revised minimum clause precludes any possibility of the mills being charged a higher bill under Schedule T-4 than under Schedule T-3 due to conditions such as those which prevailed during the months of March and April." This is not the case. A mill might be closed from the 1st to 13th, then work for five days to the 18th and again close for the remainder of the month. The 14 consecutive days of closure would not then be obtained and T-3 Schedule would not come into operation. Other combinations of working and idle periods might also occur which would cause the higher T-4 rate to apply. Doubtless the Board's proposal could be modified to meet the objection just mentioned, but in the opinion of the Association, what is really necessary is a more competitive rate of power charges with reasonable demands for strike periods, and it is essentially with that object in view that this further approach to your Board is being made.

In conclusion, my Committee cannot help stating that the many representations made by the Association in the past for reductions in power rates have not been met and that an effort made by the mills to utilize process steam to reduce the final power costs was likewise turned down by the Board of the Tata Hydro-Electric Agencies, Ltd. In these circumstances, my Committee feel justified in appealing to you once again for rates and conditions for the supply of power at least equally favourable to those granted by the Calcutta Electric Supply Corporation, Ltd.

Copy of letter No. BH340/40, dated the 11th December, 1940, from Messrs. The Tata Hydro-Electric Agencies, Ltd., to the Association.

We have reference to your letter No. 3406/41 of 5th August, 1940, concerning the application of the minimum monthly bill clause of Schedule T-4, and also dealing generally with the cost of power to the mills in Bombay.

We regret that the modification made to the minimum monthly bill clause of Schedule T-4, whereby it is provided that Schedule T-3 will apply optionally in the event a mill should through any cause whatever be closed for a period of 14 days, does not meet with your entire satisfaction. However, before explaining our views in this regard, it is desirable to place before you certain important considerations.

At the outset, it is necessary to point out that Schedule T-4 was offered to the mills on an optional basis in August 1939, and the mills had the choice of either accepting this new rate Schedule or of continuing to be supplied under Schedule T-3. You will recollect that Schedule T-4 was made effective in order to meet the request of your Association for a further reduction in our tariffs which would benefit principally the smaller mills. We informed

you at that time that all mills would receive a reduction under the new Schedule T-4 and that the aggregate reduction in the revenue of the Hydro Companies, based upon the application of this rate to sales for the previous year, would exceed Rs. 3 lakhs per annum. This incidentally was the sixth reduction made available to the mills in a short period of seven years which had resulted in a decrease of approximately 40 per cent. in the average cost of power in this period. In view of the observations made in the last paragraph of your letter, we have furnished below a statement for your ready reference showing the decrease in power costs during the past few years :—

TEXTILE MILLS

Statement showing Unit Sales and Revenues during past 7 Years.

| Year ending 30th June. | Number of mills supplied. | Units sold (millions). | Net revenues (lakhs of Rs.) | Average over-all rate per unit (annas). | Index of power cost 1934=100 |
|-------------------------|---------------------------|------------------------|-----------------------------|---|------------------------------|
| 1934 | 47 | 161.896 | 61.58 | 0.609 | 100 |
| 1935 | 52 | 251.610 | 80.08 | 0.509 | 84 |
| 1936 | 52 | 263.061 | 72.76 | 0.442 | 73 |
| 1937 | 52 | 267.135 | 70.27 | 0.421 | 69 |
| 1938 | 58 | 357.752 | 89.42 | 0.400 | 66 |
| 1939 | 59 | 359.966 | 90.45 | 0.401 | 66 |
| 1940 | 61 | 310.028 | 78.78 | 0.407 | (Strike). |
| 4 months ended 31-10-40 | 60 | 121.067 | 29.38 | 0.388 | 64 |

NOTES :—

- (1) Schedule T-1 was effective from 1st January 1930 to 31st January 1933.
- (2) Schedule T-1 less 10 per cent. P. F. discount and 2 per cent. cash discount effective from 1st February 1933 to 31st December 1933.
- (3) Schedule T-2 effective 1st January 1934 to 31st December 1934 with same discounts.
- (4) Schedule T-2 with P. F. discount increased to 15 per cent. effective from 1st January 1935 to 31st March 1936.
- (5) Schedule T-3 effective from 1st April 1936 to 31st July 1939.
- (6) Schedule T-4 effective since 1st August 1939.

You will observe that this record certainly does not substantiate the statement made in the last paragraph of your letter "that the many representations made by the Association in the past have not been met." In fact, on the basis of sales during a normal year, the tariff reductions made are equivalent to an annual saving in power costs of approximately Rs. 50 lakhs to the mills served in Bombay.

You will appreciate that the rates for power supply must primarily be based upon two essential factors, first the *Companies' cost to supply* taking into consideration a reasonable return upon the large investment of over Rs. 16 crores in plant, transmission and distribution facilities and, second, upon the *competitive cost of power produced in private plants* within the Companies' area of supply. It is obviously impossible for the Companies, on account of greatly varying conditions, to relate their charges to costs elsewhere or to rates that may be effective in other localities where conditions are substantially dissimilar.

It does not follow, we are sure you will agree, that the cost of hydro-electric power is always less than the cost of power produced under certain conditions in a large central steam station, nor that the power costs of all hydro-electric plants and of all steam plants will respectively be equal. For instance, the Hydro Companies with a capital investment of more than Rs. 16 crores, which is relatively high due to the fact that water has to be accumulated and stored in dams during three months for distribution over twelve months, could not expect to compete in power costs with a hydro-electric development such as Niagara Falls where no water storage is necessary and which is at least 15 times larger than the Tata Hydro system. In regard to steam plants, it goes without saying that the cost of producing

power in Calcutta where coal costs only Rs. 7-8 per ton and is unusually cheap because of the proximity of the coal fields, will always be less than in Bombay where the cost of fuel is more than 100 per cent. higher. In fact, if Bombay fuel costs had been anywhere near the cost of fuel in Calcutta, it is unlikely that the Tata Hydro system could ever have been developed.

If the Calcutta Company were supplying power in Bombay where it would not have the advantage of exceptionally low fuel costs, the adjustments in its rates necessitated by this factor alone, without taking into consideration such other items as higher costs of labour and water, etc., would bring their rates to a level very substantially higher than the rates under which the mills in Bombay purchase power from the Hydro Companies. A comparison on this basis is shown below for your information :—

| Maximum Demands. | Single-Shift Average Net Rate per unit. | | Double-Shift Average Net Rate per unit. | |
|------------------|--|----------------|--|----------------|
| | Calcutta. As. | Bombay. As. | Calcutta. As. | Bombay. As. |
| Less than 500 .. | .779 | .468 | .629 | .371 |
| 500—1,000 .. | .677 | .468 | .569 | .371 |
| 1,001—1,500 .. | .582 | .453 | .504 | .365 |
| 1,501—2,500 .. | .506 | .434 | .449 | .357 |
| 2,501—3,500 .. | .493 | .424 | .436 | .352 |
| 3,501—4,500 .. | .483 | .411 | .426 | .346 |

The Calcutta rates as shown above have been corrected to present-day equivalent Bombay fuel costs of Rs. 18-12 per ton of coal requiring an adjustment in accordance with the Calcutta fuel clause of 0.154 anna per unit. It is to be noted, however, that even on the basis of minimum pre-war Bombay fuel price of Rs. 14 per ton, the *Hydro Companies' rates are in all cases lower*. You will also observe that power costs in Bombay are substantially less than in Calcutta for all mills with demands of 1,000 Kw. or less—even without taking into consideration any fuel adjustment.

You will agree that we are primarily concerned with Bombay conditions and in this connection we would point out that over three-quarters of the 60 textile mills served by the Hydro Companies have demands of 2,000 Kw. or less with a large proportion having demands of less than 1,000 Kw. and consequently it is with these groups that we must principally be concerned in general comparisons of this nature. It will be observed, however, that the Calcutta rate is higher than the Bombay rate in every case to an extent ranging from 45 per cent. to 17½ per cent. on single-shift and from 53 per cent. to 23 per cent. on the basis of double-shift operation. You will note that the foregoing comparison makes allowance only for the higher Bombay fuel costs. It is possible that the higher costs of labour and water in Bombay would necessitate an increase also in the basic Calcutta rates if that supply company were actually operating in Bombay.

We have examined the seven comparative examples showing calculations of power bills under the Calcutta rate with Schedule T-4, in some cases under unusual conditions, and it has been noted that even the present fuel surcharge applicable to the Calcutta rate has been disregarded. Though we do not consider such comparison to be pertinent to the problem for the foregoing reasons, we have shown below, as a matter of interest, the position when the Calcutta rate has been adjusted to reflect Bombay fuel costs.

| Example. | Monthly Bill. | | Calcutta increase over Bombay. | |
|----------|---------------|---------|--------------------------------|-----------|
| | Calcutta. | Bombay. | Amount. | Per cent. |
| | Rs. | Rs. | Rs. | |
| 1 .. | 5,908 | 5,904 | 4 | .. |
| 2 .. | 19,308 | 15,721 | 3,587 | 22.8 |
| 3 .. | 4,335 | 6,827 | 2,492 | 36.5 |
| 4 .. | 7,214 | 7,957 | 743 | 9.3 |
| 5 .. | 34,557 | 27,889 | 6,668 | 23.9 |
| 6 .. | 16,622 | 13,966 | 2,656 | 19.0 |
| 7 .. | 27,226 | 23,224 | 4,002 | 17.3 |

With regard to competitive costs with private steam plants, you will recall that your Association made the suggestion in 1936 that joint tests should be carried out by our engineers in collaboration with three engineers appointed from your Special Sub-Committee. We readily agreed to this suggestion with the result that several meetings were held and tests were carried out.

You made the further suggestion in the early part of 1937 to release one of your members from a period contract then in effect with one of these companies to enable the said member to install a complete and most up-to-date generating plant so as to establish once for all the actual cost of power generation by steam under best conditions. This was with the intent of settling the long-drawn-out discussion as to what actual power generating costs were by means of steam with a modern efficient plant.

Again, meetings were held, because there were legal difficulties in releasing the consumer from his obligations. We were, however, so genuinely desirous to co-operate with you in this object and to settle this long-drawn-out discussion that we went to the length of stating the case for counsel's opinion, overcame the legal difficulties, and agreed to release the said member from his contract with effect from the date that his new plant, with the most modern and up-to-date equipment, namely the Velox plant, was installed and ready for regular service.

Since then, several tests, not only on this particular plant but also in other mills, were carried out. The results of these tests must be known to your Association. They have proved conclusively that purchased power with process steam efficiently produced in separate boilers, apart from its many collateral advantages and flexibility from the viewpoint of mill operations, is generally more economical than power generated by a mill with a steam plant.

In our letter to your Association of 14th January 1936, detailed references were made under "General" to the factors that have to be accorded consideration in making comparisons of purchased power with private steam plant operation and it was brought out that, in addition to the many other collateral advantages of a purchased power supply, the mills had the security of knowing that purchased power costs had a fixed and downward trend while the cost with a private steam plant are subject to fluctuating prices of fuel, labour and many other items. The present difficulty of obtaining spare parts for such plants, particularly if the plant happens to be of continental manufacture, must also be a source of real concern to-day to the mill with a private steam plant who is faced with a severe loss if the generating plant breaks down. It is our considered opinion that even on a pre-war basis, the Bombay mills on hydro supply were definitely better off than if they had operated their own power plants. The security to-day that at least one item of mill costs, namely, power, will not be inflated by the war must be an important consideration to the mills on Hydro supply. Furthermore, they have the distinct advantage over mills with private plants where incremental power cost is, and has been, steadily on the increase.

Referring specifically to the suggestions for the revision of the minimum monthly bill clause of Schedule T-4, it is hardly necessary to remind you that the Hydro Companies suffer a severe loss in revenue through reduced electric use effective every time a strike or lockout occurs in the plants of any of their customers. We are naturally unaware as to whether a strike or lockout will last a day, a month or a year and consequently cannot otherwise utilize the generating equipment and other facilities temporarily released, as a result of such unfortunate occurrences, and upon which fixed charges have to be paid. The minimum charge is fair and reasonable and compares favourably with the fixed charges and maintenance expenses of a private plant, which also have to be considered when a mill shuts down. The acceptance of the principle that the present minimum charges should be reduced in the case of the non-operation or closure of mills or factories due to strikes or lockouts would be tantamount to a partial underwriting of the loss resulting from all industrial labour disputes. The present level of the Hydro rates and minimum charges does not permit the acceptance by the Companies of any such undertaking or liability. It is essential to understand that a moderate return is earned by the Companies under the present rate *only* on the basis of the demands and energy consumptions of consumers under normal conditions and that the revenue derived from the minimum charge or even under conditions of partial operation of the factory

is inadequate to yield but a fraction of this return. Naturally, the Hydro Companies share the losses resulting from strikes or lockouts to the extent that the energy consumption of the factories and mills is reduced, but they cannot be expected to go even farther by forgoing the small amount of protection afforded by the present minimum charges. You will recollect that the present minimum charges are a great deal less than those which were in effect several years ago when the minimum monthly bill charged in the event mills were shut down due to strikes or otherwise, was based upon a consumption equivalent to 131 hours' use of the contract demand, later reduced to 87 hours' use of the contract demand.

We are, nevertheless, anxious to remove, as far as it is possible for us to do so, the objections raised to the application of the minimum monthly bill in the event of a general strike, as referred to on page 4 of your letter, and it has therefore been decided to modify the second paragraph of the minimum monthly bill clause of Schedule T-4 to read as follows :—

“ Provided, however, that if a factory is closed through any cause whatever for a period exceeding 12 working days in any month, the monthly bill shall not exceed the amount which would have been payable had Schedule T-3 been in force.”

You have stated in your letter that the concession offered in regard to the operation by the mills of back-pressure turbines in conjunction with service from the Hydro Companies under the standard process steam tariff, Schedule T-4, does not fully meet the requirements of the members of your Association. We regret that this view now prevails and consider, after having reviewed the previous correspondence on the subject, it may be due to the fact that it has not been made sufficiently clear that Schedule T-4 has been designed on the basis of supplying the entire power requirements of a mill or factory and, from a competitive point of view, takes into consideration the economy, stated to be obtainable, when power is produced by mills in conjunction with process steam. If a consumer operated a back-pressure turbine in parallel with the power supplied by the Companies, it is obvious that the Hydro Companies would receive a reduced revenue though at the same time they would have to stand prepared with reserve capacity to meet the total demand of the mill should the turbine have to be shut down for any reason. The final result, therefore, would be that the Companies would have to stand ready at all times to supply the total power requirements of the mill, but would receive no revenue in respect of that portion of its capital outlay in plant and water storage facilities that would have to be reserved as a standby to the back-pressure turbine.

The problem of making power available to industries at the lowest possible cost has received the earnest and constant attention of the Companies during the past several years and will continue to do so in future. It is our belief that the past record, at least in so far as the mills are concerned, speaks for itself. Cost studies made for the Tata Hydro system show that Schedule T-4 is as low a rate as could be quoted at present and still receive a moderate return upon the capital outlay of the Companies even when the system is rather fully loaded. The other side of the picture is that the existing rates are generally as low or lower than competitive costs with independent prime movers, even on a pre-war basis, and so from this angle it cannot be considered that there is justification for any further reduction.

We trust we have explained our position and, while we greatly regret our inability to accede to your requests, we desire to assure you that it still continues to be our constant aim to give our consumers the benefit of every possible concession which we may find ourselves in a position to do from time to time.

Copy of letter No. 721/41, dated the 11th February 1941, from the Association to Messrs. The Tata Hydro-Electric Agencies, Ltd., Bombay.

I am directed to acknowledge the receipt of your letter No. BH.340/40, dated the 11th December, 1940. While my Committee cannot agree with many of the arguments advanced in your letter, and while they are still of opinion that charges for Hydro-Electric power should be at least as favourable as the rates being charged at present to large consumers of electric power in Calcutta, they have decided to waive their demand for lower rates for the

present in view of the undertaking given that rates will not be increased during the war or during the tenure of existing contracts.

We trust, however, that the policy of progressive rate reduction will not be lost sight of and that, in the event of the financial position of the Hydro-Companies warranting such a step during the war, concessions in rates will be given to the mill industry of the City and Island in view of the valuable contribution it makes to Hydro Companies' revenues.

APPENDIX 20.

POWER CONTRACTS.

Copy of letter No. 2116/41, dated the 14th May 1940, from the Association to Messrs. The Tata Hydro-Electric Agencies, Ltd., Bombay.

The attention of the Association has recently been drawn to the unsatisfactory character of clause 21 and the inequity of clause 23 of Exhibit "B" of the power contracts already in force and of the renewal contracts which mills have been asked to sign. Clause 21 sets out the terms on which a consumer will be indemnified by the Hydro Companies in the event of a failure of supplies. It is stated in that clause that in the case of textile mills, the indemnity will be reckoned at the rate of half an anna per lb. of yarn and one anna per lb. of cloth. As you are aware, the types of yarn and cloth produced in different mills vary very greatly. There has, for instance, during the last ten years been a great development in the production of finer yarns and finer and more expensive cloths. As the count and fineness increase, production is reduced and each unit of production becomes very much more expensive. Similarly, cost of production increases when finished, bleached, dyed or printed goods are produced instead of merely grey cloth. You will appreciate, therefore, that, in these circumstances, the old basis of a flat rate payment per lb. of yarn irrespective of the counts and a flat rate per lb. of cloth irrespective of its fineness or its character is not a satisfactory means of calculating the indemnity.

At a recent meeting of the Power Costs Sub-Committee of the Association, I was asked to prepare a reasonable basis of indemnity covering the actual standing charges, depreciation and loss of profits of about a dozen representative mills. The standing charges of a mill, that is to say, the expenses which have to be incurred irrespective of whether a mill is working or closed, include such items as salaries of supervisory staffs, interest, insurance, rent, municipal charges (excluding water charges), printing charges, directors' and auditors' fees and agents' allowance. This has now been done, and my Sub-Committee are agreed that instead of allocating the average figure per lb. of yarn or cloth, it should be reduced to a figure per spindle or per loom. To simplify the basis, I have converted looms to spindles in the manner followed by the Murray Tariff Board, which estimated the capitalization of one loom to be equivalent to that of 25 spindles. The average standing charges per 100 spindles per year for the 11 mills I have included come to Rs. 402. In order to arrive at an appropriate basis for an indemnity clause, depreciation at 4 per cent. and return on capital at 6 per cent. have been added (Rs. 630 per 100 spindles). From this a figure of Rs. 1,032 per 100 spindles per year has been arrived at as an appropriate indemnity basis. This figure converted to a daily rate per spindle gives an indemnity charge of 6.4 pies, say 6 pies per spindle per day. My Committee would like to suggest that this indemnity charge should be substituted for the inappropriate per lb. charge which now finds a place in clause 21. The Secretary has been instructed to discuss with you the basis on which his calculations have been made, and if your Board agrees that the proposed new method of calculation or something on similar lines would be more appropriate than the existing basis, an early meeting of representatives of the Hydro-Electric Agencies with the Power Costs Sub-Committee can be arranged to settle the final details.

Clause 23 of the contract deals with the payments to be made by a consumer if his factory is wholly or partially destroyed by fire. You will admit that destruction or partial destruction of a mill by fire is something entirely beyond the control of the company, and since no compensation of any kind becomes payable by the Hydro-Electric Agencies if a breakdown in the power supply occurred " by reason of the cutting off of or damage to any wires or works during war, mutiny or riot or by reason of earthquake, hurricane, lightning or tempest or any accident or cause of whatever nature beyond the control of the company, then it follows that if a mill is wholly destroyed by fire, its liability to make payments to the Hydro Companies should cease until the mill has been rebuilt. In the case of partial destruction by fire, my Committee maintain that an automatic adjustment should be made to meet the new situation by billing the mills at the average cost per unit for the twelve months previous to the partial destruction of the mill and that this average rate per unit should continue until normal operations have been restored.

My Committee consider that the suggestions made in regard to clause 23 might also be discussed at an early joint meeting.

Copy of letter No. B.H.149/40, dated the 27th May, 1940 from Messrs. The Tata Hydro-Electric Agencies, Ltd., to the Association.

We hereby acknowledge your letter No. 2116/41 of 14th May 1940, relative to a revision of clauses 21 and 23 of our standard Agreement with mill customers.

Your recommendations are receiving our consideration and we will communicate with you further after we have had an opportunity to thoroughly investigate the matter.

Copy of circular No. 5001/41, dated the 26th November 1940, from the Association to all member mills in the City and Island of Bombay whose Power Contracts with the Hydro-Electric Agencies expire at the end of 1940.

The Association understands that the Hydro-Electric Agencies, Ltd., have offered mills whose power contracts are due to expire at the end of this year, a new five-year contract on the usual terms. A copy of the contract presented to one of the mills concerned was secured and examined by the Association, and it would seem that some of the suggestions recently made by the Association for amendment of the power contract have not been given effect to. The Association had asked for an amendment of clauses 21 and 23 and a more reasonable basis than at present for calculating the minimum demand charges payable by mills in the event of a strike or lock-out of a short duration. The Power Companies are considering the case put forward by the Association in regard to these matters, but the Association sees no objection to the mills concerned accepting the new contracts offered to them if it were made clear to the Power Companies that any concession which might be granted by the Power Companies as a result of the negotiations with the Millowners' Association would be extended to such new contracts.

APPENDIX 21.

FUEL OIL SUPPLIES TO COTTON MILLS.

Copy of circular No. 2928/208, dated the 8th July 1940, from the Association to all mills in Bombay using fuel oil.

Copies of a letter addressed to mills using furnace oil received from the Burmah-Shell Oil Storage and Distributing Co., of India, Ltd., have been sent to the Association, and I am now writing to inform you that the letter gives effect to the arrangements made

at a recent meeting with the Burmah-Shell representatives, and that the refund of As. 8 per ton to be granted for the period ending the 31st March, 1940, is in order.

As regards the contract to be entered into by mills after the 31st December 1940, I am to say that the matter is under consideration and mills will be addressed when the wording of the new contract has been finally settled.

Copy of circular No. 17/208, dated the 2nd January 1941, from the Association to all mills in Bombay.

In continuation of my letter* No. 5459/208, dated the 30th December, 1940, I beg to inform you that the price of fuel oil and the terms on which it should be supplied to the mills were discussed at a meeting held this afternoon in the rooms of the Association between the General Purposes Sub-Committee and representatives of Messrs. Burmah-Shell Oil Storage and Distributing Co. of India, Ltd.

The representatives of the Oil Company have taken note of the points made by the Association in connection with certain terms and conditions incorporated in the contract, and have agreed to place them before their solicitors. The contract, as amended by the Oil Company's solicitors, will at a later date be discussed by the Association with the Oil Company before being finally printed off.

As regards the price of furnace oil supplied to the mills from 1st January 1941, please note that it will be Rs. 36-6 per ton, variations in tariffs, duties, etc., being on account of the buyer.

I shall be writing to you again after the Sub-Committee have discussed with the Oil Company the oil contract as amended by the Oil Company's solicitors.

APPENDIX 22.

FIRE INSURANCE RATES FOR WOOLLEN MILLS.

Copy of letter No. 4873/11, dated the 6th May 1940, from the Bombay Fire Insurance Association to the Association.

I refer to my letter* of the 15th March last and am directed to inform you that a reply has now been received from the Calcutta Association, from which it appears that that body are not in favour of a general rate reduction in the woollen mills Tariff. It is obvious from the correspondence that woollen mills in other parts of India have not shared the favourable experience of those rateable under the Bombay Tariff.

My Committee have considered the whole position carefully and have decided to grant a special reduction of 30 per cent. off the woollen mills rates in the case of the only two woollen mills rateable under this Association's Tariff, viz., (1) Raymond Woollen Mills and (2) Sir Shapurji Broacha Mill—Woollen Department (old Indian Woollen Mill).

This reduction in rates is subject to reductions in commission and brokerage applicable to the Bombay Woollen Mills Tariff, as follows :—

Bombay agents, working and non-working, reduced to 12½ per cent.

Mofussil agents, sub-agents and brokers reduced to 7½ per cent.

The new rates are applicable from the 1st March, 1940.

* Not printed.

Copy of letter No. 2031/149, dated the 7th May 1940, from the Association to the Bombay Fire Insurance Association.

I beg to acknowledge with thanks the receipt of your letter No. 4873/11, dated the 6th instant, in which you intimate certain reductions made in the tariff rates applicable to the two woollen mills rateable under your Association's Tariff.

I am in communication with the mills concerned in this matter and will write to you again in due course.

Copy of letter No. 2101/149, dated the 13th May 1940, from the Association to the Bombay Fire Insurance Association.

Further to my letter No. 2031/149, dated the 7th May 1940, I enclose for your information copy of a letter received from Messrs. E. D. Sassoon & Co., Ltd., Agents of the Raymond Woollen Mills, Ltd. It is felt that there is a good deal to be said for the view point expressed in Messrs. E. D. Sassoon & Co.'s letter, and the Association trusts that the Fire Insurance Association will grant the further reasonable concessions requested.

Copy of letter No. GC/40, dated the 9th May 1940, from Messrs. E. D. Sassoon & Co., Ltd., to the Association.

We have for acknowledgment your letter* 2030/149, of the 7th instant with enclosures.

While we appreciate the special reduction of 30 per cent. granted by the Bombay Fire Association for the Raymond Woollen Mill, we must confess that we are disappointed that the Fire Association has not been able to see its way to allow the same special discount of 50 per cent. as in the case of cotton mills in Bombay, especially as it has been considered necessary, in view of the special reduction of 30 per cent. to reduce our agency commission from 25 per cent. to 12½ per cent. thus bringing it in line with the commission allowed in the case of Bombay cotton mills. In this connection, as we have already explained in our earlier letters, we do not think it can be maintained that the fire risk in the case of woollen mills is any greater than in the case of cotton mills in Bombay. In the circumstances, we sincerely hope the Fire Association will be able to see its way to reconsider the matter and increase the proposed discount of 30 per cent. to 50 per cent. as allowed for the cotton mills.

Copy of letter No. 4873/13, dated the 22nd May 1940, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 2101/149, of the 13th instant, and enclosure, and am directed to inform you that my Committee have carefully reconsidered the matter in the light of your further advices, but regret they cannot agree to increase the special reduction.

I am further directed to inform you that, as has already been indicated, the experience of woollen mills generally has not been as satisfactory as cotton mills and it must be borne in mind that the recent adjustment in rates for the latter was an increase in the special discount from 25 per cent. to 50 per cent. i.e., an actual reduction of 33½ per cent.

The present change in the woollen mills represents, of course, 30 per cent. and it is in the opinion of the Committee a fair concession.

* Not printed.

Copy of letter No. 2775/149, dated the 26th June 1940, from the Association to the Bombay Fire Insurance Association.

I am in receipt of your letter* No. 4873/17, dated the 25th June, 1940.

I have now had an opportunity of consulting the two woollen mills affected by the proposals made by you, and they are both extremely disappointed at the decision reached by your Association. They maintain that their claims experience during the last ten years has been extremely good, and fully warranted not only an increase of the special discount from 30 per cent. to 50 per cent. but also a substantial reduction in the high basic rates charged for various operations carried on in woollen mills in comparison with like occupations in cotton mills, more especially since wool is not so inflammable a material as cotton. At the same time, the mills concerned appreciate the special discount of 30 per cent. allowed by you with effect from March 1st 1940, and trust that, at a very early date, the rates for woollen mills will be reconsidered and brought into line with those applicable to cotton mills.

Copy of letter No. 4873/18, dated the 12th July 1940, from the Bombay Fire Insurance Association to the Association.

I acknowledge receipt of your letter No. 2775/149, of the 26th ultimo and would inform you that the matter is under consideration of my Committee.

Copy of letter No. 3113/149, dated the 16th July 1940, from the Association to the Bombay Fire Insurance Association.

I am directed to refer to our correspondence on the above subject, resting with your acknowledgment, No. 4873/18, dated the 12th instant, and to enquire whether the special reduction in rates communicated in your letter No. 4873/11, dated the 6th May 1940, has been notified to the representatives of all Fire Offices in Bombay.

An early reply will be appreciated.

Copy of letter No. 4873/21, dated the 22nd July 1940, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 3113/149, of the 16th instant and am directed to inform you that the answer to your enquiry is in the negative.

I am further directed to inform you that subsequent to our letter to you it was discovered that there were other mills in this Association's area and quite recently application has been received from the Madras Fire Insurance Association in respect of two mills in their area.

It is anticipated that my Committee will shortly be in a position to issue a circular to members.

Copy of letter No. 4873/22, dated the 26th July 1940, from the Bombay Fire Insurance Association to the Association.

I refer to correspondence on the above subject resting with my letter of the 22nd instant, and am directed to inform you that my Committee have finally decided specially to rate certain woollen mills situated within the area controlled by this Association whose experience has been very favourable.

These concessions will be as advised in my letter No. 4873/11, dated 6th May last, and will be notified only to the representatives of the offices interested in these risks and not to representatives of all members of this Association.

* Not printed.

APPENDIX 23.

WAR RISKS INSURANCE.

Copy of letter No. 4848/188A, dated the 23rd November 1939, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed to invite your attention to the undermentioned announcement which is understood to have been issued under the authority of the British Treasury on 6th September 1939 :—

“ In a statement made in the House of Commons on January 31st last the Chancellor of the Exchequer explained how the Government proposed to make provision from public funds in respect of loss of or damage to property arising from enemy action, such as bombardment from the air or from the sea, or from counter-action taken against any such attacks.

Apart from such assistance as may be provided towards the repair of essential property, no payments will be made under the scheme until the end of hostilities. It is, however, essential that all damage should be reported as soon as possible after it has occurred and for this purpose arrangements have been made for the receipts of claims and recording of damage by the Valuation Office of the Inland Revenue.

Forms of claim will be available shortly at the local town hall or office of the local authority in whose area the damage has occurred or at the office of the local District Valuer, Inland Revenue ; and completed claims should be delivered to the local District Valuer, whose address will appear on the claim form, within 30 days after the loss or damage has occurred. The Inland Revenue authorities will be prepared to allow a reasonable extension of this period if circumstances beyond the control of the claimant make it impossible to lodge a claim within the 30 days.”

The Manchester Chamber of Commerce seem to have made an enquiry as to the meaning of the term “ property ” referred to in the announcement, and the reply received from the Treasury is understood to have made it clear that the expression meant “ real and personal property (including machinery fixtures and jigs, tools and patterns), within Great Britain and Northern Ireland, except :—

- (i) money, valuable securities, jewellery or works of art which are not at the date of the loss or damage insured specifically against loss or damage by fire, burglary, or theft under a policy of insurance then in force ;
- (ii) property and goods (viz., ships and cargoes and stocks of commodities on land) which are insurable under the provisions of the War Risks Insurance Act, 1939 ; and
- (iii) property belonging to local authorities and public utility undertakings.”

My Committee are anxious to ascertain whether similar safeguards are available in India, and if so, whether there is any protection available to property owners in the event of damage by enemy action. My Committee are making this enquiry for the reason that insurance companies in India have been found to be unwilling to cover risk of loss or damage to property on land by enemy action.

Copy of letter No. 49-C(3)/39, dated the 13th January 1940, from the Under Secretary to the Government of India, Department of Commerce, New Delhi, to the Association.

With reference to your letter No. 4848/188A, dated the 23rd November 1939, on the above subject, I am directed to say that the matter is receiving the consideration of the Government of India.

Copy of letter, dated the 25th June 1940, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed to confirm having wired to you to-day as under :—

“Insurance properties and stocks against war risks. Millowners’ Association respectfully invite attention correspondence ending with your letter 13th January and would like information as to decision reached by Government of India. Initiation scheme compulsory insurance similar to British War Risks Insurance considered urgently necessary in present situation.”

Copy of letter No. 2768/145, dated the 26th June 1940, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

In continuation of my telegram of yesterday’s date, I am directed to indicate that my Association’s anxiety for the initiation of a compulsory system of State insurance against war risk damage applies not only to commodities as covered by the War Risks Insurance Act, 1939 (U.K.) but also to industrial properties, machinery and stocks.

Any scheme of compulsory insurance which might be introduced in respect of industrial plant and stocks would obviously require to be upon an all-India basis to ensure reasonably low premium rates in large and particularly vulnerable industrial centres like Calcutta, Karachi, Bombay and Madras.

My Committee trust Government’s decisions in this matter will be communicated at the earliest possible opportunity.

Copy of letter, dated the 1st July 1940, from the Additional Secretary to the Government of India, Department of Commerce, Camp Bombay, to the Association.

Would you refer to your telegram of the 28th June to the Hon’ble the Commerce Member in connection with insurance against King’s enemy risks. The Hon’ble the Commerce Member desires me to have a preliminary discussion with representatives of your Association and of other associations concerned regarding the feasibility of introducing any such war risk insurance scheme and as to the lines that it would take, if introduced. Any such discussion would, of course, be of a purely preliminary nature and could not be taken as in any way committing Government. If your Association think that such a discussion would be useful, I would be glad if representatives of your Association could meet me in the Reserve Bank Building at 11 a.m. on Thursday next, the 4th July. I am writing also to the Bombay Chamber of Commerce, East India Cotton Association, Indian Merchants’ Chamber, the Bombay Seeds Merchants’ Association, Marwari Chamber of Commerce, and the Indian Central Cotton Committee.

Copy of letter, dated the 2nd July 1940, from the Additional Secretary to the Government of India, Department of Commerce, Camp Bombay, to the Association.

In continuation of my letter of yesterday, the Governor of the Reserve Bank of India has been kind enough to lend the Board Room at the Reserve Bank for the discussion on

war risk insurance on Thursday, the 4th. As it is advisable not to have too many representatives present, I suggest that your Association might send not more than two representatives. Mr. Thomas, Superintendent of Insurance, will also be present at the discussion.

Copy of letter No. 49-C(3)/39, dated the 18th July 1940, from the Additional Secretary to the Government of India, Department of Commerce, Simla, to the Association.

I am directed to enclose a copy of a Press *communiqué* regarding war risk insurance on commodities on land which is being issued to-day and to request that if you have any comments on the proposals outlined in the *communiqué* these may be communicated to me by wire at as early a date as possible at the addresses given below :—

For wires despatched up to 25th July C/o Confirms, Bombay.
 Thereafter "Restruam," Simla.

Copy of Press Communiqué issued by the Government of India in the Department of Commerce, dated the 18th July 1940.

At the instance of various associations in Bombay and Karachi, the Central Government have recently been considering the establishment of a Government scheme for war risk insurance on commodities on land in British India and they sent to Bombay representatives of the Commerce Department to discuss the matter with the various associations who had consulted them. The reports of these officers have now been considered and the Central Government are satisfied that a scheme is practicable.

2. At present the war risk covered by the description King's Enemy Risks is slight, but the Central Government recognise that if a scheme to cover such risks is generally desired, it is necessary that, as the actuarial risks involved in such insurance are not calculable, it should be introduced by Government and worked as a Government scheme.

If, however, such a scheme is introduced, it is necessary that it should be prepared on sound bases, which necessitate the initial building up of a fund from which claims can be met. This was the principle which was adopted in the United Kingdom where the original rate of premium fixed was $\frac{1}{2}$ per cent. per month which was subsequently reduced to $\frac{1}{4}$ per cent. per month.

3. A rough outline of the scheme which the Central Government have under consideration is given below. It follows generally the lines of the United Kingdom scheme modified to suit conditions in India :—

- (i) Risks to be insured against King's enemy risks as defined in the United Kingdom Act, that is, generally speaking, risk of loss or damage caused by the acts of an enemy or by acts done in repelling an enemy.
- (ii) Commodities to which the scheme will apply: All commodities, except those such as growing crops, coal, cement, certain metals and other ores which are excepted in the United Kingdom scheme and mineral oils of all descriptions.
- (iii) War risk insurance will be compulsory in the case of all stocks of commodities of a value of Rs 20,000 or more which are insured against fire, and voluntary in the case of stocks of commodities which are not insured against fire or which are insured for a less sum than Rs. 20,000.
- (iv) The rate of premium will be fixed at three-monthly intervals, and will be adjusted (either by increase or decrease) on the basis of experience. The rate proposed in the first instance is $\frac{1}{8}$ th per cent. per month which is $\frac{1}{4}$ of the original British rate.

- (v) The scheme will be administered by fire insurance companies in India as agents of the Central Government.
- (vi) Premiums received will be paid into a fund. Claims will be met from the fund, but if the fund proves insufficient to meet claims, the necessary contribution to the fund will be made from General Revenues. If at the end of the war the balance in the fund is in excess of claims, that balance will be credited to General Revenues.

4. Various Associations in India are being consulted on these proposals and on receipt of their replies which have been asked for urgently, the matter will be further considered by the Central Government.

Copy of letter No. 3240/145, dated the 24th July 1940, from the Association to the Additional Secretary to the Government of India, Department of Commerce, Simla.

I am directed to acknowledge the receipt of your letter No. 49-C(3)/39, dated the 18th July 1940, with which was enclosed copy of a Press *communiqué* outlining the scheme of war risk insurance which the Central Government have under consideration.

The general views of the Association on this subject of war risk insurance were set out in our letter of the 23rd of November 1939, our telegram dated the 25th of June 1940 and our further letter of the 26th of June 1940. These views were elaborated during the joint conference which recently took place in Bombay by Sir Chunilal V. Mehta, K.C.S.I., Mr. T. V. Baddeley and Mr. Krishnaraj M. D. Thackersey who represented the Association on that occasion. While my Association is emphatically in favour of the introduction of a compulsory scheme of war risk insurance on commodities on the lines of the legislation which has been adopted in the United Kingdom, I am directed to stress once more the desirability of extending the scope of this legislation to cover industrial properties and machinery which are ordinarily insured against fire risks. My Committee are aware that, in England, property and machinery are not covered against war risk damage by any scheme of contributory insurance and that damage sustained by enemy action, apart from essential repairs, would be made good from public funds only after the war has come to an end. This distinction between commodities and property in England is understandable since, in view of the constant daily exposure to damage from aircraft bombing, the cost of a contributory insurance scheme for immovable property and machinery would tend to rule it out of court. In India, the position is vastly different. The chances of damage by enemy action to immovable property is certainly very much less than in England owing to the distance at which India lies from the main theatres of war, and in addition, it has to be remembered that industrial plants in this country are spread over a very wide area which is not the case in the United Kingdom. There is, of course, some concentration of industrial activity in places like Bombay, Calcutta and Ahmedabad, and extensive material damage might be caused to industrial property by enemy action in any one of these three centres. But, taking the country as a whole, it is thought, be possible for Government to introduce a scheme of compulsory insurance of industrial properties and machinery on an all-India basis at a very low rate of premium. It might, of course, be argued that compulsory insurance of industrial property and machinery would not be so attractive in the case of plants in less exposed localities, but as against this, it can be maintained that industry as a whole in the country should bear a proportionate burden of the costs of replacing war risk damage occurring to any particular part of the nation's industrial plants. It was pointed out by one of our representatives at the Bombay conference that unless mills could obtain war risk insurance not only on their stocks, but on their machinery and buildings, a position might arise in which the banks would refuse to renew debenture and similar loans, and if this state of affairs arose, a number of important industrial establishments in Bombay and Ahmedabad might be compelled to cease operations. Similarly, Sir Chunilal V. Mehta at the Bombay conference when supporting the proposition that properties and machinery should compulsorily be insured, drew attention to the fact that if industrial property and machinery were destroyed, the offtake of Indian raw materials by these establishments would be cut off and the interests of agriculturists detrimentally affected thereby.

If, however, a war risk insurance scheme was made applicable to industrial property and machinery, this loss would be purely temporary since the manufacturing units could be expeditiously restored to normal.

In so far as the details of the Commodities War Risk Insurance Scheme are concerned, the major objections which the Association would like to raise are :—

- (1) that the rate of premium proposed appears to be unnecessarily high. As an alternative, it is recommended that the initial premium should be $\frac{1}{8}$ th per cent. per three calendar months instead of $\frac{1}{4}$ th per cent. per month. If, after six months' experience, it was found that the premium receipts did not cover the outgoings, the rate could be raised ;
- (2) My Association does not consider that it would be equitable for Government to make a profit out of war risk insurance on commodities and are, therefore, opposed to any balance in the Central Fund being appropriated to General Revenues at the end of the war.

As Sir Chunilal V. Mehta indicated at the Bombay conference, the Association would like to be assured that the Government of India would not apply any of the premiums collected to any other purposes than the payment of claims. If administrative difficulties preclude the acceptance of the general proposition that all premium collected should be utilised by Government for the payment of claims, it is an added reason why the initial premium rate should be fixed as low as possible, and if necessary, revised in an upward direction after actual experience has been gained.

Extract from the "Gazette of India" Extraordinary, dated 26th August 1940.

ORDINANCE NO. IX OF 1940.

An Ordinance to make certain provisions for the insurance of goods in British India against damage by enemy action.

Whereas an emergency has arisen which renders it necessary to make certain provisions for the insurance of goods in British India against damage by enemy action ;

Now, therefore, in exercise of the powers conferred by section 72 of the Government of India Act as set out in the Ninth Schedule to the Government of India Act, 1935, the Governor-General is pleased to make and promulgate the following Ordinance:—

1. *Short title, extent and commencement.*—(1) This Ordinance may be called the War Risks (Goods) Insurance Ordinance, 1940.

(2) It extends to the whole of British India.

(3) It shall come into force on such date as the Central Government may, by notification in the official *Gazette*, appoint.

2. *Definitions.*—In this Ordinance, unless there is anything repugnant in the subject or context,—

(a) "agricultural products" means products of agriculture, horticulture or sylviculture and includes growing crops, plants and trees ;

(b) "goods" means any materials, commodities or articles and includes materials or articles used in or for the construction of ships up to the time at which a ship after construction is launched ;

- (c) "war risks" means such risks arising from action taken by an enemy, or from action taken in combating an enemy, or in repelling an imagined attack by an enemy, as may be prescribed ;
- (d) "live-stock" includes animals of any description ;
- (e) "prescribed" means prescribed by rules made under this Ordinance ;
- (f) "seller of goods" includes a seller of goods acting as an agent, and, in relation to any person carrying on the business of selling goods as an agent, any reference in this Ordinance to goods produced by him or to goods not produced by him shall be construed as including a reference to goods produced, or, as the case may be, not produced by his principal ;
- (g) "situated in British India," when used with reference to goods, means situated on land or borne on inland waters in British India, but does not include goods sea-borne in ports or maritime territorial waters.

3. *Goods insurable under this Ordinance.*—(1) Subject to the provisions of this section—

- (a) the following goods shall, in relation to any person carrying on business in British India as a seller of goods of any description produced by him, be deemed to be goods insurable under this Ordinance, that is to say, all goods situated in British India being either—
 - (i) goods of that description, or
 - (ii) goods used as material from which goods of that description are produced or as ingredients or component parts of goods of that description ; and
- (b) the following goods shall, in relation to any person carrying on business in British India as a seller of goods of any description not produced by him, be deemed to be goods insurable under this Ordinance, that is to say, all goods of that description being goods situated in British India.

(2) In relation to a person carrying on in British India the business of selling agricultural products produced by him, all agricultural products and live-stock for the time being situated in British India shall, subject to the following provisions of this section, be deemed to be goods insurable under this Ordinance :

Provided that the Central Government may by general or special order direct that the provisions of section 7 shall not operate so as to require a person to be insured in respect of any goods which, in relation to that person would not, apart from the provisions of this sub-section, be goods insurable under this Ordinance.

(3) Things which, in relation to a person carrying on any business as a seller of goods, are at any time goods insurable under this Ordinance shall not cease to be goods so insurable by reason only that they are subsequently placed in or affixed to land under a contract of sale entered into by that person in the course of that business.

(4) The Central Government may, by notification in the official *Gazette*, direct that goods of any description specified in the notification shall, notwithstanding anything contained in this section, be deemed not to be goods insurable under this Ordinance.

4. *Ownership.*—For the purpose of this Ordinance, any goods shall—

- (a) in a case where—
 - (i) the property in the goods is or was at any time vested in a person, in relation to whom they are or were then goods insurable under this Ordinance, or

- (ii) such a person is or was at any time entitled either conditionally or unconditionally to have the property in the goods vested in him,

be taken to have been owned at that time by the person mentioned in sub-clause (i) or sub-clause (ii), as the case may be, of this clause ; and

- (b) in any other case, be taken to be or to have been owned at any time by any person who is or was at that time entitled to sell the goods as an agent :

Provided that any person carrying on a business in the course of which he constructs ships or parts of ships shall, in relation to ships or parts of ships constructed under contract in the course of that business, be deemed to be carrying on business as a seller of ships or parts of ships, as the case may be, and any ship or part of a ship so constructed and any goods appropriated for its construction, of which under the contract with him for the construction the person carrying on the business is not the owner, shall be deemed at all times before delivery under that contract to be owned in the course of that business by the person from time to time carrying on the business :

Provided further that any money received by him under a policy issued in pursuance of the War Risks (Goods) Insurance Scheme in respect of damage to any such ship, part of a ship or goods shall be held by him on trust for the owner of the ship, part or goods, subject, however, to any lien or charge which would otherwise be enforceable against the ship, part or goods.

5. *War Risks Insurance Scheme.*—(1) The Central Government may, by notification in the official *Gazette*, put into operation a scheme [in this Ordinance referred to as the War Risks (Goods) Insurance Scheme] whereby the Central Government undertakes, in relation to persons carrying on business in British India as sellers of goods, the liabilities of insuring such persons against war risks in respect of goods insurable under this Ordinance which are from time to time owned by such persons in the course of such business.

- (2) The War Risks (Goods) Insurance Scheme shall be such as to secure—

- (a) that any liability of the Central Government as insurers under the scheme is determined by a policy of insurance issued in the prescribed form and in respect of a period not exceeding the period for the time being prescribed in this behalf, by a person acting on behalf of the Central Government ;
- (b) that any premium under a policy so issued is payable at such rate as may be prescribed, and
- (c) that the amount of any one premium payable under a policy so issued is not less than such sum as may be prescribed in this behalf.

(3) Different forms of policies, different rates of premium and different periods may be prescribed under sub-section (2) in relation to different descriptions of goods and according to the place at which and the circumstances in which the goods insured are situated.

(4) A policy of insurance in respect of any goods insurable under this Ordinance under the War Risks (Goods) Insurance Scheme may be issued to a person carrying on the business of banking who is interested in such goods by reason of any pledge or mortgage or charge, as well as to the person in relation to whom the goods are insurable under this Ordinance.

6. *Employment of agents by Central Government.*—The Central Government may employ or authorise the employment of any person or firm to act as its agent for any of the purposes of this Ordinance and may pay to persons or firms so employed such remuneration as the Central Government thinks fit :

Provided that no person or firm shall be so employed unless that person or firm is either—

(a) a member of an association prescribed in this behalf, or

(b) a person who in British India has a standing contract with underwriters who are members of the Society of Lloyd's, whereby such person is authorised within the terms of such contract to issue protection notes, cover notes or other documents granting insurance against war risks.

7. *Compulsory insurance.*—(1) No person shall, after such date as may be specified in this behalf by the Central Government by notification in the official *Gazette*, carry on any business in British India as a seller of goods, unless, in respect of any goods insurable under this Ordinance which are for the time being owned by him in the course of that business, there is in force a policy of insurance against war risks issued in accordance with the War Risks (Goods) Insurance Scheme, whereby he is insured in respect of such goods for a sum not less than the value thereof for the time being :

Provided that nothing in this sub-section shall restrict the carrying on of business as aforesaid by any person, if and so long as the value of all goods insurable under this Ordinance which are for the time being owned by him within one and the same Presidency-town or district in the course of that business does not exceed such amount as may be prescribed in this behalf.

(2) Whoever contravenes the provisions of sub-section (1) shall be punishable with fine which may extend to one thousand rupees and with a further fine which may extend to five hundred rupees for every day after the first on which the contravention continues.

8. *Restriction on carrying on certain insurance business.*—(1) After the date on which the War Risks (Goods) Insurance Scheme is put into operation, no person shall, except as a person authorised by the Central Government as their agent to issue policies in pursuance of that scheme, carry on the business of insuring persons carrying on business in British India, as sellers of goods, against war risks in respect of goods insurable under this Ordinance which are from time to time owned by such persons in the course of such business as is last mentioned.

(2) Whoever contravenes the provisions of sub-section (1) shall be punishable with fine which may extend to five thousand rupees and with a further fine which may extend to one thousand rupees for every day after the first on which the contravention continues.

9. *War Risks Insurance Fund.*—(1) The Central Government shall establish a fund for the purposes of this Ordinance, to be called the War Risks (Goods) Insurance Fund, into which shall be paid all sums received by the Central Government by way of insurance premiums under the War Risks Insurance Scheme, and out of which shall be paid all sums required for the discharge by the Central Government of any of its liabilities under the War Risks Insurance Scheme, or for the payment by the Central Government of the remuneration and expenses of agents employed for the purposes of that scheme.

(2) If, at any time when a payment is to be made out of the said fund, the sum standing to the credit of the fund is less than the sum required for the making of that payment, an amount equal to the deficiency shall be paid into the fund as an advance out of general revenues.

(3) If at any time, the amount standing to the credit of the fund exceeds the sum which, in the opinion of the Central Government, is likely to be required for the making of payments out of the fund, the excess shall be paid into general revenues.

(4) The Central Government shall prepare in such form and manner as may be prescribed, and shall publish either annually or at such shorter intervals as may be prescribed, an account of all sums received into and paid out of the War Risks (Goods) Insurance Fund,

10. *Power of Central Government to obtain information.*—(1) Any person authorised in this behalf by the Central Government may at all reasonable times enter any premises occupied by any person carrying on in British India the business of fire insurance or of a seller of goods, and may inspect the premises and may require any person found therein, who is for the time being in charge thereof, to produce to him and allow him to examine such accounts, books or other documents as may relate to the business carried on in the premises and to furnish to him such information as he may reasonably require for the purpose of ascertaining whether or not any person has insured any goods against war risks, and, if so, for what value.

(2) Whoever wilfully obstructs any person in the exercise of his powers under this section or fails without reasonable excuse to comply with a request made thereunder shall, in respect of each occasion on which any such obstruction or failure takes place, be punishable with fine which may extend to five hundred rupees.

(3) Whoever, in purporting to comply with his obligations under this section, knowingly or recklessly makes a statement false in a material particular, shall be punishable with fine which may extend to one thousand rupees.

11. *Refund of premiums in certain cases.*—Where goods of any description have been insured by a seller of goods for any period, and before that period has elapsed goods of that description have ceased, by virtue of a notification under sub-section (4) of section 3, to be goods insurable under this Ordinance, the person who has insured such goods shall be entitled to a proportionate refund of premium.

12. *Limitation on prosecutions.*—No prosecution for any offence punishable under this Ordinance shall be instituted against any person except by or with the consent of the Central Government or an authority authorised in this behalf by the Central Government.

13. *Bar of legal proceedings.*—No suit, prosecution or other legal proceeding shall lie against any person for anything which is in good faith done or intended to be done under this Ordinance.

14. *Power to make rules.*—(1) The Central Government may, by notification in the official *Gazette*, make rules to carry into effect the provisions of this Ordinance.

(2) Without prejudice to the generality of the foregoing power, such rules may prescribe—

- (a) the risks which shall be deemed to be war risks for the purposes of clause (c) of section 2 ;
- (b) the forms of the policies of insurance referred to in sub-section (2) of section 5, the maximum period in respect of which such policies shall be issued, the rates at which premiums on such policies shall be payable, and the maximum amount which shall be payable as any one premium on such policies ;
- (c) the Associations to be prescribed for the purposes of clause (a) of the proviso to section 6 ;
- (d) the maximum amount to be prescribed for the purposes of the proviso to sub-section (1) of section 7 ;
- (e) the form of and the manner of preparing the account referred to in sub-section (4) of section 9 and the intervals at which such account shall be published.

LINLITHGOW,
Viceroy and Governor-General.

Copy of Press communique issued by the Government of India in the Department of Commerce dated the 26th August 1940.

The Central Government have carefully considered the objections raised by various commercial interests to the scheme proposed for war risk insurance on goods in British India. These objections referred mainly to three points—the compulsory nature of the scheme, the rate of premium proposed, and linking compulsion with fire insurance. There was, however, general agreement that some scheme should be introduced.

The Central Government are satisfied that in order to secure the free movement of goods—and such free movement has an important bearing on the maintenance of commodity prices throughout India—it is necessary that merchants should be in a position to insure their goods against war risks. Though these war risks may seem at present more imminent in some places than in others, it would be not only inequitable but also detrimental to the free movement of goods either to place the whole cost of insurance on merchants in those areas or to provide for differential rates of premium for different areas. The Central Government are therefore satisfied that it is necessary that the cost of meeting these risks should be spread among the persons chiefly concerned over the whole of India, and they feel that the fairest and most suitable method of achieving this end is by making insurance compulsory throughout India at as low a rate of premium as possible and thereby spreading among all sellers of goods the probable cost of making good damage that may be caused to the goods of a few. They consider further that it is better not to link compulsion with fire insurance, as otherwise a tendency might develop to give up fire insurance.

Government have therefore decided to introduce a scheme of compulsory war risk insurance on goods on land or inland waterways in India. Under this scheme Government will themselves be the insurer and will make it compulsory for all sellers of goods (other than certain goods that are excepted) holding goods to a value of Rs. 20,000 or more in any district or Presidency town to insure such goods against war risks. The initial rate of premium has been fixed at half anna per cent. per month which is one-quarter of the rate originally suggested. This rate of premium will remain in force for three months after which it will be adjusted in the light of future developments.

An Ordinance to give effect to the scheme has been approved by the Governor-General and that Ordinance together with certain rules is being published to-day. The scheme will not, however, be brought into effect at once as there must be some short delay while the necessary arrangements are being made with the insurance companies to act as agents of the Central Government for the administration of the scheme.

The scheme does not provide for insurance against war risks of buildings, machinery, and other forms of immovable property. The Central Government do not consider that an insurance scheme is a suitable matter for dealing with possible damage to immovable property resulting from war risks and they are closely examining the feasibility of adopting as an alternative the procedure that has been adopted in the United Kingdom. In that country a Committee has been appointed to estimate the extent of any damage caused to immovable property by war risks as soon as such damage occurs and the Government have announced that they will, on the conclusion of the war, ask the Legislature to agree to give compensation to such extent as may be found possible in consideration of the total amount of damage that may have been suffered.

APPENDIX 24.

PAYMENT OF COMPENSATION FOR WAR INJURIES.

Copy of letter No. 1023/G, dated the 27th May 1940, from the Millowners' Mutual Insurance Association, Ltd., to the Association.

I am directed to forward herewith a copy of the representation submitted by the Board to the Government of India on the subject of payment of compensation for war injuries

with the suggestion that your representative in the Assembly might be requested to take such action in support of it as your Committee may decide.

Copy of letter No. 1021/G, dated the 27th May 1940, from the Millowners' Mutual Insurance Association, Ltd., to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed by the Board of this Association to address you on the subject of the employer's liability to pay compensation under the Workmen's Compensation Act to operatives and their dependants for injuries and death caused by enemy action.

2. The Board has been advised that the employer would be liable to pay compensation under the Act to operatives injured or killed by enemy action against factories or workshops where they may be employed. The Board desires to say that the intention of the Workmen's Compensation Act is to secure the payment of compensation to workmen who may be injured or killed by the ordinary hazards of employment in industrial establishments and not for extraordinary risks created by war.

3. The Board feels that this extension of the principle of the employer's liability under the Act brought about by a vital change in the conditions of employment due to the war is inequitable inasmuch as it was never contemplated that such risks would fall within the purview of the Act.

4. The Board is of the opinion that it would be inequitable to enhance the liability of employers under the Act to the enormous extent to which it has been increased by a change in the ordinary conditions of employment.

5. The Board believes that the position created by the present phase of the war brings the possibility of enemy action much nearer home than it was at the beginning of hostilities and that its extension to India cannot be ruled out altogether.

6. The Board would, therefore, like to urge the desirability, if not the necessity, of enacting appropriate legislation to meet the dangerous possibilities inherent in the present situation.

7. The Board would like to draw the attention of the Government of India, in this connection, to the Personal Injuries (Emergency Provisions) Act, 1939, passed by Parliament in September last. The Act provides for the payment of compensation by the State for "war injury" sustained by a "gainfully occupied" person and no compensation or damages are payable whether to the person injured or to any other person, as would have been payable under the Workmen's Compensation and Employers' Liability Acts or by any other statute, or by contract or at common law.

8. The Board has reasons to believe that similar legislation is contemplated in those Dependencies where Workmen's Compensation legislation is in force. The Board is aware of the action taken by the Government of India by means of the Workmen's Compensation (Amendment) Act of 1939 to prevent Indian seamen employed overseas from claiming compensation under the Act in cases in which they are entitled to claim it under the Personal Injuries Act of 1939.

9. The Board would, therefore, like to be informed whether Government propose to take any action to

- (a) exclude the employer's liability in respect of the risk of injuries caused by enemy action from the scope of the Workmen's Compensation Act, or
- (b) take steps to relieve employers of their liability under the Act for injuries caused by enemy action by the enactment of legislation on the lines of the Personal Injuries (Emergency Provisions) Act passed by the British Parliament on 3rd September, 1939.

Copy of letter No. 2765/130, dated the 25th June 1940, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed to draw the Government of India's attention to a representation recently submitted by the Millowners' Mutual Insurance Association Ltd. with whom the bulk of the Bombay mills' workmen's compensation insurance is placed, suggesting amendments to the Indian Workmen's Compensation Act. A copy of the representation referred to is enclosed for ready reference. My Association consider it urgently necessary that the Workmen's Compensation Act should be amended in the manner suggested in the representation, and respectfully request that legislation be passed with the least possible delay in view of the existing situation.

Copy of letter No. L1882, dated 13th July 1940, from the Under-Secretary to the Government of India, Department of Labour, Simla, to the Association.

With reference to your letter No. 2765/130, dated the 25th June 1940, I am directed to say that the Government of India have considered the representation made by the Millowners' Mutual Insurance Association, Bombay, for emergency legislation to relieve employers of liability for compensation in respect of war injuries, and have come to the conclusion that no such legislation is necessary in India at present.

APPENDIX 25.

SICKNESS INSURANCE.

Copy of letter No. L. O.-4597, dated the 14/17th June 1940, from the Commissioner of Labour, Bombay, to the Association.

I am directed by Government to forward for your information a copy of the Government of India, Department of Labour, letter No. L.-3019, dated the 16th May 1940, on the above subject and to request you to be good enough to furnish this office with the views of your Association on the point referred to therein, namely, whether your Association is willing to accept the principle of compulsory contribution to sickness insurance funds, and if so, whether your Association has any suggestions to make in the matter.

2. I am to request that your reply may kindly be sent so as to reach this office by 8th July 1940 at the latest.

Copy of letter No. L.-3019, dated the 16th May 1940, from the Secretary to the Government of India, Department of Labour, Simla, to all Provincial Governments.

You are aware that some time ago the question of sickness insurance for workmen was examined in great detail by the Central Government in consultation with the Provincial Governments and, for the reasons summarised in their letter No. L.-3019, dated the 1st May 1937, it was decided to take no further action on that question. Considering the importance of sickness insurance for the welfare of the industrial labourer, the Central Government decided, however, to place it for discussion before the first Conference of Labour Ministers which was held in January last. Copies of the proceedings* of this Conference have already been forwarded to you. I am directed to invite attention to the discussion on the subject in the proceedings of the Conference. The Conference realised that the problem was not so much the lack of medical facilities but one of enabling the worker to maintain himself and his dependents during periods when he is unable to work and earn a living because of sickness. The Conference came to the conclusion that for this purpose sickness benefit funds would be appropriate and that further action for setting up such funds may be considered after it

* The discussion on the subject will be found at pages 57-62 of the Indian Industries and Labour Bulletin No. 70.

has been ascertained how far employers and workmen are willing to contribute compulsorily to such funds. Contributions from the employees who would be benefited by such schemes and from the employers who have a responsibility in the matter of welfare of their workmen are a necessary pre-requisite to the formulation of any scheme of sickness benefit. In what proportion the two parties should contribute and what the quantum of contribution should be are matters of detail which can be gone into once the parties concerned accept the principle of compulsory contribution. It is clear that any further progress in the matter of sickness insurance can be made only if that principle is generally accepted. The Government of India would therefore be glad if you will kindly consult the important associations of employers and workers in the Province on the question whether they are willing to accept the principle of compulsory contribution to sickness insurance funds and to forward their replies with your comments by the 1st September 1940.

Copy of letter No. 3093/135, dated the 16th July 1940, from the Association to the Commissioner of Labour, Bombay.

I am directed to acknowledge the receipt of your letter No. L.O.-4597, dated the 14/17th June 1940, in which you enquire whether the Association is willing to accept the principle of compulsory contribution to sickness insurance. In reply, I am desired to point out that the question of instituting a scheme of sickness insurance for the benefit of workers employed in industries in India has been considered by my Committee on various occasions. Evidence on this matter was also tendered by the Association early last year before the Bombay Textile Labour Inquiry Committee whose report is now awaited. The attitude adopted by this Association on all these occasions has consistently been that the pace of social legislation in the country should be dictated by the industry's capacity to pay; it was also emphasised that a scheme of sickness insurance, if and when it is initiated, should be on an all-India scale and on a contributory basis by the State, the employers and the employees. My Association still adheres to these views. It is further pointed out that the present time is full of difficulties for Indian industries and all those who are associated or dependent thereon, and is not, therefore, suitable for the consideration of any proposal which would impose a financial burden on industry.

Closely allied with the question of sickness insurance is that of holidays with pay, which, it is understood, has been under consideration in various Provinces. It is felt that this and other questions of a like nature should be handled together so that the interests concerned may be in a position to assess adequately the cumulative effect of all the various burdens which are sought to be imposed upon them in the way of social legislation. There is also another point which my Association desires to urge on Government, and that is the utmost importance of legislative measures of this character having all-India application, for, if British Indian industries were singled out for the introduction of social ameliorative measures, the disparity in working conditions which already exists between the industries situated in British India and in most Indian States, would be further widened to the serious detriment of the former.

APPENDIX 26.

EXCESS PROFITS TAX ACT, 1940.

(a) EXCESS PROFITS TAX BILL.

Copy of speech made by Sir Homi Mody, the Association's representative in the Indian Legislative Assembly, on 6th February, 1940, on the motion of the Hon'ble the Finance Member that the Excess Profits Tax Bill be referred to a Select Committee.

Sir, my honourable friend the Finance Member in urging that the House take into consideration his motion pleaded for the recognition of the principle of social justice. I noticed then as I notice now, my honourable friend Mr. Joshi warmly applauding that sentiment.

Mr. Joshi's idea of social justice is to put his hand in everybody else's pocket and I am not concerned really with his reactions to the Bill. I am content with pointing out that those who have criticised this measure most definitely do not set their face against the recognition of social justice in the relations of men. What we do say, however, is that Indian industries had just started recovering from a long period of depression and that before they had time to consolidate their position, the honourable the Finance Member has thought it necessary to put up a Bill which has the effect of very seriously crippling their earning power and their ability to consolidate their position. My honourable friend stated as one of the reasons why he brought up this Bill at the present state that he did not want the sword of Damocles hanging over the heads of industrialists and business men. The sentiment does credit to my honourable friend, but his way of preventing the sword of Damocles hanging over the heads of business men appears to be to chop off the heads at once so that there may be no suspense left.

Now, sir, in placing this Bill before us the Honourable Member, though probably he may not like to admit it, has been moved principally by the consideration that such a measure has been found necessary in the United Kingdom. Well, the conditions are vastly different. Though I am not prepared to say that this country can be an idle spectator of the conflict that is raging, it has to be admitted that it cannot possibly affect this country in the same way as it can Great Britain. But, sir, apart from that, I would like to point out to my honourable friend that economic conditions in the two countries are very different. Taking the figures given in a recent issue of the *Economist*, while the index figure of business activity in 1935 was 100, it was 114 in 1936, 129 in 1937, and 120 in 1938. Taking the same years, so far as this country is concerned, and taking 100 to be the index number for 1928, the figure was 69 in 1935, 63 in 1936, 60 in 1937 and 70 in 1938. In other words, it was a period of recession in India, whereas in the United Kingdom it was an era of rising profits. But there is another and even more important consideration which ought to be borne in mind by Government in deciding upon what is fit and applicable to this country. All these years in India business has contributed to the coffers of Government not merely out of its profits but also out of its capital. For many years the principle of carry-forward of business losses has been recognised in the United Kingdom; it has only received recognition in this country in the last Income-tax Act. The result has been that, to give an example, if a concern has made 2 lakhs of profit in one year and one lakh of loss in the subsequent year, on the average of the two years it has actually made a loss of one lakh, and yet it has paid income-tax on 2 lakhs of rupees. Now, I say that that constitutes a material distinction. It is tantamount to Indian business contributing year after year not merely out of its profits but also out of its capital.

Now, sir, one of our principal difficulties is that the budgetary position is not known to us. My honourable friend the Leader of the European Group regarded with satisfaction the declaration of the Finance Member that he was not going to ask the Select Committee to decide upon the percentage of excess profits which would be taxed until it had had an opportunity of knowing what the needs of the Government were. So far so good, and I certainly feel that to that extent the Finance Member has made a concession. But even then we shall have to decide upon a great many matters of importance before the stage is reached at which we know the financial position of the Government of India. A bachelor has been described as one who looks before he leaps, and then does not leap. We are asked to leap even before we have had an opportunity of looking.

AN HONOURABLE MEMBER : You are not a bachelor.

SIR H. P. MODY : Unfortunately I ceased to be that a long time ago !

DR. P. N. BANERJEA : Why unfortunately ?

SIR H. P. MODY : That I will explain to you afterwards.

Sir, there are a great many points, and if you will give me a little extension of time before lunch, I shall be able to finish my speech.

In the Select Committee it will be necessary to place before Government the position of certain industries like life assurance, investment companies, motion pictures, to whom it would be inequitable to apply this measure for various reasons. Before passing on to other

matters, I would say that taking industries all round, the position is being made still worse *vis-a-vis* conditions in the Indian States. Advanced labour legislation has already tended to drive industries to the Indian States, and if additional burdens continue to be placed upon industries in British India, then it is natural to assume that the drift towards Indian States will become more and more pronounced.

Sir, the assumption underlying the Bill is that there are excess profits. The Statement of Objects and Reasons says :—

“The object of the Bill is to secure for the Government a considerable portion of the additional business profits which accrue as a result of the conditions prevailing during the war,”

and yet the preamble merely states “whereas it is expedient to impose a tax on excess profits arising out of certain businesses.” Now, sir, with regard to this question of excess profits it seems to me that the activities of speculators of the exchanges in Calcutta and Bombay have given the impression that India was experiencing a regular boom. It is rather unfortunate that such an impression should prevail. But I should like to remind my honourable friend of what the compilers of the Reserve Bank Report have stated in their last publication :—

“On the whole, therefore, the economic outlook at the end of the year appeared to be brighter than at any time during the past ten years, although memories of the aftermath of the last war were sufficiently recent to lead to a fairly general realisation of the fact that war profits are essentially artificial and transient, and that in a major conflict of this nature no country can hope to escape the inevitable strain on her economic resources.”

That, sir, should have been regarded as a very strong reason why this measure should not have been brought in at this stage before the position is consolidated, and before we know how long the war is going to last, and how it is going to affect the economic situation of this country.

There is another consideration and it is this : how do you ascertain what profits have been made as a consequence of the war ? There are many industries which by a process of prudent husbanding of their resources or by the increasing efficiency of their management have been creating for themselves a favourable position. Are you going to tax their increased profits as profits arising out of the war, even though it may happen that in some cases the profits which these concerns are making have nothing whatever to do with the war ? Certain provisions have been made for exceptional cases. I want to ask, what happens in the case of increased production ? I happen to be intimately connected with an organisation which has put up three new factories in the course of the last year or two, and the production has gone up by something like 250,000 tons. Are the profits arising out of this production to be regarded as excess over the normal ?

These are some of the very strong objections to the general features of the Bill. Coming to individual items, I would like to say, what has been said so often in the course of the last few days, that the standard year has been taken on a basis which would work very great hardship to industries. There was a far wider choice given to industries under the Act of 1914. If you take years of depression as your standard years, you are crippling Indian industries in a manner which you do not appreciate at this stage.

MR. PRESIDENT (THE HONOURABLE SIR ABDUR RAHIM): The honourable member can continue his speech after lunch.

The Assembly reassembled after lunch at half past two of the clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the chair.

Sir, before the lunch interval I was saying that with regard to the standard year a sufficiently wide range of choice has not been given to the assessee. In particular I object

the exclusion of the period 1938-39 and I do not see how it could be said that that was a war period. As a matter of fact, it definitely was not, as I shall prove to you a little later.

In the Bill provision has been made for appeal to a Board of Referees, and from that point of view there is some hope that in very hard cases justice may be done. But I should like the House to understand precisely the scope of the powers of the Board of Referees. In most cases if it is established by the assessee that the abnormally low profits of the standard year were brought about by abnormal causes, then the Board can put the matter right only to this extent that they will concede not more than 6 per cent. on the capital of the concern. Now what is the capital of a concern? In most cases, and it is common knowledge, the original capital with which a concern starts bears no relation whatsoever to the capital actually employed in it. I know of a great many concerns personally in which the original capital is of a negligible character. One concern which has a capital of 18½ lakhs of rupees has a block of well over a crore and a half. Over a period of years, such a position has been built up. There is a jute company whose capital is only Rs. 4,20,000, whereas the block is many many times that figure. Therefore, if you allow only 6 per cent. on the nominal capital, then you are not affording any relief to the assessee who has been hit by abnormal circumstances during the standard period.

SIR COWASJI JEHangIR (Bombay City : Non-Muhammadan Urban) : What about expansion with borrowed money which are not debentures ?

SIR HOMI MODY : That of course is another point, and I am glad my honourable friend has drawn my attention to it. Expansion has often taken place with borrowed moneys, and that really means that while the capital is kept at a very low figure, the actual capital employed is very much more.

Coming to the question of the percentage, while I was glad to note the assurance of the Finance Member that the matter would be fully gone into after the Select Committee had had an opportunity of considering the financial position of Government, and while therefore I shall not pursue the point in great detail here, what I would like to point out at this stage is that if you make it as substantial a percentage as you have in the Bill, then you are preventing industries from consolidating their position. Here is one of the few opportunities given to industries to recover from a period of depression and to make some provision for the future, which from our experience we know will be inevitably facing us as soon as the war and its aftermath are over, and you lay your hands on as much as 50 per cent. of the excess profits and thereby administer a very considerable hardship to industries generally. There is one concern I know, which need not be named, whose success after many years of depression has been of a spectacular character, and which was hoping to set-aside substantial sums to reserve for the first time in its history. It is a very big concern, and yet apart from laying aside proper sums for depreciation it has had no opportunity of building up reserves. That position was going to be rectified in this year of profits, but now half of the excess profits will be taken away. Therefore, as I say, the position is that while 50 per cent. may look all right, when you take it in relation to the 60 per cent. imposed upon British industrialists, if you take it in relation to Indian conditions, it constitutes a gross injustice. My honourable friend the Finance Member has combined a very fat percentage with a very lean basic year.

The next question that arises for consideration is the currency of this measure. It is of an indefinite duration. There may be substantial reasons for it, but we are not able to appreciate them to-day. One thing I know, that if this measure were up for review by the Legislature from year to year it is quite conceivable that a great many anomalies and injustices which may come to light in its actual operation would have an opportunity of being rectified. That opportunity will be denied to us. This Bill, once it has got through this House, will be a more or less permanent thing, for the period for which at any rate Government intend it to be. I am also afraid of another thing. I am doing no injustice to the Finance Member or to the Government of India when I say that once a taxing measure is on the statute-book it takes a very great deal of persuasion to induce Government to take it off. As I have had occasion to remark on a previous occasion, "a thing of duty is a joy for ever," so far as the Finance Member is concerned.

I come to the question of the chargeable period in the Bill. What I want to know is by what process of reasoning are profits made before the actual start of hostilities brought within the chargeable period? The Statement of Objects and Reasons refers to profits which accrue as a result of the conditions prevailing during the war. How can you bring profits accruing before the outbreak of hostilities within the purview of this Bill? It is against the principle of the Bill, and I should like again to quote from the Reserve Bank Report to which I referred this morning:—

“The growing tension in the international situation militated against any sustained recovery in the first eight months of the year and the nervousness which it engendered dominated the financial markets generally and almost nullified the effect of other favourable factors such as a slight improvement in the foreign trade position and a rise in the prices of certain commodities such as jute and sugar. . . . The declaration of war, however, radically altered the situation and led to a sharp rise in the prospects of Indian agriculturists and industries generally.”

In other words, an improvement came about on the outbreak of the war and, therefore, it is very unjust that it should be sought to tax any profits which arose before the actual start of hostilities.

There is another point and that is with regard to the change recently made in the system of depreciation allowances. All these years we were allowed a rate upon the original value. By the recent amendment of the Income-tax Act, depreciation is now to be allowed on the written-down value. If the profits for the chargeable years are based upon depreciation calculated on this basis, then they are bound to show higher as against the lower profits on the old basis of the standard years. I have every hope that this anomaly will be set right. In the case which I led before the Central Board of Revenue recently on behalf of industrial interests, I pointed this anomaly out, and I was told, and perhaps properly, that that was a matter which was to be threshed out when the Excess Profits Duty Bill was under consideration. I am taking this early opportunity

SIR COWASJI JEHANGIR : May I ask why the depreciation rate should be so fixed that it should be less? Was any undertaking given that it would make no difference to us?

SIR H. P. MODY : That is just the point. My friend was in the Select Committee and I was not. We were told that an assurance was given that the result would work out more or less the same.

BABU BAIJNATH BAJORIA : It was given on the floor of this House too.

SIR H. P. MODY : But I am given to understand that there was no sort of undertaking or assurance given.

THE HONOURABLE SIR JEREMY RAISMAN : There was no such undertaking.

SIR COWASJI JEHANGIR : May I say definitely that there was such an undertaking given in the Select Committee that the difference in the method would make no ultimate difference to the industries?

THE HONOURABLE SIR JEREMY RAISMAN : I am afraid we cannot pursue this matter. I must differ from the honourable member.

SIR H. P. MODY : The point was repeatedly made by me and the categorical reply was that no such undertaking was given. However, that is a matter which does not directly concern us. All that I am concerned with now is that the change which has been brought about in the system of depreciation allowances, unless it is set right so far as this Bill is

concerned, will entail an additional burden. I have every confidence that the Government of India will set that right.

There are a great many differences between this Bill and the Act of 1919. My honourable friend the Finance Member in effect stated this morning that so far as that Act was concerned the Government went to sleep and were caught napping. Unfortunately for us, this time they did not go to bed at all, with the result that not only a much more drastic burden is sought to be imposed upon us, but very substantial differences in many of the main features have been introduced. The 1919 Act gave a wide choice of the basic period. As a matter of fact, the basic period there was a period of substantial profits. The duration of that measure was one year, and it gave also a choice between paying super-tax and paying excess profits duty. From figures which I have obtained, it would appear as if Government realised from that Act something like Rs. 9 crores, after making allowance for a reduction in the income-tax and super-tax. From the present measure, it looks as if that figure would have to be multiplied a great many times. I do not quite know how much money the Government of India really need for the purpose of financing their requirements. I submit, what I have submitted unofficially already, that it is really not necessary even from the point of view of the canons of sound finance that Government should seek by an exceptional measure of this nature to get all that they want to fill up the gap. Let the effect of an Excess Profits Duty be properly appraised: let us all see how far industries are developing under the stimulus of the war: let Government consider how far the present profits are really in excess of the profits which might be regarded as normal; and it is only when they have that experience of the working of the Act that they can decide whether the percentage mentioned in the Bill is fair. I have mentioned in the course of my remarks on the Income-tax Act that people were so far keeping only two sets of books, but that thereafter they would be obliged to keep three sets of books—one for themselves, one for their partners and the third for the income-tax authorities. Now, four sets of books will have to be kept, and the fourth will be for the purpose of the Excess Profits Duty. Unfortunately penalties have been prescribed in the Bill. A little fellow once asked his father "Dad, what is bankruptcy?" and the venerable father replied "Bankruptcy is when a man puts his money into his trouser pockets, and lets his creditors take his coat." It seems that the Government are going to rifle not only our coat pockets and our trouser pockets, but every other kind of pocket we may have. I cannot otherwise explain the drastic penalties they have sought to introduce in the Bill.

On the whole, sir, the Bill seems to me to be hastily conceived and prematurely brought out, and like all prematurely born things I do not think it is likely to be very healthy growth or be an influence for good. It is going greatly to affect the fortunes of industries, which, as I have said several times already, were just beginning to recover from periods of depression and were hoping to have a run of prosperity which might enable them to consolidate their strength and position. I am not enamoured of this Bill any more than any of my friends in the business world, but in deciding my attitude towards this measure, I must be guided by severely practical considerations. I know as a matter of fact that if this motion were defeated certification would follow, and I certainly do not want this Bill to be certified. (AN HONOURABLE MEMBER: Why?) Why? Have you not had sufficient experience in the past? Five budgets have been certified without the change of a comma. Why, it was possible even in the old days when we were on these benches, and were not supported by the representatives of the people in the sense in which they are labelled to-day—even in those days we managed to get crores of relief for the taxpayer, as my friend the Commerce Member will testify? I do not want this Bill certified, because I am quite certain that if it were it would have a most crippling effect on industries, and I do not think that there is a single business or industry which would be grateful for such a consummation. On the other hand, sir, I have every confidence that if a good case is made out, then whatever the financial exigencies of the Government of India may be, as a reasonable man, the Finance Member is bound to admit that he cannot get the money he wants at such a great cost to the industrial and commercial structure of the country. It is from that point of view, sir, that I want this measure to be examined in the Select Committee. Already a large number of industries and individual concerns have sent representations to me with regard to the manner in which this Bill ought to be revised. Their case has got to be put before the Select Committee, and it is on that account and not because I am less keen than any of my friends in condemning this measure,—that I stand here to-day to support the motion for Select Committee.

Copy of letter dated the 7th February 1940, from the Association to Sir Homi Mody, Imperial Hotel, New Delhi.

We understand from Mr. S. D. (now Sir Sorab) Saklatvala that Messrs. Tata Sons, Ltd., have sent you a detailed list of amendments which they suggest might be made in the various Clauses of the Excess Profits Tax Bill. While we do not think that it will be possible for you to get the Government of India to accept all of them, many of the amendments are in line with the views of the Special Sub-Committee of the Association, and we do not, therefore, propose to discuss them in detail.

The Committee had an opportunity of discussing this matter fully with Sir Ness Wadia, on his return from Delhi. After Sir Ness had fully reported to us the nature of the discussions he had with you and the points placed by him before the Finance Member, Sir Ness and myself were asked to set out the Association's general views.

We see from the newspapers to-day that the Bill has been referred to a Select Committee, which is not expected to report on the Bill before 6th March, 1940. This is a very satisfactory arrangement, since the Select Committee would, before they meet, have with them complete information regarding the budgetary requirements of Government and the extent of other taxation contemplated and also details of the extra war expenditure incurred by Government.

Coming now to the details, as Sir Ness has already pointed out, the following points should be kept in mind when the Select Committee meets :—

(1) An amendment of section 6 is necessary which would give an assessee the option to choose any one of the calendar years 1935, 1936, 1937 or 1938, or the nearest fiscal or corresponding accounting years 1935-36, 1936-37, 1937-38, or 1938-39, or the average of any two of these years.

The year 1935 was, we understand, the best year for the jute industry, and the year 1938 was, as you know, the best for the cotton industry, although it was not what could be called a year of good profits.

Our Committee fail to understand on what grounds Government can justify the omission of the calendar year 1938 as a basis for estimating standard profits. From what Sir Ness stated, it would appear that the Finance Member explained that the bulk of the income-tax figures for the assessment year 1939-40 were not yet in the hands of Government. Surely, this is a mis-statement, as the Income-tax authorities must have 90 per cent. of such statements ready ; certainly, this is the position so far as Bombay is concerned.

(2) While 1938 was the best year for the textile industry, many mills in Bombay did not earn an adequate return on capital employed. By the words "capital employed," the Committee mean, as in the last Act, the original block cost plus working capital, or, in other words, the paid-up capital plus reserves and any loans borrowed from working capital. The Committee would, therefore, like to add at the end of clause 6(2) a proviso somewhat as under :—

"If in any chargeable year, an assessee has not earned 8 per cent. on the capital employed in the business, he shall not be liable to the tax."

If this proviso is not added, Sir Ness considers that the Bill will be grossly unfair in its operation to many mills which, for a number of years, have been making losses or only insignificant profits.

(3) The third point that the Committee would like you to press is that for purposes of estimating excess profits, the same method of calculating depreciation allowance should be followed as was followed in the standard year. As you know, up to this year, including the assessment year 1939-40, depreciation was allowed as a percentage on block cost. This Bill proposes to change the method of calculating depreciation to a written-down basis (*vide* clause

2(23)). It will be manifestly unfair to calculate depreciation on varying bases in the chargeable year and the basic standard year, as a mill may have to pay Excess Profits Tax owing to the different amounts of depreciation allowance permitted in the two years. In a case like the Bombay Dyeing and Manufacturing Co., Ltd., under the old system of depreciation on block cost, the depreciation allowance amounted to Rs. 10 lakhs, but now under the written-down value basis, it would amount to only Rs. 4 lakhs. Therefore, the Income-tax authorities might say that although the gross profit in the chargeable year was the same as the gross profit in the standard year, the company has made an excess profit of Rs. 6 lakhs, and, therefore, Government ought to get half of that, namely Rs. 3 lakhs. In this view of the case, Sir Ness suggested to the Finance Member that Government should for the present defer the introduction of the system of allowing depreciation on a written-down value basis until the Excess Profits Tax has lapsed. What Sir Ness wanted was that depreciation should continue to be calculated on the same old basis as block cost. If the Finance Member does not agree to revert to the original cost basis for depreciation, then he thinks that you must insist that the profits for the standard year should be re-calculated, taking as allowance for depreciation the same written-down depreciation figure as would be taken in the chargeable year.

(4) Sir Ness feels strongly that, under section 2(6), the chargeable period should not be "any accounting period commencing on and after the 1st April 1939," but any accounting period "beginning on and after 1st April 1940." The reason is clear: first and foremost, no war profits were made in the year 1939. If this statement is disputed by Government, then their attention might be drawn to the statements made by the Central Board of Directors of the Reserve Bank of India in their report for the year 1939 (*vide* end of para on page 7).

(5) The rate of the tax should be reduced. So far as we are aware, no case has been made out showing that any particular percentage of Excess Profits Tax is needed to meet a particular figure of additional expenditure arising from the war. In normal circumstances, a tax has to be justified by a particular revenue requirement, and this salutary principle should not be departed from so drastically as in this Bill.

Another reason for not agreeing blindly to the application of 50 per cent. is that we have not as yet any idea as to whether the Government of India intend to increase taxes in other directions. It is all very well for England, the chief party in the struggle, to impose heavy excess profit taxes, but there one can make the excuse that necessity knows no law; but here, where the necessity is nothing like so great as in England, there are very strong arguments indeed for keeping the rate of Excess Profits Tax within reasonable bounds. If there is a war-time boom in particular industries, it is absolutely certain that that boom will be followed by a period of depression. In other words, a period of abnormal prices or profits is bound to be followed by a period of sub-normal prices or profits, and if you take away a very large portion of the additional profits made by industrial concerns by means of taxation, those concerns will be in many instances unable to build up resources to enable them to survive the consequent depression.

I think you might effectively refer to the boom which followed from the last Great War. In that boom, profits made by the Indian mill industry were definitely higher than we can ever expect during or, as a result of this war. (We then supplied only about 20 per cent. of the country's requirements of cloth, but now we supply about 80 per cent.). What happened after the boom? For nearly fifteen years, the Bombay cotton mill industry has been working at a loss, and many firms have already been put out of existence. There is every possibility of the same thing happening, if despite the will to conserve the reserves accumulated in any boom which might take place, Government take some of the war-time profits from the industry.

Effective use may also be made of the fact that for fifteen years the shareholders in Bombay cotton mills have received practically no dividends, and Government appear by this taxation to be making it impossible for them to receive any compensation in the future.

The lean years through which the industry has passed have prevented us from bringing our machinery up to date, and mills simply could not set aside adequate sums for depreciation. The Bombay mill industry will soon reach a stage when renewals of plant are absolutely

essential, but if more than half of our profits are to be taken away, additional capital will have to be found.

(5) I have already referred to the very bad times through which the Bombay mill industry has been passing and the impossibility of setting aside adequate depreciation. In this Bill, one is not permitted to reduce the amount chargeable to Excess Profits Tax by writing off any arrears of depreciation, and we feel that you must strongly press for some concession in this direction, more particularly since machinery prices have risen enormously, and even where funds are available, they would not purchase the same number of machines as before. The sort of concession we have in mind is that where there are more than two years' arrears of depreciation, at least one year's out of those two should be allowed to be deducted from gross profits in addition to the current year's depreciation, to arrive at the amount chargeable to Excess Profits Tax.

Sir Ness would like to point out that in essence the Excess Profits Tax would work out to 39 per cent. instead of 50 per cent. as per the following calculation :—

Supposing a mill had an excess profit of Rs. 2 lakhs, and Government take Rs. 1 lakh as Excess Profits Tax. As this amount of Rs. 1 lakh will be allowed as an expense, Government will lose income-tax and super-tax on it, or at the present rate of $3\frac{1}{2}$ annas in the rupee which amounts to Rs. 21,875. Therefore, the net extra tax is Rs. 78,125, which, on an excess profit of Rs. 2 lakhs, works out at 39 per cent.

These represent the more important amendments which are necessary in the Bill, and the only other important suggestion we have to make is that the life of the Bill should be definitely limited to the duration of the war.

Copy of Government of India in the Finance Department (Central Revenues), Notification No. 8, dated the 13th April 1940.

In pursuance of sub-section (3) of section 1 of the Excess Profits Tax Act, 1940 (XV of 1940), the Central Government is pleased to appoint the 13th day of April 1940, as the date on which the said Act shall come into force.

(b) COMPUTATION OF EXCESS PROFITS TAX.

Copy of letter No. 1546, dated the 1st June 1940, from the Indian Chamber of Commerce, Calcutta, to the Association.

I am directed to refer to Rule I of the Rules for the computation of profits in Schedule I of the Excess Profits Tax Act, 1940. It will be found from the final paragraph of the above-mentioned rule that the apportionment of the profits to the chargeable accounting period is ordinarily to be made in proportion to the number of months in that period, unless the Excess Profits Tax Officer directs otherwise. While there is no objection to the ordinary procedure of apportionment of the profits visualised in this rule, it will be realised that the discretion given to the Excess Profits Tax Officer is too wide and might by its exercise place concerns on a differing footing for Excess Profits Tax purposes. For instance, where the accounting period is April to March and the chargeable accounting period is from September to March, the apportionment of profits to the chargeable accounting period should be $\frac{7}{12}$ ths of the profits for the accounting period. Taking it for granted that a particular concern issues two reports in the year on its trading results, one from April to September and the other from October to March, the Tax Officer may apportion the profits on a different basis. He may take the profits from October to March in the chargeable accounting period as one unit and add thereto $\frac{1}{6}$ th of the profits for the previous half-year (April to September) and thus arrive at the profits for the 7 months of the chargeable accounting period. In many cases, the result will be a higher assessment than is justified and one which will have discriminatory reactions. In order to guard against such a possibility and to ensure that all concerns

are placed on the same footing, the Committee of the Chamber suggest that a representation might be made by your Association also to the Central Board of Revenue so that clear instructions may be issued to the Excess Profits Tax Officers whereby they will assess the profits in the chargeable accounting period as a whole in proportion to the number of months in it and not split it into two or more periods for the computation of the profits in the chargeable period. I might add that the Indian Jute Mills Association is taking similar action through the Bengal Chamber of Commerce.

Copy of letter No. 2727/58, dated the 24th June 1940, from the Association to the Indian Chamber of Commerce, Calcutta.

I am directed to acknowledge the receipt of your letter No. 1546, dated the 1st June 1940, in which it is suggested that a representation should be made to the Central Board of Revenue to ensure that excess profits tax would be assessed in a chargeable accounting period in strict proportion to the number of months which the assessable period bears to the financial year of the company concerned. My Committee very much regret that they are unable to accede to your request in this matter since they understand that, during the discussion in the Select Committee, this point was taken up by the representatives of different industries, but was dropped in view of the substantial concessions which had been granted in other directions by the Finance Member.

Copy of letter No. 2091, dated the 10th August 1940, from the Indian Chamber of Commerce, Calcutta, to the Association.

I am directed to refer to your letter No. 2727/58, dated the 24th June 1940, regarding chargeable accounting period under the Excess Profits Tax Act, stating that your Association is unable to support the representation addressed by this Chamber to the Government of India on the subject in view of the fact that during the discussion in the Select Committee this question was taken up by the representatives of different industries but was dropped as the Finance Member granted certain concessions in other directions. I am, however, directed to point out that the intention of the Committee of this Chamber in submitting the representation was not to get the Act or the Rules thereunder altered with a view to obtain any further concession from the Government. As the Committee had pointed out, Rule 1 of the Rules for the computation of profits in Schedule I of the Excess Profits Tax Act, 1940, already provides that the apportionment of the profits to the chargeable accounting period is ordinarily to be made in proportion to the number of months in that period. The Excess Profits Tax Officer has, however, been given the power to direct otherwise. The discretion given to the Excess Profits Tax Officer is rather too wide and might by its exercise place the concerns on a different footing. The Committee therefore suggested that departmental instructions may be issued whereby the Excess Profits Tax Officers may assess the profits in the chargeable accounting period as a whole in proportion to the number of months in it and not split it into two or more periods for the computation. Otherwise, for instance, when the accounting period is from April to March and the chargeable accounting period from September to March and if the particular concern issues two reports in the year on its trading results, one from April to September and other from October to March, the Excess Profits Tax Officer may take the profits from October to March in the chargeable accounting period as one unit and add thereto $\frac{1}{4}$ th of the profits for the previous half-year, from April to September, and thus arrive at the profits for the seven months of the chargeable accounting period. In such case, however, the apportionment of profits to the chargeable accounting period should be $\frac{7}{12}$ ths of the profits for the whole accounting period. I may add that the committee of this Chamber had an occasion to discuss this matter recently with Mr. J. F. Sheehy, Member, Central Board of Revenue, when he came to Calcutta and Mr. Sheehy agreed to the principle enunciated above but felt that the qualification—"unless the Excess Profits Tax Officer directs otherwise"—may be necessary to be retained, although for use in very special cases. The Committee of this Chamber feel, however, that if departmental instructions are issued as suggested, the danger of different concerns being placed on different

footings for the Excess Profits Tax purposes by the exercise of the discretion given to the Excess Profits Tax Officer will be eliminated. The Committee of the Chamber would be glad, therefore, if your Association will see its way to support the representation addressed by the Chamber to the Government in this connection. I may add that the Indian Jute Mills Association have also addressed the Government of India in the matter.

Copy of letter No. 4172/58, dated the 1st October 1940, from the Association to the Indian Chamber of Commerce, Calcutta.

I am directed to acknowledge the receipt of your letter No. 2091, dated the 10th August 1940, in which you request my Committee's support to certain amendments which you propose in the Excess Profits Tax Act. My Committee have carefully considered the whole position. It appears that whether the amendment suggested by you is made by departmental instructions or by a regular amendment of the Act, the effect is the same, namely, discretion is not to be vested in the Excess Profits Tax Officer. That, it transpires, was the very point which was threshed out in the Select Committee, and was, I understand, finally given up by the opposition, in view of the important concessions secured in other directions. Besides, my Committee feel, it is only fair to allow the Excess Profits Tax Officer some discretion in such matters. There may be very special cases, and after all, each case has to be considered on its own merits. In the circumstances, my Committee regret their inability to support the amendment proposed by you.

(c) **BUSINESSES WITH LITTLE OR NO PROFITS IN STANDARD PERIODS.**

Copy of letter No. 4656/58, dated the 1st November 1940, from the Association to the Secretary to the Government of India, Finance Department, New Delhi.

My Committee understand that Government propose to bring forward a Bill to amend the Excess Profits Tax Act in the next session of the Central Legislature. The British Excess Profits Tax Act of 1939, on which the Indian Act is largely modelled, was recently amended, and Government's new Bill is probably designed to incorporate these amendments in the Indian Act. As Government are aware, the Indian Excess Profits Tax Act requires that, in respect of business which had little or no profits during the standard period, a Board of Referees must be satisfied that, during the standard period, the profits of the business were less than might at the beginning of that period have been reasonably expected. The British Excess Profits Tax Act of 1939 contained a similar provision, but the position of companies which had little or no profits during the standard period has now been more clearly defined by the amending Act of 1940 ; two conditions are now specified, viz.,

- (1) if a business had no profits during the standard period ; or
- (2) if the profits of the business were so low that it would not be just to ascertain the standard profits of the trade or business by reference to the actual profits of the standard period.

If either of these conditions applies, the standard profits may then be fixed in relation to the share capital.

It appears to my Committee that the introduction of a similar provision in the Indian Act would be an advantage, as the Boards of Referees would then have definite conditions to apply to depressed industries, and my Association would like to be informed whether Government contemplate the incorporation in the Indian Excess Profits Tax Act of provisions similar to those of section 26 (2) of the British Finance Act of 1940.

Copy of letter No. D.59-E.P./40, dated the 11th November 1940, from the First Secretary, Central Board of Revenue, New Delhi, to the Association.

With reference to your letter No. 4656/58 of 1940, dated the 1st November 1940, I am directed to reply that the Excess Profits Tax Amendment Bill has already been introduced in the Central Legislative Assembly from which it will be observed that Government do not contemplate incorporating therein provisions similar to those contained in the United Kingdom Finance Act of 1940.

APPENDIX 27.

DEPRECIATION OF MILL BUILDINGS AND MACHINERY.

Copy of letter No. 1787/137, dated the 22nd April 1940, from the Association to the Secretary, the Central Board of Revenue, New Delhi.

The draft of an amendment* which it is proposed to make in the Income-tax Rules concerning depreciation allowances to be permitted under section 10(2) (VI) of the Act was published on 12th April 1940, and it was stated that criticisms of the proposed rules will be taken into consideration if submitted before the 27th April.

The Association's views as to the appropriate rates of depreciation on a written-down value basis have been placed before Government in their representations submitted on the 4th July and 27th October 1939 and by Sir Homi Mody, Sir Ness Wadia and Mr. Glover during the discussions with the officials of the Central Board of Revenue on the last day of January and the first day of February this year.

Depreciation Allowance for cotton textile mills.—The draft proposals set out in the notification undoubtedly represent a considerable advance on what was originally suggested by Government, and my Association appreciates that the viewpoints of the representatives of trade and industry which were put forward recently in Delhi have been partially met, but in so far as the cotton textile industry is concerned, the position is still unsatisfactory both as regards the rate applicable to the bulk of its machinery, for which a 9 per cent. rate has been proposed, and also in regard to the permissible addition for shift working. The industry has consistently maintained that the rates of depreciation for income-tax purposes in India should considerably exceed the rates granted for similar types of machinery in the United Kingdom owing to the inferiority in skill of the workers who operate it and the more deleterious action on machinery of India's climatic and atmospheric conditions. This was one of the reasons why the Association had proposed a figure of 12 per cent. in the case of cotton spinning and weaving machinery in general, and my Committee desire to suggest that the rate finally decided on might be between 9 per cent. and 12 per cent. and that it should certainly not be less than 10 per cent.

The equity of the above proposal is supported by the report submitted to my Committee on the proceedings of the Delhi conference. On the first day of the proceedings, Mr. Sheehy is reported to have stated that the Central Board of Revenue was prepared (i) to take into consideration the extra 20 per cent. over the usual rates which was given in the United Kingdom, and (ii) to make whatever allowances seem to be necessary for Indian labour and climatic conditions. The next day when the case of the textile industry was being considered, Mr. Sheehy is reported to have stated that the Central Board of Revenue would accept the fact that textile machinery, by which he meant spinning and weaving machinery, was run at higher speeds in India than in the United Kingdom and that they were also prepared to consider the submission that Indian labour, both of the operative and maintenance staff, was less efficient than in the United Kingdom, although Government did not think

* Not printed.

that a very high additional allowance was called for on this account. Mr. Chambers had also indicated in the earlier part of the proceedings that the United Kingdom schedule should be taken as a basis of discussion. Later on during the Delhi discussions, when dealing with the claim made on behalf of the industry that the rate should be at least 25 per cent. over the United Kingdom allowance, Mr. Sheehy is reported to have stated that this would mean an allowance of $7\frac{1}{2}$ per cent. plus 20 per cent. plus 25 per cent. or $11\frac{1}{2}$ per cent. in all, and that, in his opinion, a rate of 10 per cent. which left 12 per cent. of the original cost at the end of 20 years, was a good rate and ought to satisfy the textile industry since due consideration must be given to the fact that if mill machinery was sold or discarded at the end of 20 years, it still had a scrap value, and the balance to make the original cost would then be allowed as an expense for the year in which the machinery was sold or discarded.

In the general discussions at the commencement of the conference, Sir Homi Mody also put forward the following points regarding United Kingdom practice in the matter of the cotton textile industry:—

- (a) the customary rate for process plant was $7\frac{1}{2}$ per cent.;
- (b) from 1938-39 onwards, this rate was subject to an increase of 20 per cent.;
- (c) under a new concession, the additional allowance of 20 per cent. need not be deducted in arriving at the written-down value of the asset for subsequent years (although it should be included in dealing with obsolescence claims); and
- (d) the example attached indicated that, with a customary rate of $7\frac{1}{2}$ per cent., the original cost of the machine would have been allowed in full at the end of 23 years; at the same time, the machine would still have a written-down value on which further allowances would be made for wear and tear from year to year.

Taking these points into consideration, my Committee consider that the normal depreciation rate for cotton textile mills should be at least 10 per cent.

Woollen and worsted mills.—My Committee would also like to suggest that an additional sub-heading should be included in item III-L.—(i), viz., “(c) woollen and worsted.” The absence of any specific reference to the woollen industry is probably an omission, since our report of the proceedings of the Delhi conference indicates that the woollen and cotton textile industries should be treated similarly.

Extra depreciation for multiple shift working.—In the matter of the additional allowance for shift working, it would seem from the notification that the power to grant an additional allowance would be left almost entirely to the Income-tax Officer and that any additional allowance for shift working would have to be preceded by a special claim. My Committee appreciate the administrative difficulties involved in the allocation of allowances for shift working, but they do not think that the grant or non-grant should be left to the discretion of the Income-tax Officer. An extra allowance should be automatic upon an assessee proving that more than normal single-shift hours had been worked, since it was made clear at the Delhi conference that the Income-tax authorities would not have any difficulties in ascertaining which concerns had been working additional shifts during any assessment year. In the absence of any guiding rules and outside assistance, widely varying decisions might be made by Income-tax Officers, and the possibilities of a spate of appeals should not be overlooked. The Association would also like to suggest that, as recommended by our representatives at the Delhi conference, the extra allowance permissible for shift working should be raised from 50 per cent. to 60 per cent.

From the Association's record of the Delhi discussions, it would appear that the right to an additional allowance for shift working was admitted, and there should be no question of having to satisfy the Income-tax Officer that the normal allowance is insufficient if an assessee proved that his machinery has been worked more than the ordinary single shift. The grant of an additional allowance should be automatic in all such cases. The wording in

the remarks column opposite item III—machinery and plant—should, it is submitted, be altered to read as under :—

“ An extra allowance not exceeding 60 per cent. of the normal allowance will be allowed by the Income-tax Officer in accordance with the rules and procedure laid down in this behalf, where a concern claims such allowance on account of extra shift working and can satisfy the Income-tax Officer that extra shifts have been worked during the year to which the assessment applies. This applies to all concerns whether the general rate or any special rate applies to them but does not apply to an item of machinery or plant specifically excepted.”

We should also like to stress once again the point raised in our representation to you dated 27th October 1939 and again during our discussions in New Delhi on 31st January 1940 that losses which are available for carry-forward should be set off against any profits of subsequent years before any part of the depreciation allowance is applied.

As the Indian Income-tax Act now stands, all depreciation must be utilized before any relief can be obtained for losses carried forward. Mr. Sheehy agreed that this was contrary to the practice followed in the United Kingdom, and said that the unfavourable position created for the Indian tax-payer in this particular respect had been overlooked when the Amendment Bill was drafted. He promised that the removal of the anomaly between the United Kingdom law would receive consideration when further amending legislation was put forward. We regret to note that, although since our discussions an Income-tax Amendment Bill has been passed, this particular grievance has not been rectified.

The Association trusts that the Government of India will see fit to meet the reasonable demands put forward in this letter.

Copy of the Government of India, Central Board of Revenue, Notification, Income-tax, No. 10, dated the 25th May 1940.

In exercise of the powers conferred by sub-section (1) of section 59 of the Indian Income-tax Act, 1922 (XI of 1922), the Central Board of Revenue directs that the following further amendment shall be made in the Indian Income-tax Rules, 1922, the same having been previously published as required by sub-section (4) of the said section, namely :—

For rule 8 of the said Rules the following rule shall be substituted namely :—

“ 8. An allowance under section 10 (2) (vi) of the Act in respect of depreciation of buildings, machinery, plant or furniture shall be made in accordance with the following statement :—

| Class of asset. | Rate. | Remarks. |
|--|---------------------------------------|--|
| | Percentage on the written down value. | |
| I. Buildings— | | |
| (1) First class substantial buildings of selected materials. | 2.5 | } Double these rates will be allowed for factory buildings, excluding offices, godowns, officers' and employees' quarters. |
| (2) Second class buildings of less substantial construction. | 5 | |
| (3) Third class buildings of construction inferior to that of second class buildings but not including purely temporary erections. | 7.5 | |
| (4) Purely temporary erections such as wooden structures. | .... | No rate is prescribed ; renewals will be allowed as revenue expenditure. |
| II. Furniture and fittings— | | |
| (1) General | 6 | |
| (2) Rate for furniture and fittings used in hotels and boarding houses. | 9 | |

| Class of asset. | Rate. | Remarks. |
|---|---|--|
| III. Machinery and Plant— (1) General rate | Percentage on the written down value. 7 | An extra allowance up to a maximum of 50 per cent. of the normal allowance will be allowed by the Income-tax Officer where a concern claims such allowance on account of double or multiple shift working and satisfies the Income-tax Officer that the concern has actually worked double or multiple shifts. This extra allowance will be proportionate to the number of days during which double or multiple shifts are worked. For the purpose of granting this extra allowance the normal number of working days throughout the year will be taken as 300 and if for example a concern has worked double or multiple shifts for 100 days the extra allowance will be $\frac{1}{3}$ of 50 per cent. of the normal allowance for the whole year. This applies to all concerns whether the general rate or any special rate applies to them but does not apply to an item of machinery or plant specifically excepted by the letters "N.E.S.A."† being shown against it. |
| (2) Special rates to be applied to the whole of the machinery and plant used in the following concerns:— | .. | The special rates for electrical machinery specified hereinafter may be adopted, at the option of the assessee, for that portion of the machinery used in these concerns. |
| A— (i) Flour Mills* (ii) Rice Mills (iii) Bone Mills (iv) Sugar Works* (v) Distilleries (vi) Ice Factories (vii) Aerating Gas Factories (viii) Match Factories (ix) Tea Factories (x) Shoe and other leather goods factories. (xi) Starch factories (xii) Coffee manufacturing concerns | 0 | * Replacements of Rollers will be allowed as revenue expenditure. |
| B— (i) Paper Mills (ii) Straw Board Mills (iii) Ship building and Engineering works. (iv) Iron and Brass Foundries (v) Aluminium Factories (vi) Electrical Engineering Works (vii) Motor car repairing works (viii) Internal combustion Engines repairing works (ix) Galvanizing works (x) Patent stone works (xi) Oil extraction factories (xii) Chemical works (xiii) Soap and candle works (xiv) Lime works (xv) Saw Mills (xvi) Tin and can making works (xvii) Dyeing and bleaching works (xviii) Cement works using rotary kilns (xix) Rod Mills (xx) Hydraulic Presses (xxi) Brick manufacture (xxii) Tile making industry (xxiii) The manufacture of vegetable ghee (xxiv) The manufacture of optical instruments (xxv) Coke manufacture (xxvi) The manufacture of concrete pipes (xxvii) Glass manufacture and the manufacture of vacuum tubes and vacuum bulbs (xxviii) Telephone operating concerns (xxix) Wire and nail making Mills | 10 | |

† Letters N. E. S. A. are a contraction of the expression "No extra-shift allowance".

| Class of asset. | Rate. | Remarks. |
|--|-------|--|
| | | Percentage on the written down value. |
| (xxx) Iron and Steel Industry (Blast furnace plant, steel-making plant, steel rolling plant, forges, generators, boilers and sheet mills) | 10 | |
| (xxxi) Tanneries | | |
| (xxxii) Battery manufacture | | |
| (xxxiii) The manufacture of Healds and Reeds (knitting, reed-making, varnishing, doubling, winding and polishing machines) | | |
| C—(i) Rubber goods factories— | | |
| (a) General machinery and plant | 12 | |
| (b) Moulds (N.E.S.A.) | 40 | |
| D—(i) Silk manufacturing—weaving machinery worked by electric motors including winding machines, twisting frames, doubling machines, pirn winding machines, warping machines, looms, stentering machines and hydro extractors. | 12 | |
| (3) Special rates to be applied to other machinery and plant— | | |
| A.—Ropeway structures (N.E.S.A.)— | | |
| (i) Trestle and Station steel work | 6 | |
| (ii) Driving and tension gearing | 10 | |
| (iii) Carriers | 12 | |
| (iv) Ropeway ropes and trestle sheaves and connected parts. | 30 | |
| B.—Salt works— | | |
| (i) Machinery, plant, locomotives, wagons and rolling stock. | 15 | |
| (ii) Barges and floating plant (N.E.S.A.).. | 10 | |
| (iii) General plant and machinery used in Engineering shops. | 10 | |
| (iv) Reservoirs, condensers, salt pans, delivery channels and piers, if constructed of masonry, concrete cement, asphalt or similar materials. (N.E.S.A.). | 6 | |
| NOTE.—Repairs to similar works made of earth will be allowed as revenue expenditure. | | |
| (v) Piers, quays, and jetties constructed entirely or mainly of steel (N.E.S.A.). | 7.5 | |
| (vi) Piers, quays and jetties constructed entirely or mainly of wood (N.E.S.A.). | 12 | |
| (vii) Pipe lines for conveying brine if constructed of masonry, concrete cement, asphalt or similar materials (N.E.S.A.). | 12 | |
| C.—Electrical machinery— | | |
| (i) Batteries | 20 | |
| (ii) Other electrical machinery including electrical generators and motors (other than tramway motors). | 10 | |
| (iii) Switchgear and instruments, transformers and other stationery plant and wiring and fittings of electric light and fan installations (N.E.S.A.). | 10 | |
| (iv) Underground cables and wires (N.E.S.A.). | 7.5 | |
| (v) Overhead cables and wires (N.E.S.A.). | 5 | |
| (vi) X-Ray and Electro-therapeutic apparatus and accessories thereto (N.E.S.A.). | 20 | |
| D.—Machinery used in the production and exhibition of cinematograph films— (N.E.S.A.). | | |
| (i) Recording equipment, reproducing equipment, developing machines, printing machines, editing machines, synchronisers and studio lights.* | 20 | * Renewals of Bulbs of studio lights will be allowed as revenue expenditure. |
| (ii) Projecting equipment of film exhibiting concerns. | 20 | |

| Class of asset. | Rate. | Remarks. |
|--|--|---|
| | Percentage on the written down value | |
| E.—Electric supply undertakings— | | |
| (i) Electric plant, machinery, boilers .. | 10 | |
| (ii) Hydro-electric concerns—hydraulic works, pipe lines and sluices (N.E.S.A.). | 2.5 | |
| F.—Electric tramways— | | |
| (i) Permanent way (N.E.S.A.)— | | |
| (a) Not exceeding 50,000 car miles per mile of track per annum. | 9 | |
| (b) Exceeding 50,000 and not exceeding 75,000 car miles per mile of track per annum. | 10 | |
| (c) Exceeding 75,000 and not exceeding 1,25,000 car miles per mile of track per annum. | 12 | |
| (d) Exceeding 1,25,000 car miles per mile of track per annum. | 15 | |
| (ii) Cars—car trucks, car bodies, electrical equipment and motors (N.E.S.A.). | 10 | |
| (iii) General plant, machinery and tools .. | 9 | |
| G.—Tramways run by internal combustion engines (N.E.S.A.)— | | |
| (i) Permanent way | The same rates as have been prescribed for the permanent way of electric tramways. | |
| (ii) Tramcars including engines and gears | 10 | |
| H.—Mineral oil concerns (N.E.S.A.)— | | |
| Refineries— | | |
| 1. Boilers.. .. . | 10 | |
| 2. Prime movers | 10 | |
| 3. Process plant | 12 | |
| Field Operations— | | |
| 1. Boilers.. .. . | 10 | |
| 2. Prime movers | 10 | |
| 3. Process plant | 12 | |
| except for the following items— | | |
| 1. Below ground | 100 | |
| 2. Above ground— | | |
| (a) Portable boilers, drilling tools, well-head tanks, rigs, etc. .. | 30 | |
| (b) Storage tanks | 10 | |
| (c) Pipe lines— | | |
| (i) Fixed boilers | 10 | |
| (ii) Prime movers | 12 | |
| (iii) Pipe line | 10 | |
| Distribution— | | |
| 1. Returnable packages | .. | Cost of packages actually used up will be allowed as revenue expenditure. |
| 2. Kerbside pumps including underground tanks and fittings .. | 15 | |
| I.—Ships (N.E.S.A.)— | | |
| (i) Ocean— | | |
| (a) Steamer | 5 | } These rates are percentages on the original cost. |
| (b) Sail or tug | 4 | |
| (ii) Inland— | | |
| (a) Steamers | 10 | |
| (b) Tug boats | 12.5 | |
| (c) Iron or steel flats for cargo .. | 10 | |
| (d) Wooden cargo boats upto 50 tons capacity | 10 | |
| (e) Wooden cargo boats over 50 tons capacity | 10 | |
| (f) Motor launches | 10 | |
| (g) Speed boats | 20 | |

* "Speed Boat" means a motor-driven boat by a high speed internal combustion engine capable of propelling the boat at a speed exceeding 15 miles per hour in still water and so designed that when running at speed it will plane, i.e., its bow will rise from the water.

| Class of asset. | Rate. | Remarks. |
|--|--------------------------------------|---|
| | Percentage on the written down value | |
| J.—Mines and quarries (N.E.S.A.)— | | |
| (i) Machinery— | | |
| (a) Surface and underground machinery (except electrical machinery), head gear, moving parts and rails | 15 | |
| (b) Boilers and head gears (excluding moving parts) | 8 | |
| (ii) Coal tubs, winding ropes and haulage ropes | .. | Renewals will be allowed as revenue expenditure. |
| (iii) Shafts and inclines | 7 | |
| (iv) Portable under-ground machinery | 25 | |
| (v) Safety lamps | .. | Cost of lamps actually used up will be allowed as revenue expenditure. |
| (vi) Tramways on the surface | 10 | |
| K.—Aeroplanes (N.E.S.A.)— | | |
| (i) Aircraft | 30 | |
| (ii) Aero-engines | 40 | |
| (iii) Aerial photographic apparatus | 25 | |
| L.—(i) Textile machinery excluding silk manufacturing machinery— | | |
| (a) Cotton | 10 | |
| (b) Jute excluding generating plant | 9 | |
| (c) Woollen and worsted | 10 | |
| (d) Carpet | 10 | |
| (ii) Ginning and pressing machinery | 9 | |
| M.—(i) Air compressors and pneumatic machinery. | | |
| (ii) Electro-plating and electro-welding plant. | | |
| (iii) Newspaper production plant and machinery. | 10 | |
| (iv) Air-conditioning machinery | | |
| (v) Locomotives, rolling stock, tramways, and railways used by concerns excluding railway concerns (N.E.S.A.). | | |
| N.—(i) Tube well boring plant | | |
| (ii) Concrete pile driving machines | | |
| (iii) Weighing machines (N.E.S.A.) | | |
| (iv) Works instruments | 12 | |
| (v) Automatic and semi-automatic machine tools. | | |
| (vi) Precision machine tools, e.g., grinding machines. | | |
| O.—(i) Calculating machines (N.E.S.A.).. .. . | | |
| (ii) Typewriters (N.E.S.A.) | | |
| (iii) Neo Post Franking machines(N.E.S.A.) | | |
| (iv) Accounting machines (N.E.S.A.) | | |
| (v) Other office machinery (N.E.S.A.) | | |
| (vi) Sewing and knitting machines employed in the manufacture of hosiery and woollen goods. | | |
| (vii) Sewing and stitching machines for canvas or leather. | | |
| (viii) Hand or automatic embroidery machines and their accessories (N.E.S.A.). | 15 | |
| (ix) Refrigeration plant, containers, etc. (N.E.S.A.). | | |
| (x) Road making plant and machinery | | |
| (xi) Artificial silk manufacturing machinery*. | | *Replacement of wooden parts of plant and machinery will be allowed as revenue expenditure. |
| (xii) Surgical instruments (N.E.S.A.) | | |
| (xiii) Wireless apparatus and gear, wireless appliances and accessories (N.E.S.A.). | | |
| (xiv) Building contractors' machinery (N.E.S.A.). | | |
| P.—(i) Indigenous sugar cane crushers (Kohlus and Belans) (N.E.S.A.). | 18 | |
| Q.— | | |
| (i) Motor cars (N.E.S.A.) | 20 | |
| R.— | | |
| (i) Moulds used in the manufacture of concrete pipes (N.E.S.A.). | 25 | |
| (ii) Motor taxis, motor lorries, motor buses and motor tractors (N.E.S.A.). | 25 | |
| S.— | | |
| (i) Railway sidings (N.E.S.A.) | 7 | |

APPENDIX 28.

 INDIAN INCOME-TAX ACT : ASCERTAINMENT OF WRITTEN-DOWN
 VALUE OF FIXED ASSETS.

Copy of letter No. 3712/137, dated the 28th August 1940, from the Association to the Secretary, Central Board of Revenue, New Delhi.

I am directed to invite your attention to my letter No. 2852/137, dated the 4th July 1939, in which my Committee referred to certain practical difficulties which are likely to arise in connection with the application of the written-down value system of depreciation. My Committee understand that detailed instructions are being issued by your Department to Income-tax Officers regarding the methods to be followed in ascertaining the written-down value of an asset in accordance with the new depreciation rates. This arrangement, my Committee feel, does not go far enough. While detailed rules and regulations are necessary both from the point of view of the Income-tax Officials and the assessee, it is thought that prior consultations between your department and representatives of industrial interests should take place before these instructions are finally settled. My Committee, therefore, suggest that the interests concerned be given an opportunity of expressing their views on a set of draft instructions, and these, when finally settled, should be incorporated in the Income-tax Manual so that the assessee might refer to them when filling in his income-tax return. The suggestions made are of a simple character, and would not, it is thought, involve a departure from the practice usually followed by the Income-tax Department.

Copy of letter No. 3717, dated the 25th/26th November 1940, from the Indian Chamber of Commerce, Calcutta, to the Association.

I am directed to enclose herewith copies of correspondence which this Chamber has had with the Central Board of Revenue on the question of the inclusion of certain instructions regarding allowances to general insurance companies for reserves, in the Income-tax Manual. The Committee also find that whereas previously the Manual was more comprehensive, instructions on certain other matters have also been excluded from the present Manual. The Committee have addressed another letter No. 3685, dated the 21st/22nd November 1940, to the Central Board of Revenue on this question, a copy of which is also enclosed for your information. As has been pointed out in the course of the correspondence, the instructions issued by the Central Board of Revenue to the Income-tax Officers must be published for the information of the assesseees who are greatly affected by them.

Similarly, the Committee understand that certain confidential instructions have been issued by the Board to the E. P. T. officers. I am enclosing a copy of the letter which has been addressed to the Central Board of Revenue from the Chamber on this subject also.

I am directed to express the hope that your Committee will also support this Chamber in the above matters.

Copy of letter No. 3100, dated the 27/28th August 1940, from the Indian Chamber of Commerce, Calcutta, to the Secretary, Central Board of Revenue, New Delhi.

I am directed to invite reference to your letter No. V-25/39, dated the 14th August 1940, regarding allowances of reserves to general insurance companies. The Committee note with satisfaction that necessary instructions have been issued to the Income-tax Officers in the matter.

They would, however, like to point out that these instructions used to be published fully in the Income-tax Manual till now. The same proved very useful to the assesseees, to the

Income-tax Officers as also to the Appellate Authorities, who could know their position correctly and the reasons therefor. The Committee feel that there is no reason to abandon this practice which had been found very salutary. Moreover, when the instructions have already been issued, the Committee do not see why they should not be published and the Committee would be glad, therefore, if you will kindly let them have a copy of the same so that the assesses may be enabled to gauge their true position.

The Committee appreciate the desire of your Board to have any actual case of hardship brought to their notice but they would point out that unless the instructions are made known, the assesses will not be able to know their true position and it is, therefore, necessary that the instructions should be published, as was hitherto done.

Copy of letter No. V-25/39, dated the 17th October, 1940, from the Central Board of Revenue to the Indian Chamber of Commerce, Calcutta.

With reference to your letter No. 3100, dated the 28th August 1940, I am directed to inform you that it is the practice to include such instructions as are not purely departmental in the Income-tax Manual.

2. It is regretted that as the instructions in question are mainly departmental, a copy thereof cannot be furnished to you.

Copy of letter No. 3660, dated the 19th November 1940, from the Indian Chamber of Commerce, Calcutta, to the Central Board of Revenue, New Delhi.

I am directed to acknowledge receipt of your letter No. V-25/39, dated the 17th October, 1940, on the above subject. The Committee fail to understand how the instructions in question can be purely departmental. The instructions which the Committee suggested in their previous correspondence for inclusion in the Income-tax Manual directly affect the position of the assesses and hence cannot be said to be departmental. It is essential that the assessee should know his position with regard to Income-tax assessments and the Committee, therefore, reiterate their previous request that the instructions which the department has already issued to the Income-tax Officers in the above matter should be published. They trust that the Central Board of Revenue will reconsider the matter and send a copy of the instructions referred to above to this Chamber for their information.

Copy of letter dated 21st/22nd November 1940, from the Indian Chamber of Commerce, Calcutta, to the Secretary, Central Board of Revenue, New Delhi.

The Committee of the Chamber are given to understand that the department has recently issued certain confidential instructions to Excess Profits Tax Officers in connection with the assessment of Excess Profits Tax. With their knowledge of instructions issued in connection with income-tax, the Committee have no doubt that these instructions are bound to affect the assesses very considerably and the Committee have, therefore, to request the Board to direct the publication of these instructions for the information of the assesses. It is essential that the assesses should know exactly where they stand and the Committee, therefore, trust that whatever instructions have been issued or may be issued in future will be published and brought out in the form of a handy manual as in the case of Income-tax law.

Copy of letter dated the 21st/22nd November 1940, from the Indian Chamber of Commerce, Calcutta, to the Secretary, Central Board of Revenue, New Delhi.

I am directed by the Committee of the Chamber to refer to the Income-tax Manual published by authority of the Central Government relating to the administration of the Income-tax law in India. The Committee have recently been in correspondence with the Central Board on the question of the inclusion of certain instructions relating to the assessment of general insurance companies in the Income-tax Manual. The Committee understand that the present Income-tax Manual does not include instructions relating to certain other

important matters also and is less comprehensive than what it used to be previously. The Committee cannot emphasize too strongly the desirability of the Manual containing all the instructions issued by the Central Board to the departmental officers. It may be pointed out that these instructions being (1) the official interpretation of the Income-tax Act and (2) other instructions issued by the Central Board affecting the amount of assessment and (3) the procedure to be followed in administering the same, form a very important part of Income-tax law. The position of the assessee is greatly affected one way or the other as a result of the instructions and it is only fair that he should have full knowledge of the same as it is going to be applied to him. The plea that these instructions are only departmental ones and hence have not been included in the Income-tax Manual is hardly justified, for, each of these instructions, as pointed out above, intimately affects the assessee and he has every right to know the contents thereof.

As it is not possible for any piece of legislation to be complete in itself, there are many important points on which the law has to be interpreted by the Central Board of Revenue. The Committee are of the opinion that in all such cases of interpreting the law, the "benefit of doubt" should go to the assessee. It has, however, been observed lately that Income-tax law is being administered in an increasingly rigorous manner against the assessee. It is, therefore, all the more essential that all the departmental instructions issued to the Income-tax Officers should be published in the Manual. The Committee, therefore, request the Central Board of Revenue to give their careful attention to this matter and direct the inclusion of all instructions issued to Income-tax Officers to be published in the Income-tax Manual.

Copy of letter No. 5102/137, dated the 30th November 1940, from the Association to the Secretary, Central Board of Revenue, New Delhi.

The Committee of the Association have seen a copy of letter dated the 22nd November 1940, addressed to you by the Indian Chamber of Commerce, Calcutta, requesting publication in the Income-tax Manual, of all departmental instructions issued by Government to the assessing officers. My Committee feel that the publication of that portion of the departmental instructions which may be useful to the assessee in compiling his return would serve a useful purpose since it would also assist the assessing officers in expediting their assessment work. When Mr. Sheehy met my Committee on the 14th September, it was pointed out to him that the publication of the departmental instructions issued by Government for the purpose of arriving at the written-down value of assets would be useful to the mills, as they would then be in a position to calculate the written-down value for themselves, but so far nothing seems to have been done in this matter, and my Committee suggest that the position might now be reviewed again.

Copy of letter C. No. 30(21)-I.T./40, dated the 16th December 1940, from the First Secretary, Central Board of Revenue, New Delhi, to the Association.

With reference to your letter No. 5102/137/1940, dated the 30th November, 1940, on the above subject, I am directed to state that the suggestion made by your Committee has been noted.

APPENDIX 29.

INCREASE IN THE RAILWAY FREIGHT RATES ON COTTON PIECEGOODS.

Copy of letter No. 882/82, dated the 21st February 1940, from the Association to the Secretary, Railway Board, Government of India, New Delhi.

I am directed to confirm having wired to you to-day as under :—

"Committee Millowners' Association, Bombay, on behalf of Indian Cotton Mill Industry, protest against unwarranted freight increases proposed in Railway Budget which will materially hamper recovery from prolonged slump brought about by combina-

tion of adverse circumstances including new taxation on raw cotton and wage increases, reduction of import duties on British piecegoods and fresh taxation both Central and Provincial. Industry has been further burdened since war by soaring prices of cotton, mill stores, dyes and chemicals unaccompanied by a corresponding increase in cloth and yarn prices which at the outbreak of war were below cost of manufacture. In cheaper varieties of cloth prices are already controlled by Provincial Governments. Apart from crippled competitive position of Industry as a result of increased duties on raw cotton combined with reduction in duties on British textile imports, Committee maintain that incidence of railway transport charges on Indian manufactures was already too high and Government's proposals would make position even more difficult. Taken in conjunction with other taxation proposals of Central and Provincial Governments any increase on cotton piecegoods and yarn freights at the present juncture would militate against the return of anything like normal times in the industry. Committee regard freight increase at a time when Railway budget discloses substantial and growing surpluses as in itself most objectionable. In any event having regard to the position of the cotton industry and faced as it is with demands for wage increases consequent on the increased cost of living brought about by war conditions, Committee earnestly request that textile manufactures be exempted from scope of proposed rate increases."

Copy of letter No. 2130-T. C., dated the 23rd May 1940, from the Secretary, Railway Board, Government of India, to the Association.

With reference to your letter No. 882/82, dated 21st February, 1940, I am directed to state that the points raised by your Association were fully dealt with by the Hon'ble Member for Communications and Railways, in speeches made in introducing the Railway Budget and during the course of discussions on the 22nd and 24th February, 1940, following the presentation of the Budget. I am, however, to take this opportunity to restate briefly the more important considerations which have influenced the Government's decision in this matter :—

- (a) that the present financial exigencies render it necessary that Railways' obligations to the general revenues should be met in full ;
- (b) that it is most important that, during periods when the demand for railway facilities is brisk, an attempt should be made to secure reserves which will ease the position when depression recurs ;
- (c) that the moderate increases in freights and fares during a general rise in the commodity prices would not substantially affect the movements of traffic generally.

2. I am also to explain that the Government have recognised that a measure of general increases might possibly have the result of affecting slightly the movement of trade in certain cases. In order to meet such cases, Railways have already been empowered to make the necessary adjustments in their rates and fares whenever these are necessitated by ordinary trade and traffic requirements. In this connection, attention is also invited to the assurance given by the Hon'ble Member in his Budget speech, that the effect of these increases would be carefully watched and that if it appears that an individual rate is having an adverse effect on railway revenues, a reduction will be made.

3. As regards your request for extending the benefit of exemption from the increases to cotton and textiles the Railway Board consider that the relatively slight individual increases in freight will have no general effect on trade or traffic and in view of the importance which attaches to the revenue to be derived from such increases in freight, exemption therefrom would be wholly unjustified.

Copy of letters No. 3387/82 and No. 3388/82, dated the 2nd August 1940, from the Association to the Chief Traffic Managers, G. I. P. Railway and B. B. & C. I. Railway, Bombay.

I enclose, for your information, copy of a telegraphic protest submitted by this Association to the Railway Board against the freight increases proposed in the last Railway Budget

of the Government of India and the reply which has been received. The serious situation created for the Bombay cotton mill industry by the enhanced rates which came into effect from the 1st of March, 1940, was also taken up by the Bombay Piecegoods Native Merchants' Association with the Government of India, and I enclose for easy reference copy of a communication* addressed by that Association to the Railway Board and the latter's reply* thereto, in which it has been suggested that the Bombay railways might be approached directly in the matter, making out a case as to how the transport of textiles from Bombay has been adversely affected by the recent increases.

As you are probably aware, since the increase in freight rates was brought into force, the position and prospects of the cotton mill industry of this country have deteriorated very considerably. Taking the case of mills in the City and Island of Bombay, for instance, the actual realizations for the products turned out by the industry have fallen progressively, and the temporary rise in prices which took place immediately following the outbreak of war, largely as a result of speculative activity on the part of merchants and dealers, has not been maintained. The cost of production, on the other hand, has considerably increased owing to the very heavy increases in the prices of all classes of mill stores, dyestuffs and chemicals with the result that the margins for the manufacturer—precarious as they were even before the war—have been still further attenuated. As though to add to the difficulties of the industry, demands were put forward early in the year for an increase in wages to compensate workers for the rise in the cost of living brought about by the war conditions; and as a result of the recommendations made by the Board of Conciliation appointed by the Provincial Government, an increase in wages amounting to 10 per cent. of the average wage bill of the industry has had to be paid by the industry since the month of February. The demand for mill-made goods from consuming markets, both at home and abroad, has considerably slackened and stocks of both cloth and yarn with mills at the end of June reached the highest levels attained in the pre-war months, when mills all over the country were actively engaged in concerting measures for the organised restriction of production in order to bring output into line with the prevailing demand. A noticeable reduction has taken place during recent months in the extent of productive machinery engaged in work on two or more shifts, while the orders booked by mills in the City and Island for future delivery at the end of June 1940, touched the lowest figure recorded in any month since the commencement of hostilities in Europe. As regards export markets, freight space to most of the overseas markets for Indian goods has been extremely difficult to obtain and stocks with mills have naturally accumulated. As a matter of fact, the position of the Bombay industry is so grave at the moment that three mills have decided to close down entirely in the near future, while several others have given notice of their intention to close down night-shift working. Several mills have already been compelled to curtail their individual output in varying degrees, and since the 1st June 1940, no less than 13,000 workers in the City have been thrown out of employment.

The Committee of my Association have had occasions during the past few years of drawing your attention to the high incidence of railway freight rate on cotton piecegoods and yarn in relation to the value of the goods transported, and have endeavoured to secure reductions in the rates charged for goods despatched by rail from Bombay to distant markets in the interior, in order to enable Bombay products to compete in up-country markets with the manufactures of local mills. Far from any adequate relief for the industry being forthcoming in the directions desired, the latest increase in railway freight rates has actually added yet one more to the many handicaps from which the industry is suffering.

It is a well-known fact that the loss of long lead traffic has been one of the most important contributory factors to the decline in railway goods earnings during recent years. Fresh increases in railway freight rates are necessarily bound to accentuate this tendency still further. On the other hand, a reduction in rate, such as, for instance, the specially reduced rate which was so successfully introduced some years ago for cotton piecegoods railed from Bombay to Calcutta, is likely to lead to increased traffic, leading to increased revenues for the railways from goods traffic.

* Not printed.

My Committee hold, moreover, that it is extremely inequitable to raise rates, merely for the purpose of augmenting railway reserves, at a time when industrial enterprises are passing through a very difficult period, whereas the railways have enjoyed and are admittedly experiencing a period of comparative prosperity, having been able to pay a dividend on capital of no less than 3.6 per cent. on the average of the past decade.

In the light of the facts stated above, my Committee maintain that there is a case not only for the exemption of textile goods from the operation of the increased rates levied from the 1st of March 1940, but also for a substantial reduction in the railway freight rates from Bombay to the more important piecegoods and yarn-consuming markets, such as Amritsar, Delhi, Cawnpore, etc. Specially cheap rates may, if necessary, be tried in the first instance, for an experimental period of, say, twelve months, and may thereafter be extended or modified in the light of the experience gained as to their actual working. Any action that you may be in a position to take on these lines would afford a measure of relief to the Bombay industry, in the difficult times through which it is passing, and would be greatly appreciated.

Copy of letter No. RCT/639, dated the 6th September 1940, from the Chief Traffic Manager, Great Indian Peninsula Railway, Bombay, to the Association.

In your letter No. 3387/82, dated 2nd August, 1940, you have made the following two requests :—

- (a) that textiles should be exempted from the increased charge ;
- (b) that a substantial reduction be made in the rates for piecegoods and yarn from Bombay to important consuming centres.

I will deal with each of these requests separately.

2. As regards the increased charge, it is not quite clear from your letter whether you desire exemption on traffic booked from Bombay only, or whether you refer to all traffic in piecegoods. I assume, however, that it is your desire that all piecegoods should be exempted, since any preference to Bombay alone could scarcely be justified in this matter. A general exemption of piecegoods would involve relinquishing revenue amounting to about Rs. 6½ lakhs per annum on the G. I. P. Railway alone. The loss, however, would be unlikely to be restricted to piecegoods alone since if this were done it would scarcely be practicable to maintain the increased charge on the raw material—cotton. If cotton were also exempted the loss to the G. I. P. Railway alone would be increased by about a further Rs. 5½ lakhs. It is clear that exemption from the increased charge involving such substantial amounts of revenue requires the most careful consideration and would require to be justified by exceptional circumstances.

3. The circumstances enumerated in your letter upon which you base your request may be summarised as follows :—

- (a) the rise in textile prices which followed the outbreak of war has not been maintained.
- (b) The cost of production has increased owing to increases in the prices of raw materials and of wages.
- (c) The demand for textiles has slackened with the result that stocks are high and a reduction has taken place in the extent of productive machinery in Bombay.
- (d) Freight space for export markets has been difficult to obtain.

I have considered these points but regret that they do not appear to me to be factors which operate to the disadvantage of the textile industry alone. Many, if not all of them,

may apply with equal force to many other industries. For example, almost all industries, including railways, have had to meet increased operating costs, while the demand for many commodities has decreased particularly those which have relied upon export markets, now entirely closed to them, for the absorption of a large proportion of their output. I am afraid, therefore, that I cannot accept the statements in your letter as forming a justification for giving preferential treatment to textiles in regard to the increased charge.

4. Apart from the considerations mentioned above, there is no evidence that the increased charge has adversely affected the movement of piecegoods traffic over this railway. On the contrary, the volume of traffic carried during the quarter ending 30th June 1940, amounted to 52,404 tons against 44,296 tons in the corresponding period of last year, so that the 1940 earnings registered a substantial increase of 19 per cent.

5. Your second request is for a substantial reduction in rates from Bombay to the more important consuming centres in order to enable Bombay to compete with local mills. In this connection I would remark that the development of up-country mills, while it may not be in the interests of the Bombay industry, is a natural result of the increasing industrial development of the country and it is not possible for this railway to take action which might arrest such development. In the circumstances I regret this railway cannot grant preference to the textile industry in Bombay in the manner asked for by you.

Copy of letter No. R.7/40/79, dated the 11th September 1940, from the General Traffic Manager, B.B. & C. I. Railway, Bombay, to the Association.

With reference to your letter No. 3388/82, dated 2nd ultimo, I cannot do better than to refer you to the Chief Traffic Manager, G. I. P. Railway's letter No. RCT/639, dated 6th instant, with which I entirely agree.

A general exemption of piecegoods from the increased charge would involve this railway in a loss of approximately Rs. 10 lakhs per annum, and if cotton (raw) were also exempted the loss would be increased by about another Rs. 7½ lakhs. I regret, in the circumstances, I am unable to accede to your request.

As regards reduction in the freight rates from Bombay, the existing rates to Delhi, for example, are as under :—

| | From | Miles | Per maund | | Per maund per mile. |
|-----------|---------|-------|-----------|-------|------------------------|
| | | | Rs. | a. p. | |
| Bombay | | 862 | 2 | 9 4 | 0.58 |
| Ahmedabad | | 539 | 1 | 13 2 | 0.65 |

from which it will be observed that Bombay already enjoys a lower rate per maund per mile.

Copy of letter No. 4506/82, dated the 21st October 1940, from the Association to the Chief Traffic Manager, G. I. P. Railway, Bombay.

I am directed to acknowledge the receipt of your letter No. RCT/639, dated the 6th September, 1940, in which you regret your inability to accept the two proposals put forward in my letter No. 3387/82, dated the 2nd August, for the exemption of textiles from payment of the increased railway freight charges from Bombay and for the grant of reductions in freight charges from Bombay to the more important consuming centres.

The main reasons advanced in support of the rejection of the Association's suggestions are, briefly :—

- (a) the loss of revenue consequent on a general exemption of textile traffic from Bombay (including raw cotton) from the scope of the increased freight charges ;
- (b) that depression in industry at the present time is not confined to the textile industry and that the unsatisfactory conditions obtaining in that industry also operate in the case of most other industries, including the railways ;
- (c) traffic in textiles from Bombay during the first quarter of the current financial year over the G. I. P. Railway has increased despite the increased freights ; and
- (d) that railways cannot afford to differentiate in favour of Bombay mills at the expense of mills situated in up-country centres.

Taking these points *serialim*, my Committee are strongly inclined to the view, firstly, that the exemption of raw cotton and cotton piecegoods and yarn despatched from Bombay to up-country stations from the operation of the increased rates is not likely to affect the railway revenue to any material extent. As you are doubtless aware, the increased rates were estimated to yield an additional revenue of Rs. 5½ crores during the year 1940-41. The approximate gross earnings of all the Indian railways from 1st April to 20th September 1940, that is to say, roughly the first half of the current year alone, have been reckoned at Rs. 48,02 lakhs, or Rs. 5,05 lakhs more than the actuals for the corresponding period of the previous year. The working expenses have, on the other hand, risen by Rs. 40 lakhs. In other words, as against a total additional revenue of Rs. 5½ crores estimated for the whole of the year 1940-41, the income for the first half of the year alone has been more than Rs. 4½ crores. On this basis, the actual additional income from the increased freight charges for the whole of the year 1940-41 is likely to be greatly in excess of what was estimated by the Honourable the Railway Member in his budget speech, even after making allowance for the increase in operation costs. In the face of these facts, my Committee feel that the exemption of textiles from the increased freight charges would hardly entail any serious strain on railway revenues for the current year, more especially since the additional estimated income for the complete year has almost been realised within the first six months of the year.

Taking the case of the G. I. P. Railway alone for the moment, the approximate earnings for the period from 1st April to 30th September, have risen by Rs. 93 lakhs to Rs. 6,66 lakhs, while the working expenses during the same period have gone up by Rs. 4 lakhs. The additional income to the railway consequent on the increase in freight for the first half of the year thus comes to Rs. 89 lakhs. In your letter under reference, it has been stated that the loss to the railway by exempting textiles, including raw cotton, from the operation of the increased charge for the entire year would be Rs. 12½ lakhs. It is probable that the rate of earnings for the second half of the year, which is usually the busy season, would be higher than in the first half. Even on the basis of the first half-year's figures, it is clear that the additional revenue to be derived from textiles forms but less than 1 per cent. of the gross earnings of the railway, or 1½ per cent. of the profit margin after providing for working expenses ; and an exemption such as that asked for by the Association would hardly involve any serious strain on the revenue position of the railway during the current year.

The next point raised by you is that depressed conditions are not confined to the cotton industry, but operate in the case of other industries, including the railways. So far as the railways of this country are concerned, the figures given above of the gross earnings for the first half of the year hardly appear to warrant such a conclusion. If it is accepted that depressed conditions do exist in the cotton mill industry, then, my Committee submit, it is up to the railways to afford a measure of relief to that industry by cancelling the increased freights imposed from 1st March. The main argument advanced by the Honourable the Railway Member in his budget speech for the increase in freight rates was the ability of the traffic to bear the burden. It, therefore, follows that once the existence of depressed conditions in an industry is recognised, the increased rate should forthwith be cancelled. The large increase in railway revenue from the enhanced rates levied since March is, in the opinion of my Committee, an additional argument in favour of the early exemption of such industries as are demonstrably in a depressed condition. The facts and figures adduced in my letter

of 2nd August, clearly prove that the cotton mill industry of Bombay is passing through a difficult period, and deserves a measure of assistance from the railways.

Reference has been made in your letter to the increase in traffic in piecegoods from Bombay during the quarter ending 30th June 1940, but my Committee feel it necessary to point out that a portion, at any rate, of this increased traffic has probably been the result of the diversion of goods from Bombay to other ports, particularly Calcutta; in view of the difficulties recently experienced in Bombay in regard to freight space for overseas markets.

The last argument raised in your letter is, in the opinion of my Committee, really beside the point. The case put forward by the Association was not so much for any preferential treatment for the Bombay mill industry at the expense of the development of the industry in up-country centres, as for the encouragement of long lead traffic, the loss of which has, on the admission of highly placed railway officials in this country, been one of the most important factors contributing to the fall in railway revenue during the last few years. It is not denied that the specially cheap rate introduced for cotton piecegoods despatched to Calcutta did result in a considerable increase in the volume of piecegoods despatched to Calcutta and thus augmented the income of the railways. If, as is generally claimed, the railways are run on ordinary commercial lines, there is nothing to prevent them quoting specially low rates for long lead traffic where the circumstances justify the adoption of such a course. In the case of the Bombay cotton mill industry, such action on their part need not necessarily be at the expense of up-country mills, whose manufactures are, in the main, confined to goods capable of being produced from raw cotton obtainable in the neighbouring areas.

My Committee feel, in conclusion, that the facts and circumstances, set out above, fully warrant a reconsideration of this matter by your railway, and they would appreciate any assistance that you may be in a position to afford to an industry that is demonstrably passing through difficult times.

Copy of letter No. 4507/82, dated the 21st October 1940, from the Association to the General Traffic Manager, B.B. & C. I. Railway, Bombay.

With reference to your letter No. R.7/40/79, dated the 11th September, 1940, I enclose herewith for your information copy of a further communication addressed to the Chief Traffic Manager, G. I. P. Railway, on the above subject.

In your letter under reference, you appear to suggest, on the basis of the current freight rates for piecegoods from Bombay and Ahmedabad to Delhi, that Bombay already enjoys a lower rate per maund per mile. As you are aware, the rates from both the centres concerned are special "station-to-station" rates and can hardly have any bearing on the real incidence of the normal freight charges levied from both the centres for traffic in piecegoods. In the opinion of my Committee, these figures might equally effectively be used to counter the argument advanced on behalf of the railways that special rates from Bombay to up-country centres are likely to arrest the development of up-country mills; since, if the lower rate accorded to Bombay has not adversely affected the interests of Ahmedabad so far as the Delhi market is concerned, the exemption of piecegoods traffic from Bombay, or the quotation of specially cheap rates for long lead traffic from Bombay to distant markets, need not necessarily operate to the disadvantage of up-country mills.

Copy of letter No. RCT/639, dated the 22nd November, 1940, from the Chief Traffic Manager, G. I. P. Railway, Bombay, to the Association.

I beg to say that I have considered the further arguments contained in your letter, No. 4506/82, dated the 21st October, 1940, but regret I am unable to agree that they prove any justification for exempting piecegoods, from the increased charge. In the circumstances, I am sorry that I must maintain the decision communicated to you in my letter No. RCT/639, of 6th September, 1940.

APPENDIX 30.

LABORATORY TESTS ON INDIAN COTTON.

Copy of letter No. 2274, dated the 5th January 1940, from the Secretary, Indian Central Cotton Committee, Bombay, to the Association.

With reference to your letter* No. 6/65A, dated the 2nd January, 1940, I have the honour to say that the results of the comparative tests carried out on the four varieties of cotton, viz., Broach, 289F, Jayawant and Oomras, will be considered by the Technological Research Sub-Committee at its meeting to be held at Coimbatore on the 15th of this month. A copy of the report* of the Director, Technological Laboratory, on the subject, which will be considered by the Sub-Committee, is enclosed for your information. The suggestion contained in paragraph 2 of your letter No. 2636/65A, dated the 20th June 1939, will be considered by the Sub-Committee at the same time. I shall also draw the attention of the Sub-Committee to your suggestion that the results of such tests should be shown alongside the results of the tests on farm and trade samples carried on in the laboratory itself.

Copy of letter No. 108/65A, dated the 6th January 1940, from the Association to the Indian Central Cotton Committee, Bombay.

I am writing to acknowledge the receipt of your letter No. 2274, dated the 5th January, 1940, with which was enclosed copy of the report of the Director, Technological Laboratory, on the subject of the laboratory and mill tests on Indian cotton. I note that the report and certain suggestions made in my letter of the 20th June 1939, will be considered by the Technological Research Sub-Committee at its meeting to be held at Coimbatore on the 15th of this month. I have found the report of the Director of the Technological Laboratory extremely interesting, and should be glad if you would send me half a dozen more copies so that I may place it more expeditiously before the General Committee of my Association who, I think, will also find it interesting and instructive.

Copy of letter No. 2350, dated the 9th January 1940, from the Indian Central Cotton Committee, Bombay, to the Association.

With reference to your letter No. 108/65A, dated the 6th January, 1940, I have the honour to say that copies of the report of the Director, Technological Laboratory, on the above subject, will be supplied after the forthcoming meeting of the Indian Central Cotton Committee.

Copy of letter No. 2780, dated the 5th February 1940, from the Indian Central Cotton Committee, Bombay, to the Association.

I have the honour to invite reference to the correspondence resting with this office letter No. 2350, dated the 9th January 1940, and to say that the report on the comparison of mill and laboratory tests on the same cottons, a copy of which was forwarded to you with my letter No. 2274, dated the 5th January 1940, together with the suggestions contained in your letters Nos. 2636/65A and 6/65A, dated the 20th June 1939, and 2nd January 1940,

* Not printed.

respectively, were considered by the Technological Research Sub-Committee at its meeting held in January last and the decisions arrived at are contained in the attached extract from the report of the Sub-Committee which was adopted by the Indian Central Cotton Committee.

Copy of extract from the Report of the Technological Research Sub-Committee dated 15th January 1940.

Comparison of Mill and Laboratory tests on the same cottons.—The Sub-Committee considered the report on the comparison of the results of mill tests and laboratory tests on the same cottons.

The object of those tests is to determine what allowance should be made for tests carried out at the laboratory when compared with similar tests conducted by mills. The report showed enormous variations in the results obtained at the different mills on the same cotton. It was explained that this might be due to variations in the methods used or lack of standard machinery. The Sub-Committee, however, felt that, before drawing definite conclusions; it would be better to carry out such tests on a larger number of cottons. Great importance was attached to these tests as it was thought that they might eventually help in impressing upon the mills the need for standardising their tests, equipment and machinery. It was recommended that only pure cottons should be used for these tests and that, to start with, it would be enough if tests were carried out on Broach, 289F, 4F, Navsari, Jayawant and Oomras. It was agreed that, instead of buying a bale of each cotton and sending a 20-lb. sample out of it to mills for tests, the latter should be asked to send a 20-lb. sample to the Technological Laboratory when they tested their own cotton.

It was further agreed that the mills selected for this purpose should be such as have machinery and equipment as near as possible to those of the Laboratory.

The Sub-Committee agreed that, in the meantime, the publication of the results so far obtained should be withheld and that the Millowners' Association, Bombay, who had already been supplied with a copy, should be informed that the results were not yet conclusive and that further tests would be carried out.

Copy of letter No. 1309/65A, dated the 19th March 1940, from the Association to the Indian Central Cotton Committee, Bombay.

I am directed to acknowledge the receipt of your letter No. 2780, dated the 5th February 1940, in which you draw my attention to the decisions arrived at by the Technological Research Sub-Committee on certain suggestions made by the Association in connection with the report on the comparison of mill and laboratory tests on the same cottons. My Committee have carefully considered the extract from the report of the Technological Research Sub-Committee dated the 15th January 1940. The Sub-Committee suggests that instead of the Indian Central Cotton Committee buying a bale of typical cottons and then issuing portions of such cottons for tests in individual mills, the latter might send 20-lb. samples of their cotton to the laboratory for testing and making comparisons with the results achieved in mills sending cottons. This arrangement, my Committee feel, would rule out the possibility of satisfactorily establishing the methods by which best results could be achieved at each stage in the process of manufacture, since comparisons similar to those made in the Director's note could not be available from mill to mill. My Committee, however, agree that the suggestions made by the Technological Research Sub-Committee might be given effect to if it is clearly understood that, at the end of one year, the results of the tests conducted under the Research Sub-Committee's scheme would be reviewed and the scheme revised, if necessary.

APPENDIX 31.

PROPOSED COMPILATION OF STATISTICS OF COTTON PRESSED ACCORDING TO TRADE DESCRIPTIONS.

Copy of letter No. 2026/39/46895-A, dated the 14th December 1939, from the Under Secretary to the Government of Bombay, Revenue Department, to the Association.

I am directed to forward copies of the letter from the Government of India Department of Commerce, No. 50-C/2/39, dated 20th October, 1939, and of accompaniments and to request you to favour Government with the views of your Association on the suggestions made by the Government of India.

Government specifically desires to know whether your Association is in favour of the change desired by the Indian Central Cotton Committee and whether there will be any difficulties if the statistics in question are in future compiled and published according to the trade description of cotton detailed in enclosure III* (copy appended).

Copy of letter No. 50-C(2) 39, dated the 20th October 1939, from the Deputy Secretary to the Government of India, Department of Commerce, New Delhi, to all Provincial Governments.

I am directed to forward for the information of the Government of a copy of a letter from the Indian Central Cotton Committee, Bombay, No. 5458 of 1939, dated the 26th May 1939, and enclosures, on the above subject. The Committee observe that the statistics of cotton pressed in India as compiled and published at present, based on certain geographical divisions, are of little use to the trade for purposes of arriving at the available supply of cotton with reference to the varieties specified under the various Hedge contracts of the East India Cotton Association, Limited, Bombay, and they accordingly recommend that the statistics in question should in future be compiled and published according to trade descriptions of cotton as detailed in enclosure III* to the note accompanying their letter.

2. In this connection, I am to invite a reference to paragraph 8 of this Department letter, No. 236-C, dated the 20th May 1925, regarding the suitability of the classification proposed for the weekly cotton press returns, from which it will be observed that although it was recognized by the Government of India that statistics of pressed cotton by trade varieties would possess certain advantages, a geographical classification was preferred as there was considerable doubt whether the returns by trade varieties could be accurate and also because the areas under different varieties were changing owing to the activities of the Agricultural Department. Exception was, however, made in the case of Madras where voluntary returns had been effectively maintained for some years classified according to trade varieties.

3. The form in which the statistics of pressed cotton are at present compiled and published was originally prescribed under Rule 8 of the Indian Cotton Ginning and Pressing Factories Rules, 1925. Under the Government of India (Adaptation of Indian Laws) Order, 1937, the Cotton Ginning and Pressing Factories Act, 1925, underwent certain changes as a result of which the compilation and publication of statistics relating to pressed cotton became the concern of the Provinces, and Rule 8 referred to above together with the schedule appended thereto were accordingly omitted. Attention is, however, invited to this Department circular letter, No. 36-C(6)/36, dated the 24th June 1937, wherein the Provincial Governments were asked to frame a rule under section 13(g) of the Act as adapted, on the lines of the defunct Rule 8 so that the compilation and publication of the pressed cotton statistics might be continued on the same basis as before. The form in which the statistics are now compiled and published is thus a part of the Provincial rules.

4. The Government of India recognise that statistics should be compiled on the lines most likely to be useful to those who are interested in them, and if the statistics of

pressed cotton as compiled and published at present are not really useful, as alleged by the Indian Central Cotton Committee, a change to statistics by varieties would be desirable. As already mentioned, the statistics in the case of Madras are being published according to the varieties of cotton grown in the Province, and it appears that the present proposal of the Indian Central Cotton Committee if finally agreed to, can be brought into effect by amending the relative forms in the rules of the various Provinces on the lines of the Madras form. This action will, however, have to be taken by each Provincial Government in respect of their own rules and no amendment of the Cotton Ginning and Pressing Factories Act itself will be necessary.

5. The Government of India are, however, conscious that there might be certain difficulties in the compilation of the statistics according to trade varieties, and before commending the proposal to the Provincial Governments for adoption, they would accordingly be glad to be favoured with an expression of the views of the Government of regarding its feasibility. The Provincial Government will, it is believed, consult the chambers of commerce, trade associations and associations of ginning and pressing factory owners, if any, in the Province before formulating their views.

Copy of letter No. 5458 of 1939, dated the 26th May 1939, from the Indian Central Cotton Committee, Bombay, to the Government of India, Department of Commerce.

I have the honour to say that my Cotton Forecast Improvement Sub-Committee at its last meeting considered a proposal for the compilation and publication of the statistics of cotton pressed in India according to "trade descriptions" on the ground that the existing sub-divisions of the statistics are of little use to the trade for purposes of arriving at the available supply of cotton with reference to the varieties specified under the various Hedge contracts of the East India Cotton Association, Limited, Bombay. A copy of the note on the subject considered by the Sub-Committee is attached.

2. The Sub-Committee recognised the value to the trade of the statistics in question, based on varietal descriptions of cotton, and decided that steps should be taken to give effect to the suggestion.

3. It will be seen from the note on the subject that the proposal would involve amendment of the Cotton Ginning and Pressing Factories Act, 1925, and of the Rules framed thereunder by the Provincial Governments in order to make it obligatory on cotton pressing factories to furnish, in the weekly returns, the number of bales pressed under the various trade descriptions of cotton as specified in enclosure III* of the attached note. I may add that this classification corresponds to the revised trade classification of Indian cottons under which the all-India cotton forecasts are proposed to be issued in future.

I am to commend the above decision of my Committee for the favourable consideration of the Central Government.

Copy of Note circulated and considered by the Improvement Sub-Committee of the Indian Central Cotton Committee.

The attached letters (enclosures I and II) from the East India Cotton Association, Limited, suggesting compilation of statistics of cotton pressed in India according to trade descriptions are for consideration.

Under section 5(1) of the Cotton Ginning and Pressing Factories Act, 1925, the owner of every cotton pressing factory is required to submit to the prescribed authority, weekly returns showing the total number of bales of cotton pressed during the preceding week and the progressive total from the commencement of the season. Under section 5(2) of the Act, Provincial Governments compile and publish weekly statements showing the total number of bales pressed in the Province during the week and the weekly progressive totals from the

* Not printed.

commencement of the season. Almost all cotton-growing Indian States have passed similar legislation and compile and publish similar statistics. The attached schedule* (enclosure IV) shows the form in which the statistics of cotton pressed are published at present. This form which was adopted in 1925 on the recommendation of the Local Sub-Committee of the Indian Central Cotton Committee, corresponds closely with the "internal trade blocks" adopted for the compilation of the Raw Cotton Trade Statistics (Rail and River), and thus facilitates comparison between the two sets of figures. An exception was made in the case of the Province of Madras which even prior to 1925 maintained voluntary returns on the basis of varieties and it was, therefore, felt that any alteration in the existing system would reduce the value of the statistics already compiled.

It will be seen from enclosure I that the East India Cotton Association regard the existing sub-division of the statistics of cotton pressed to be of little use to the cotton trade for the purpose of arriving at the quantity of cotton actually pressed under descriptions tenderable and non-tenderable against the various Hedge contracts. They recommend the adoption of the attached form (enclosure III*) forwarded with their letter No. 485/CH/46, dated the 10th February 1939, (enclosure II).

The proposal, if accepted, would necessitate amendment of the Cotton Ginning and Pressing Factories Act, 1925, and of the Rules framed under it by Provincial Governments. It is probable that before taking action, the Government of India would like to consult Provincial Governments and trade organizations concerned regarding the desirability, or otherwise, of modifying the existing form in which the statistics of cotton pressed are compiled and published.

ENCLOSURE I.

Copy of letter No. 234/CH/46, dated the 4th November 1938, from the East India Cotton Association, Ltd., Bombay, to the Indian Central Cotton Committee, Bombay.

I am to inform you that the Bombay Cotton Annual Sub-Committee has suggested to the Board of Directors of my Association that steps should be taken to have the present cotton press returns published according to "trade descriptions" instead of as at present according to political divisions and in the same manner as is already done by the Government of Madras. The present system of compiling these returns is useless for the purpose of arriving at the quantity of cotton actually pressed under descriptions tenderable and non-tenderable against our various Hedge contracts. In fact, under the present system the only figure of real use to the trade is the *total* pressings, as details under political divisions are not recognised.

The above suggestion having been accepted by my Board at their meeting held on the 27th ultimo, I am directed to request you to move the Government of India in the matter so that the value of these statistics may be enhanced.

ENCLOSURE II.

Copy of letter No. 485/CH/46, dated the 10th February 1939, from the East India Cotton Association, Ltd., Bombay, to the Indian Central Cotton Committee, Bombay.

With reference to your letter No. 1929, dated the 8th December 1938, I am directed to state that there should be no difficulty in adopting the attached list* of trade classification prepared by my Association in consultation with your Committee and other agricultural interests and in accordance with which cotton crop forecasts are to be submitted in future as the basis for compilation of statistics of cotton pressed according to trade descriptions. Press owners in the cotton growing tracts mentioned in the list should be asked to state in their press returns the description of the cotton pressed in accordance with what has been

* Not printed.

described opposite each tract. In tracts where two or more varieties of cotton are grown the press owners would have to ascertain from the merchants before pressing their cotton the name of the variety sent for pressing so that the correct description may be entered in their press returns.

Copy of letter No. 417/51, dated the 23rd January 1940, from the Association to the Secretary to the Government of Bombay, Revenue Department.

I am directed to acknowledge the receipt of your letter No. 2026/39/46895-A, dated the 14th December, 1939, in which you request my Committee to express an opinion on certain suggestions made by the Government of India, especially whether the Association is in favour of the change desired by the Indian Central Cotton Committee in the basis of the statistics and whether there will be any difficulties if the statistics in question were in future compiled and published according to the trade descriptions of cotton detailed in the enclosure to your letter. In reply, I am to state that my Committee do not see any objection to the adoption of the classifications set forth in the enclosure referred to in your letter. My Committee would, however, like to make one point, and that is that cotton grown in the Nawapur taluka of West Khandesh District has been included in Surti. My Committee would have preferred to include this particular variety of cotton in Broach, but in view of the fact that the Nawapur taluka of West Khandesh is a specially protected area under the Cotton Transport Act as a separate zone, this point is not of any great importance at present.

APPENDIX 32.

IMPORTS OF CALIFORNIAN COTTON.

Copy of letter No. 8198/40 I.T.C., dated the 15th November 1940, from the Import Trade Controller, Bombay, to the Association.

I have the honour to forward herewith a copy of letter*, dated 15th November 1940, from Messrs. Thackersey Mooljee & Co., Bombay, and to request you to kindly let me know confidentially as to the best procedure for verifying the correctness of the claim of these mills that they cannot replace Californian cotton by Indian, Kenya or Egyptian cotton for technical reasons connected with the process of manufacture. I may add that any procedure that you may suggest will have to take into account the fact that in some recent years imports of Californian cotton have been quite small.

Copy of letter No. 5240/170, dated the 10th December 1940, from the Association to the Import Trade Controller, Bombay.

I am directed to acknowledge the receipt of your letter, dated the 15th November 1940, in connection with the application for permission to import Californian cotton submitted on behalf of Messrs. Thackersey Mooljee & Co., Bombay.

The question as to whether, and if so under what conditions, the importation of Californian cotton should be permitted was discussed by my Committee in detail, and the following resolution was unanimously adopted :—

“ It was agreed that the Import Trade Controller should be informed that the general view of the Committee of the Association regarding the use of Californian cotton was that, in view of the necessity of conserving dollar exchange, the import of Californian cotton should not be permitted for the time being. The viewpoint of members was that,

* Not printed.

while total restriction would cause some inconvenience, it would be preferable to a system under which some mills obtained permission to import and other mills failed to do so."

My Committee are nevertheless aware of the hardships which would result from the wholesale discontinuance of the importation of Californian cotton; certain members of the Association, after exhaustive investigations and research, have built up a trade in specialities which can only be manufactured from Californian cotton, and in these cases a considerable amount of loss and inconvenience is bound to arise. The question as to whether it would be possible to meet the case of these special mills by permitting restricted importations of Californian cotton was considered, but it was felt such a partial restriction would be more undesirable than complete restriction, inasmuch as it might result in some mills obtaining permission and other mills not. In the circumstances, my Committee feel that in the broader interests of the State and keeping in mind the necessity of conserving our dollar exchange, future importations of Californian cotton should be stopped altogether. My Committee have, however, no desire to interfere with the permits already granted and they feel that such permit holders should be allowed to import to the full extent of their quota.

APPENDIX 33.

FIXATION OF "CALL" COTTON.

Copy of letter dated the 27th June 1940, from the Cotton Buyers' Association, Bombay, to the Association.

The Committee of the Cotton Buyers' Association have, at their meeting held on the 18th instant, considered the proposed by-laws relating to "on call" business proposing that cotton bought "on call" should be fixed within 30 days after weighment and differences adjusted through the Clearing House.

The Committee are unanimously of the opinion that the above proviso should be changed on the following lines:—

1. 100 per cent. payment to be made on date of weighment, taking as a basis the official rate of the Hedge contract as fixed on the day of weighment.
2. Weekly settlements through the Clearing House to be made in respect of the unfixed business, until the call is fixed. Where a contract is made between a member and a non-member, the member to have the right to ask for a deposit, and thereafter call for margins. In the event of the deposit or margins not forthcoming, the member to have the right to fix the call (*vide* clauses on the Clients' Contract Form).
3. All business on call, on Indian Hedge contracts whether for delivery or on c.i.f. terms, and whether for Indian or for foreign cotton to be dealt with as follows:—
 - (a) Where weighment is made before the 25th of the month preceding the tender period, call to be fixed before the 25th of the month preceding the tender period. (Call on Apr./May Broach 1941, delivery made in Jan./Feb. 1941, call to be fixed before March 25th, 1941.)
 - (b) Where sale is made before the 25th of the month preceding the tender period, but weighment is contemplated during the tender period, call to be fixed as per 3 (a). (Sale made in January 1941 on call Apr./May 1941 contract for weighment during May 1941, call to be fixed before March 25th, 1941.)

- (c) Where a sale is made after the 25th of the month preceding the tender period, for weighment during the tender period, call to be fixed within 48 hours of tender. (Sale made on April 1st, 1941 on call Apr./May contract 1941, for delivery during April 1941, call to be fixed within 48 hours of tender.)

This position, as you will observe, differs from what I had communicated to you in my letter* of the 6th June, giving the main trend of the E. I. C. Association's Sub-Committee's discussion on the subject at its first sitting. I am now in agreement with the points raised by the C.B.A. and feel that Messrs. E. D. Sassoon & Co. have put up a very convincing argument.

Certain mills are large buyers of special types of cotton and in order to ensure their quality for their requirements throughout the year, have to make their purchases almost 12 months ahead and take delivery of that cotton within a limited period, i.e., probably, during the first three months of the movement of the particular crop. This means that the proposal to fix cotton 30 days after weighment would act as a serious handicap to the mills, inasmuch as, they would, in order to keep the cotton "on call", have to sell futures, thus entailing an extra expense to themselves of $\frac{1}{2}$ per cent. brokerage, as surely, mills cannot be expected to sell cloth or yarn for one year's production ahead to enable them to fix their cotton.

The points put forth by the C.B.A. overcome these difficulties. I shall be pleased if you will kindly let me know whether your Committee are in agreement with the above.

Copy of letter No. 2972/140, dated the 9th July 1940, from the Association to the Cotton Buyers' Association.

The Committee of the Association at yesterday's meeting considered the Cotton Buyers' Association's alternative proposals in regard to the fixation of "call" cotton, and the following resolution was passed:—

"That the Cotton Buyers' Association be informed that the Association would prefer the maintenance of *status quo* subject to a 100 per cent. payment instead of 90 per cent. at the time of weighment—in preference to the proposals made by the Cotton Buyers' Association and the Board of the East India Cotton Association.

It was also agreed that the Cotton Buyers' Association should be informed that, in any event, the Association was not prepared to go further than the proposals made by that Association."

From the resolution, it will be clear to you that majority of the Committee consider that if a 100 per cent. payment instead of 90 per cent. were made at the time of weighment, there would be no particular need for any alterations in the existing arrangements.

Copy of letter, dated the 12th July 1940, from the Cotton Buyers' Association to the Association.

I am writing to inform you that I have seen Mr. Saklatvala concerning your letter to the C. B. Association, on fixation of "call" cotton and explained to him that it was not clear from your letter whether the Millowners' Association agreed with the suggestion of the C. B. Association that the differences in respect of "uncalled" cotton should be adjusted weekly through the Clearing House or not. Mr. Saklatvala agreed that these should be collected through the Clearing House. As, however, the resolution of your Committee is not quite clear on the point, he was of the opinion that the matter should be brought up again before your Committee for clarification if it is felt necessary.

* Not printed.

Copy of letter No. 3215/140, dated the 23rd July 1940, from the Association to the Cotton Buyers' Association.

Would you refer to your letter dated the 12th July 1940, in which you ask me to clarify my Committee's resolution of 8th July 1940? I have since consulted my Committee, and they see no objection to the differences in respect of "uncalled" cotton being adjusted weekly through the Clearing House.

I trust the position is now clear to you.

APPENDIX 34.

DISPOSAL OF INDIA'S SURPLUS OF AGRICULTURAL COMMODITIES.

Copy of letter No. 64-T, dated the 1st October 1940, from the Under Secretary to the Government of India, Department of Commerce, Simla, to the Association.

I am directed to forward a copy of an extract from the Honourable the Commerce Member's speech at the meeting of the Export Advisory Council in Bombay on the 12th September 1940 regarding the problem of surplus production of commodities in India. The Government of India would be grateful to have the views of your Association at a very early date.

Copy of extract from the speech of the Honourable the Commerce Member, regarding the problem of surpluses in India, made at the meeting of the Export Advisory Council on 12th September 1940, at the Council Hall Building, Bombay.

I should like, at this stage and within the limited time available, to refer to the question of the surplus production of some of our raw commodities. The main raw commodities with which we may primarily concern ourselves, are jute, cotton, groundnuts and wheat. I refer to these commodities in particular because if the prices of these commodities could be stabilised at a level which is reasonable, it is possible that other commodities may find their own level without an undue depression in the prices. Putting it generally, the problem with reference to other commodities may not be so difficult, if the primary raw commodities are kept at a reasonable level of prices. I am anxious to obtain the views of the commercial organizations as regards how best this problem can be solved. I do not wish to create a scare by suggesting that the problem of the disposal of surplus production of these commodities is anything like acute at the present moment. From all the information which we have at our disposal and from all the statistics that we have been able to gather, there is no serious problem with reference to the disposal of surpluses of the last year's production.

We must try, however, to look ahead and prepare ourselves for contingencies which we hope will never arise, but which we cannot shut our eyes to altogether. We have seen export markets constricting from time to time and in the uncertain conditions which are prevailing in the world to-day, a further constriction of these export markets cannot be ruled out. In certain eventualities, therefore, the problem may become acute, and the Government of India is anxious to take into confidence the commercial interests and have their advice as to what solution they would like to put forward before the Government.

Let me state the problem as it presents itself to me. These main commodities, to which I have referred, are produced normally by the cultivation of a certain amount of acreage and their production can be disposed of partly by internal consumption and partly by exports to countries outside India. Owing to the entire European market having been virtually lost, large surpluses must remain in this country unless measures are adopted and methods devised to dispose of these surpluses. A solution that readily strikes one is that we must find alternate markets for these products. While, as you are aware, Government is anxious to find such

alternate markets, the solution in many instances is more apparent than real. The same glut that may develop in the Indian market may quite equally develop in other countries producing these raw products, and alternate markets are not thus so easy to discover, as is sometimes supposed possible to do. It has been suggested that the surpluses can be stored up for the rainy day which we are hoping for when at the end of the hostilities there is likely to be a much greater demand for our commodities from the starving population of European countries. That is an aspect of the question which we are having in mind, but in that connection there is a wider issue that is likely to be raised. It is possible that in connection with the European markets which may reopen at the end of the hostilities, concerted action by more than one neutral country and by the British Commonwealth of Nations may have to be taken. You are aware of the recent conference at Havana where this problem was discussed and without disclosing any confidence, I may say that the question of bringing all neutral countries and the British Commonwealth of Nations into one scheme to conserve certain resources of these countries for the period of the hostilities after which they may have to be disposed of to the European markets is under consideration. The difficulty of this proposal cannot, however, be gainsaid for whereas the demand is likely to be great, the resources of the European countries to purchase these much needed commodities may be very limited.

I should like, however, to confine our attention for the present to conditions in India and to see how far we can go in devising methods towards the solution of this problem.

There is *prima facie* the solution of curtailing the acreage of production, either by allowing some portions of the land to lie fallow or by turning from one kind of cultivation to another and finding an alternate crop which may be consumed internally. The difficulty of curtailing the area in this country where there are many millions of peasant proprietors is obvious. Equally obvious must be the difficulty of finding alternate crops on some of these lands. But curtailment is a solution which cannot be ignored. Secondly, to keep up a level of prices internally, a certain amount may have to be withdrawn from internal consumption and the surplus stored either for export purposes or otherwise disposed. It is possible by this means that a suitable level of prices may be got for internal consumption which will be of help to the agriculturists. In such a case, problems relating to storage obviously arise. Some commodities can be stored in the raw stage. Are there any methods of storing them in semi-manufactured state? In either case, who is to take responsibility of the storage of these surpluses? How is the export of these products to be maintained? Should it be maintained through the ordinary trade channels to the extent possible or should a new organization be developed for the purpose? If large surpluses accumulate and remain unsold, they will have a depressing effect on internal prices. Is it possible to maintain a level of prices for the internal market different from the level that may have to be maintained for the external market—the latter finding its price level on the basis of world parity with similar products from other countries? Again, if governmental organization or a commercial organization backed up by the Government is set up for the purpose of dealing with these surpluses, how is the loss on account of cheap sales of these surplus commodities or in some case destruction of the surpluses to be made up? How far is the commercial community going to organize itself or is prepared to organize itself to guarantee the risk, and to what extent do they want help or facilities from the Government and in what direction?

These are some of the thoughts that strike one on a somewhat cursory examination of the problem. I do not put forward any particular suggestion and perhaps the cumulative effect of several solutions may have the desired result.

I shall be glad if you individual representatives here would consult your various organizations and let me have your opinions at the latest by the time we meet next at this Export Advisory Council.

Copy of letter No. 4531/201, dated the 23rd October 1940, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed to acknowledge the receipt of your letter No. 64-T, dated the 1st October 1940, which gave cover to an extract from the speech made by the Honourable the Commerce

Member at the meeting of the Export Advisory Council held in Bombay on the 12th of September 1940, in the course of which the Honourable the Commerce Member referred to the problems connected with the disposal of India's production of raw commodities during the continuation of the war.

The General Purposes Sub-Committee of the Millowners' Association have given careful consideration to the remarks made by the Honourable the Commerce Member, and have authorised Sir Ness Wadia, K.B.E., C.I.E., and the Secretary of the Association, who will be in Delhi in connection with the Eastern Group Conference from the 23rd of October till the end of the month, to wait upon the Honourable the Commerce Member and discuss with him with greater freedom and in greater detail than is possible in the course of an official communication, the viewpoints of the Millowners' Association regarding the present and the future possible position in regard to Indian raw cotton.

Without prejudice to the views which may be expressed by the Association's representatives in any discussion which they might have with the Honourable the Commerce Member, my Committee are generally inclined to hold the view that provided the Indian mill industry is given reasonable assistance and facilities for developing its export trade in cotton yarn and piecegoods in overseas markets, it should be possible to overcome the difficulties which have already arisen owing to certain European countries being no longer in a position to purchase raw cotton from India. In the event of this year's Indian cotton crop being very much greater than the average of the last few years, the problem of the disposal of the coming year's cotton surplus will be increased, but this situation might be met effectively if Government granted adequate financial facilities to enable mills and merchants to hold stocks somewhat in excess of normal. The general problem has been dealt with in two memoranda recently submitted to the Government of India, and the views set out in these memoranda might be expanded during the conversations which have been suggested in the second paragraph of this letter.

In the event of Japan entering the war, the problem of marketing the Indian cotton crop would present greatly increased immediate difficulties which, in the opinion of some, would be almost insuperable, and certainly these difficulties could not be overcome either temporarily or permanently without substantial Government help which, in the view of my Committee, should certainly include :—

- (1) concerted effort by Government, manufacturing and merchanting interests to expand India's overseas trade in cotton goods. Government assistance might take the form of an export subsidy on cotton goods similar to that adopted some years ago by the United States Government ; and
- (2) financial assistance in connection with the warehousing or stocking of more than normal quantities of cotton.

In addition, the Government of India should, it is thought, ask the British Government to assist in the disposal of the Indian crop by purchasing greater quantities of Indian short-staple cotton during the war emergency. In this connection, it may be noted that England has recently been purchasing more staple Indian cotton than formerly, but it is pertinent to note that the main problem which India will have to face if Japan enters the war, will be in connection with short-staple material, like Oomras and Bengal cotton.

Another direction in which the Government of India might assist in developing the export trade would be to make representations to all Colonial and Empire Governments for the purpose of ensuring that India's cotton goods are admitted to those countries on the same terms and conditions as are accorded to British cotton goods. The position at present is that, in certain Empire countries, the United Kingdom enjoys the benefit of special preferential tariffs and quota arrangements which do not apply to India.

The use of Indian cotton should also be insisted upon by the Department of Supply and the Indian Stores Department in all cotton textile goods purchased for military and civilian requirements unless it could be effectively demonstrated that the use of long-staple imported cotton is absolutely essential.

As far as cotton is concerned, my Committee have the following comments to make on the subject of "reduction in acreage" or switch-over to an alternative crop which may be consumed internally. In the first place, this is not a solution that could be applied immediately, and it would, in any event, do nothing towards solving the problem of the crop now being grown. A reduction in the area under cultivation would be likely to throw out of employment a large number of people, and if this remedy were adopted, a new problem would be created of finding employment for those who have been displaced. A switch-over to new crops for which a market could be found in India itself would necessarily have to be preceded by an exhaustive investigation, and even such an investigation might yield no results since it is extremely doubtful whether alternative crops could be grown and marketed in India which would yield to the cultivator the same monetary return as could be obtained from cotton even at low price levels.

Central storage raises questions of finance and satisfactory storage accommodation, but even assuming that the Government of India could provide finance and suitable storage accommodation in central warehouses, it is probable that the commodities stored would constantly decrease in quality and value during the storage period, and in this view of the case, storage might not be a feasible proposition unless Government were prepared to meet the loss in value from Central revenues.

Finally, I am to assure Government that the Association would be very glad to assist Government in dealing with the problems which may eventually arise in regard to the disposal of the Indian cotton crop, but my Committee would like it to be clearly understood that the responsibility for meeting the various situations which may arise from time to time must rest primarily upon the Government of India and not upon the commercial community.

APPENDIX 35.

SLUMP IN COMMODITY PRICES : EXPANSION OF CREDIT FACILITIES.

Copy of letter No. 1506, dated the 5th July 1940, from the Indian Merchants' Chamber, Bombay, to the Secretary to the Government of India, Finance Department, Simla.

I am directed by my Committee to address Government in connection with the state of nervousness prevailing in the commodity and other markets in the city and other parts of the country caused by the heavy slump in prices of agricultural products. Recent developments connected with the war have accentuated the situation. The extension in the areas of belligerency and the consequent contraction in the export markets available for the staple products of this country, as also inadequacy of shipping freight for the transport of such commodities in fulfilment of existing contracts, have all contributed to an accumulation of stocks. Apprehensions about the possibility of loss or damage to these holdings by enemy action have naturally caused a feeling of anxiety in the minds of exporters and business men. The inevitable result is that there is a general anxiety to get released of these stocks and consequently there has been a slump in the prices for the same. In order to restore confidence and to enable exporters and shippers to hold on to their stocks, my Committee had, in a telegram which they sent to the Government of India, Department of Commerce, on 28th June 1940, suggested the imperative necessity for instituting a scheme of insurance for war risks on land for commodities and manufactured goods. If such a protection is given, panicky sales on account of the fears of damage by enemy action will stop and exporters and shippers will be enabled to hold on to their stocks. This will have a toning effect on prices and the present sagging tendency will be checked.

The slump in the commodity prices is also attributable to the difficulties experienced by merchants in the matter of credit facilities. This is a sphere in which the Finance Department of the Government of India by initiating measures for providing adequate credit facilities can help in the solution of the problem. With the fears about the safety of the stocks of

commodities, commercial banks which had made advances on such stocks, began to restrict credit facilities very much by asking for additional margins from time to time and by trying to be more orthodox in their loan policy. Merchants and exporters who are experiencing curtailment of credit facilities are obliged thus to sell their commodity holdings at uneconomic rates and even at a loss. In order that banks may be persuaded to desist from restricting credit facilities, it is necessary that the Reserve Bank of India should afford to them greater re-discount facilities. If the scheduled banks are assured that they can look to the Reserve Bank for necessary advances against their loans to merchants and exporters on stocks of commodities, they will be freed from any undue nervousness regarding liquidity of their loans already given to merchants.

In this connection, it has been pointed out to my Committee that certain technical difficulties had been experienced in the past in the matter of interpreting the provisions of section 17 of the Reserve Bank of India Act governing business which the Bank is permitted to transact. Under section 17(2) (a) of the Act, the Bank is authorised to re-discount promissory notes, drawn on and payable in India provided they bear two or more good signatures one of which shall be that of a scheduled bank and provided these promissory notes arise out of *bona fide* commercial transactions. This sub-section further provides that such promissory notes should be maturing within 90 days. Generally promissory notes are payable on demand. The Reserve Bank is reported to have been advised that on a strict construction of the sub-section payment on demand would not fulfil the technical requirement implied in the term "maturing within 90 days." Such a position would be untenable. The real intention of the term "maturing within 90 days" from the date of purchase or re-discount is or should be that the Reserve Bank should be entitled to demand the amount from the party at a date not later than 90 days. Thus the Bank would be in a position to do in respect of a promissory note payable on demand. However, if there is any such legal difficulty, the same should be removed.

Under section 17(4) (d) of the Act, the Reserve Bank is authorised to make loans and advances to scheduled banks on the security of promissory notes of such banks or of a provincial co-operative bank, supported by documents of title to goods which have been transferred, assigned or pledged to such banks as security for cash credit or overdraft granted for *bona fide* commercial transactions or for the purchase of financing agricultural operations or for the marketing of crops. According to the interpretation put on this sub-section by the authorities of the Reserve Bank, it is deemed necessary that the original party to whom the advances had been made should be out of possession of the goods and should be holding only a delivery order which he has endorsed to the scheduled bank as security. In short, the Reserve Bank requires that *documents* of title to goods should have been transferred, assigned or pledged to the Bank and not the *goods* themselves by a document conferring title to possession which would certainly constitute a document of title to goods. The general practice in the country is that advances are made by banks on the security of goods of a borrower put into the possession of the banks. Documents of title to goods do not exist here, because there are no warehousing companies. Advances on the actual pledge of goods, my Committee consider, should be deemed as better security and there should be no technical insistence for substituting a system of advances only on documents of title.

The construction put by the bank as to what constitutes eligible paper for purpose of re-discount or accommodation under the different sub-sections of the Act, have thus stood in the way of trade and scheduled and co-operative banks getting adequate facilities from the Reserve Bank. They request that the matter should be examined at an early date, and in these times of emergency the provisions of the Act be amended by the issue of an Ordinance so as to enable the Reserve Bank to make advances freely to the scheduled banks and co-operative banks on the security of bills, promissory notes and goods pledged to such banks by their constituents.

Opportunity may also be taken to examine to what extent and in what manner the power of direct discount under section 18 of the Act may be exercised and put into free use by the Reserve Bank with a view to meeting the present times of emergency.

Government should also statutorily fix minimum lending rates for the various commodities; advances upto such minimum should be freely made available by the Reserve

Bank through scheduled banks in respect of such commodities. Such a step will relieve the stringency now being felt and restore confidence in the markets.

My Committee hope that the Government of India will be pleased to give this matter their sympathetic consideration and take suitable action which would have the effect of expanding credit facilities available to the mercantile community in the matter of loans and advances against stocks of commodities.

Copy of letter No. 3537/159, dated the 14th August 1940, from the Association to the Secretary to the Government of India, Finance Department, Simla.

Through the courtesy of the Secretary, Indian Merchants' Chamber, Bombay, the Association was recently supplied with a copy of letter No. 1506, dated the 5th July 1940, addressed to Government by the Chamber making certain suggestions for removing the nervousness prevailing in the commodity markets following the slump in prices of agricultural products. My Committee are generally in agreement with the views expressed by the Chamber. The position, as pointed out by the Chamber, is serious, and more generous credit facilities should be made available to merchants for commodities generally and piecegoods in particular, at the earliest opportunity, as a means of preventing unwarranted and undesirable price contractions. It is understood that this matter is engaging the serious attention of Government, but my Committee hope that early decisions on the various points at issue will be reached.

APPENDIX 36.

REVISION OF THE INDO-JAPANESE TRADE AGREEMENT.

Copy of letter No. 1618/131, dated the 9th April 1940, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed by the Committee of the Millowners' Association, Bombay, to address you in connection with the statement made by the Honourable the Commerce Member that, pending the conclusion of a new Indo-Japanese Trade Agreement, the Government of Japan had notified that they were proposing to raise the cotton textile exports to India to 400 million yards annually.

2. My Committee have carefully examined the position. They have, besides, had it more fully explained to them by Sir Homi Mody, the Association's representative in the Legislative Assembly, who recently saw the Honourable the Commerce Member in deputation. They nevertheless feel constrained to point out that they are not a little disappointed that the Government of India, far from securing modifications in the Protocol on the lines indicated in the Association's representation, No. 1973/131, dated the 28th April 1939, should have permitted an increase in the maximum permissible exports of cotton piecegoods from Japan to India. My Committee are aware that shipments of raw cotton from India and of cotton piecegoods from Japan under the provisional arrangement are subject to re-calculation and readjustment with retrospective effect from the 1st April 1940, but they feel, nonetheless, that, for the reasons outlined below, the position which has been reached is calculated to injure Indian interests.

3. When the Government of India decided a few months ago not to give notice of termination of the Indo-Japanese Trade Convention, it was stated that this decision had been taken in view of assurances which they had received that the Government of Japan had not the least intention to take advantage, by tolerating heavy shipments of Japanese goods to India, of an interval that might arise between the termination of the Protocol and of the Convention. The present position, which permits Japan to increase her shipments of cotton

piecegoods to India, in the opinion of my Committee, goes contrary to this assurance, and apart from its direct consequences on Indian trade and industries, it is bound to have important psychological effects during the concluding phases of the present Indo-Japanese trade negotiations.

4. The Committee of the Association have always held that the Indo-Japanese Protocol, which only regulated the exports of Indian raw cotton to Japan and of shipments of cotton piecegoods from Japan, was by itself inequitable to India inasmuch as it provided for no limitation whatsoever on the quantities which Japan might export to this country of the various articles constituting the vast miscellaneous trade between the two countries. Cheap imports from Japan have, as Government are aware, crippled many a rising Indian industry. Even in the case of textile manufactures, a very large proportion of the trade between the two countries is excluded from the purview of the Protocol. There is, for instance, no limitation to the quantities of cotton yarn which Japan might export to this country, nor is there any restriction whatsoever on the quantities of artificial silk yarn and piecegoods, apparel and other forms of made-up goods produced from cotton with or without the admixture of other textile fibres, that she might send to this country. In the case of yarn, the Association has, during the last few years, repeatedly drawn the attention of Government to the danger to the fine spinning industry of this country, of cheap and growing imports from Japan and China, especially of counts over 50s, and as late as in November last, a strong case was put forward for the immediate imposition of a quantitative limitation of these imports. As regards other types of textile manufactures, my Committee hope Government will agree that it is only reasonable to expect that the Protocol should include all types of made-up cotton goods and not only piecegoods.

5. This being the case, my Committee should have thought that the Government of India should have been able, on the expiry of the Protocol on 31st March 1940, to secure modifications in the Protocol on the lines of the unanimous report of the Unofficial Advisers, made at Simla on 21st July 1939. In particular, my Committee fail to understand the reasons which prompted the Government of India to allow Japan to increase her maximum permissible exports of cotton piecegoods to India, even temporarily, when the trade position between the two countries fully warrants a substantial reduction in that figure, more especially, since during the last few months, Japan has been avoiding the spirit, if not the letter, of the last agreement by sending to India very large quantities of printed and coloured goods from Japanese-owned mills in China, at a time when her exports of these classes of goods had exceeded the permissible quota. The sudden rise in the imports from China during recent months is particularly noteworthy. For ready reference, the average imports from China during the currency of the first Indo-Japanese Protocol and for the first two years of the second Protocol which has just expired, are given alongside :—

Imports of Cotton Piecegoods from China into British India.

(Figures are in thousands of yards.)

| | | | <i>Prints.</i> | <i>Coloured.</i> | <i>Total.</i> |
|--------------------------------|----|----|----------------|------------------|---------------|
| Average 1934-35/1936-37 | .. | .. | .. | 281 | 433 |
| Average 1937-38/1938-39 | .. | .. | .. | 5 | 8 |
| 1939-40 (6 months April/Sept.) | .. | .. | .. | 8 | 8 |
| October | .. | .. | 13 | .. | 13 |
| November | .. | .. | 584 | 3 | 597 |
| December | .. | .. | 755 | 41 | 824 |
| January | .. | .. | 1,015 | 72 | 1,135 |

No detailed figures are available for subsequent months, but the trade returns for the Province of Bombay for the month of February this year indicate that the following quantities of cotton piecegoods were imported into this Province from China during the month :

Imports of Cotton Piecegoods from China into the Province of Bombay.

(Figures are in thousands of yards.)

| | | | <i>Prints.</i> | <i>Coloured.</i> | <i>Total.</i> |
|-----------------|----|----|----------------|------------------|---------------|
| 1940 : February | .. | .. | 8,327 | 26 | 9,569 |

6. Another point to which my Committee would like to draw attention is the fact that Japan has latterly failed to take up the quantity of $1\frac{1}{2}$ million bales of Indian raw cotton per annum, which would entitle her to ship the maximum yardage of cotton piecegoods to India. The gross exports of raw cotton from India to Japan during the last few years were as under :

| | <i>Thousand bales.</i> |
|---|------------------------|
| Average 1934-35/1936-37 (1st Protocol) | 2,065.3 |
| Average 1937-38/1938-39 (2nd Protocol), (1st two years) | 1,285.2 |
| 1939-40 (10 months, April/January) | 867.7 |

In the face of this downward trend of Indian raw cotton exports to Japan during the currency of the second Protocol, my Committee are at a loss to know why Japan should be permitted to despatch more cotton piecegoods to India than was allowed to her under that Protocol. On the contrary, these figures appear to warrant a reduction in the total volume of Japanese cotton piecegoods which might be allowed entry into this country in any year.

7. A further serious danger from the present position is the possibility of Japan considering herself as no longer bound, in the absence of a Protocol, to adhere to the limitations in regard to the quantities of piecegoods of different types which could be exported to India. Government will appreciate that a very difficult situation would be created for the Indian industry if Japan thought fit to increase her shipments of those classes of goods in which she has latterly been anxious to develop her trade at the expense of the Indian industry. My Committee are, therefore, anxious for a clarification of the position in this regard, and they would welcome an early indication from Government as to whether the percentages fixed for the various categories of cotton piecegoods under the old Protocol would be adhered to during the transitional period.

8. In the Association's letter No. 4929/131, dated the 28th November, 1939 Government's attention was drawn to the need for opportunities being given to the representatives of Indian commercial and industrial organizations to place their view-point before Government on the issues arising out of their discussions with the Japanese Delegation before Government took final decisions. The position which has now arisen once again emphasizes the urgent desirability of commercial and industrial interests being informed from time to time of the progress of the negotiations, and my Committee would urge that the Unofficial Advisers to Government should be consulted at a very early date with regard to the further stages of the trade negotiations.

Copy of letter No. 312-T(2)/Sim/40, dated the 25th May 1940, from the Under-Secretary to the Government of India, Department of Commerce, New Delhi, to the Association.

I am directed to refer to your letter No. 1618/131, of 1940, dated the 9th April 1940 on the above subject, and to say in reply that it was not the intention of the Honourable the Commerce Member, when he answered certain supplementary questions in the Legislative Assembly on the 2nd April 1940, to convey the impression that the Government of India had entered into any arrangement, such as is described, with the Japanese Government. The position is that the latter had announced their intention of increasing the rate of exports of cotton piecegoods to India when the Protocol regarding commercial relations between India and Japan should expire. They had also proposed that in the event of a successful issue of the trade negotiations the allotment of Japanese exports of cotton piecegoods to India should be readjusted and recalculated retrospectively with effect from the 1st of April 1940, in accordance with the terms so reached. The Government of India thereupon replied that they could not give their formal agreement to the above proposals but that in view of the undertaking of the Japanese Government regarding retrospective readjustment of Japanese exports of cotton piecegoods to India they were prepared provisionally to say that they would not regard the operation of the proposals as contravening the undertaking previously given by the Japanese Government that they would not take advantage of the lapse of the Cotton Protocol by allowing heavy shipments of Japanese goods to India.

APPENDIX 37.**INDO-BURMA TRADE NEGOTIATIONS.**

Copy of letter No. 100-T(7)/38, dated the 23rd December 1940, from the Under Secretary to the Government of India, Department of Commerce, New Delhi, to the Association.

I am directed to communicate to you for the information of your Association that the Government of India are now in a position to lay the general outlines of the Burma proposals for a new Trade Agreement before Non-official Advisers and have decided to appoint as their advisers two representatives of the Federation of Indian Chambers, two representatives of the Associated Chambers, one representative of the Bombay Millowners' Association and one representative of the Ahmedabad Millowners' Association, with whom will be associated two advisers to be appointed by the Governments of Bengal and Madras (in connection with the subject of imports of Burma rice).

2. The Advisers will be desired to meet the officials of the Government of India at 11 a.m. on the 20th January 1941, in the Honourable Commerce Member's office room in the Secretariat Buildings, North Block, New Delhi.

3. The Government of India will be glad if your Association will nominate one representative to serve as Non-official Adviser to Government during the course of the negotiations and communicate his name and address to this department as early as possible. On receipt of this information the Adviser will be supplied direct with statistical material for perusal before the meeting.

4. It is hoped, subject to the results of the preliminary discussion between the Advisers and the Government of India, that negotiations, which will take place in New Delhi, will begin about the middle of February.

Copy of letter No. 37/141, dated the 3rd January 1941, from the Association to the Under Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed to acknowledge the receipt of your letter No. 100-T(7)/38, dated the 23rd December 1940, and to say that Mr. F. Stones, O.B.E., M.L.C. (of Messrs. E. D. Sassoon & Co. Ltd., E. D. Sassoon Building, Dougall Road, Ballard Estate, Bombay) has been requested to represent the Association on the panel of non-official Advisers which Government propose to constitute in connection with the negotiations for a fresh Trade Agreement which will shortly take place in New Delhi between representatives of the Government of India and of the Government of Burma.

APPENDIX 38.**CHINESE COMPETITION IN TEXTILES.**

Copy of letter No. 1711/131, dated the 15th April 1940, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed to confirm my telegram to you dated the 10th April 1940 reading as under :—

“ Immediate action in the direction of limiting importations cotton piecegoods and particularly printed goods from Japanese-controlled mills in China appears to be called

for. In the last four completed financial years total imports were insignificant. In the first nine months 1939-40 imports increased to 1½ million yards and in February 1940 imports into Bombay alone were more than 9½ million yards. This matter was raised by Unofficial Advisers during Indo-Japanese trade negotiations and has been subject number of D.O. communications with Sir Alan Lloyd in recent months. Danger of Japanese interests circumventing spirit if not letter Indo-Japanese Trade Agreement by increasing imports from Chinese sources and so indirectly increasing textile exports to India to the detriment Indian industry has existed since commencement of Sino-Japanese war. Association trusts Government will take immediate steps to limit imports to pre-present war figures. Fuller representation follows."

It will be recalled that in the Association's representation No. 1973/131, dated the 28th April 1939, a reference was made to the gradual transfer of the control of the manufacturing industry of China into Japanese hands with the possibility of exports from one country being substituted for those of the other. Although this statement was made with particular reference to the necessity of adequately safeguarding the Indian spinning industry against external competition by a quantitative limitation of imports from all countries, the Association had also in mind the danger of Japan utilising her control of the Chinese manufacturing industry to circumvent the provisions of the quantitative limitation on cotton piecegoods imposed on goods produced within her own borders. It is understood that this aspect of the matter was also brought to the notice of Government by other Chambers of Commerce in the country, and Government were urged, in their negotiations with Japan, to consider the question carefully with a view to devising ways and means of controlling the imports into India from Japanese-occupied territories in China.

The serious situation with which the Indian cotton industry was faced by reason of the new political order in the Far East consequent upon the Sino-Japanese conflict and the passing of the control of the Chinese industry into the hands of Japan is also understood to have been referred to during their discussions in Simla in July last year by the Unofficial Advisers to the Government of India, who are reported to have unanimously recommended that Government should take all possible steps to prevent the import into India of articles made in China which were likely to affect Indian interests adversely.

That the fears entertained by the Association and other Chambers and by the Unofficial Advisers to the Government of India have unfortunately materialised will be apparent from the following figures which show the quantities of cotton piecegoods imported into British India from China since the year 1934-35 :—

Imports of cotton piecegoods from China into British India.

(Figures are in thousands of yards.)

| | | | | | <i>Printed Goods.</i> | <i>Total.</i> |
|---------------------|----|----|----|----|-----------------------|---------------|
| 1934-35 | .. | .. | .. | .. | .... | 1,190 |
| 1935-36 | .. | .. | .. | .. | .... | 56 |
| 1936-37 | .. | .. | .. | .. | .... | 52 |
| 1937-38 | .. | .. | .. | .. | .... | 8 |
| 1938-39 | .. | .. | .. | .. | .... | 8 |
| 1939-40 (10 months) | .. | .. | .. | .. | 2,368 | 2,580 |

It will be noticed that imports which were negligible in any of the years since 1935-36 suddenly jumped to 2.6 million yards in the first ten months of the current financial year (1939-40). Not only this, but practically the entire volume of these imports, 2.4 million yards, consisted of printed goods under which category there were no imports at all from China in any of the previous financial years. Although no detailed figures are available for British India for subsequent months, the Trade Returns for the Province of Bombay for the month of February show that the total imports from China of cotton piecegoods into this Province alone amounted to 9.6 million yards, of which no less than 8.3 million yards were printed goods. The remarkable rapidity with which this trade has grown will be evident

from the following figures showing the monthly imports into British India during the current financial year :—

Imports from China into British India during the current financial year.

1939-40.

(Figures are in thousands of yards.)

| | | | | | | <i>Printed Goods.</i> | <i>Total.</i> |
|-------------------------------|----|----|----|----|----|-----------------------|---------------|
| April .. .. . | .. | .. | .. | .. | .. | .... | .... |
| May .. .. . | .. | .. | .. | .. | .. | .... | 4.0 |
| June .. .. . | .. | .. | .. | .. | .. | .... | 1.0 |
| July .. .. . | .. | .. | .. | .. | .. | .... | .... |
| August .. .. . | .. | .. | .. | .. | .. | .... | .... |
| September .. .. . | .. | .. | .. | .. | .. | .... | 2.7 |
| October | .. | .. | .. | .. | .. | 13.4 | 13.4 |
| November | .. | .. | .. | .. | .. | 584.3 | 597.8 |
| December | .. | .. | .. | .. | .. | 755.2 | 825.1 |
| January | .. | .. | .. | .. | .. | 1,015.4 | 1,135.7 |
| <i>Bombay Province alone—</i> | | | | | | | |
| (February) | .. | .. | .. | .. | .. | 8,326.7 | 9,569.4 |

The figures graphically illustrate the astounding proportions which the Chinese trade in printed goods with India has assumed in recent months. The unrestricted inflow of such heavy and cheap imports from China is, in the opinion of my Committee, calculated to retard seriously, and possibly prevent, the development of the growing printing section of the Indian cotton industry, and to affect adversely the sales of other classes of Indian manufactures.

The position is somewhat similar in the case of cotton yarn, and imports from China during the last few months have been particularly heavy, as will be seen from the figures given below :—

Imports of cotton yarn of all descriptions from China into British India.

(In thousands of pounds.)

| | | | | | | 1937-38 | 1938-39 | 1939-40 |
|-------------------------------|----|----|----|----|----|---------|---------|---------|
| October .. .. . | .. | .. | .. | .. | .. | .... | 1,351.1 | 2,504.8 |
| November .. .. . | .. | .. | .. | .. | .. | .... | 1,098.8 | 815.2 |
| December .. .. . | .. | .. | .. | .. | .. | .... | 888.0 | 1,750.6 |
| January .. .. . | .. | .. | .. | .. | .. | .... | 539.2 | 2,377.0 |
| <i>Bombay Province alone—</i> | | | | | | | | |
| February | .. | .. | .. | .. | .. | 116.8 | 677.2 | 1,646.5 |

So far as the existing equipment and management of the Chinese cotton industry is concerned, it would appear from a report recently submitted by Mr. Saichi Kawaguchi of the Fuji Gasu Yarn Spinning Co., Ltd., of Japan, as a result of his inspection tour in China, that the position in May 1939 was as shown below :—

| | | | | | | <i>No. of Spindles.</i> | <i>No. of Looms.</i> |
|---|----|----|----|----|----|-------------------------|----------------------|
| Of Japanese ownership or management | .. | .. | .. | .. | .. | 2,954,000 | 38,800 |
| Of Chinese | .. | .. | .. | .. | .. | 960,000 | 5,400 |
| Of British | .. | .. | .. | .. | .. | 223,000 | 4,100 |
| | | | | | | <hr/> | <hr/> |
| | | | | | | 4,137,000 | 48,300 |
| | | | | | | <hr/> | <hr/> |

It will be noticed that Japan now owns or has under her effective management over 72 per cent. of the total number of spindles and 80 per cent. of the looms in cotton mills located in China. As is well known, one of the most important factors which have contributed to the building up of the Chinese cotton industry has been the low standards of labour and consequently the low wages which have prevailed in that country. In this connection, the following figures extracted from "The World Textile Industry—Economic and Social Problems" published by the International Labour Office in 1937, showing the wages, output and unit costs of production in Japan, China and British India are instructive:—

Wages, output and per unit costs : Cotton mill operatives engaged in spinning yarns upto 40 counts, Ring Spindles.

Last half of 1932

| | Weekly wages per worker. (In Yen.) | | No. of workers per 1,000 Spindles. | Weekly wage bill per 1,000 Spindles. Yen. | Weekly output (Mill consumption of raw cotton) per 1,000 spindles. (Bales.) | Weekly wage bill per unit of output. | |
|-----------------------|---------------------------------------|-------------------------------|---|---|---|---|--|
| | At par. | At December 1932 rates. | | | | In yen per bale. | As percentage of Japanese wage bill. |
| China* | 3.7 | 3.7 | 8.9 | 32.9 | 2.8 | 11.8 | 89 |
| Japan | 5.8 | 5.8 | 6.1 | 35.3 | 2.7 | 13.2 | 100 |
| British India | 5.5 | 9.07 | 15.0 | 136.1 | 2.4 | 56.7 | 424 |

* Japanese-owned.

The element of unfairness arising from competition between the products of China and of India was recognised by the Government of India in 1930 when they extended the Yarn Protection Act of 1927 for a further term of three years on the ground that labour conditions in China, both as regards hours of work and as regards the employment of women and children, were inferior to those in India. Despite the enactment of national legislation on both these questions, it would appear from the available data on the subject that conditions in China in both these respects have since shown no material change and are still much inferior to those obtaining in India. That Japan has not been slow to take advantage of the favourable conditions obtaining in China has also been borne out by the Indian Government Trade Commissioner in Osaka, who, in the report of his work for the year 1938-39, refers to the increasing diversion of raw cotton to mills in China, mostly under Japanese control, with a view to cutting down the cost of production *vis-a-vis* mills in Japan.

Since the commencement of the Sino-Japanese hostilities it is understood that there has been some increase in the rates of wages in Japan and that skilled male labour in munitions factories are now being paid as high as 10 to 12 yen per day. Silk and rice are reported to be doing well and it is estimated that 40,000 female workers have left the textile industry in Japan without replacement owing to the higher wages offered outside. The net result is that shipments of textiles abroad are being made as far as possible from Japanese mills in China; and this process has been facilitated by the increasing control which Japan has come to exercise over the Chinese cotton mill industry as a result of the Sino-Japanese war.

My Committee maintain that if it is recognised—as it has been recognised—that the Indian industry needs to be protected against competition from cheap Japanese goods, the need for greater protection to the Indian industry against China where the prevailing low standards of labour enable goods to be produced much cheaper than even in Japan, is all the greater. In this view of the case, there appears to be a very strong case for the immediate imposition of a quantitative limitation on Chinese imports of both cotton yarn and cotton piecegoods into India to the pre-war levels.

The need for the effective protection of the Indian industry against Chinese competition is rendered all the greater by reason of the danger that Japan might, as pointed out above, use her control of the Chinese industry to break the spirit, if not the letter, of the Indo-Japanese Trade Agreement by increasing her exports through Chinese sources and so

indirectly expanding her textile exports to this country to the detriment of the Indian cotton mill industry.

That the further development of the Chinese industry through the collaboration of Japan is viewed in Japanese circles with a considerable measure of optimism will be borne from the concluding remarks of Mr. Saichi quoted below for ready reference :—

“ Before the war, however, Chinese spinners declined to accept Japanese assistance in capital and technique and tried their best to shut out Japanese influence from the Chinese cotton industry. But now a way is opened for Sino-Japanese co-operation in every branch of industry. With the assistance of the Japanese cotton industry, which has made such remarkable progress in the last generation as to become the world's largest exporter in tissues, the Chinese cotton industry undoubtedly will make a tremendous development as soon as political and economic conditions in the East Asia are stabilized.”

In all the circumstances of the case, my Committee earnestly trust that Government will take immediate and effective steps to safeguard the position of the Indian cotton industry against competition from Chinese goods.

Copy of letter No. 312-T(1) Sim/40, dated the 2nd May 1940, from the Under Secretary to the Government of India, Department of Commerce, Simla, to the Association.

I am directed to refer to your letter No. 1711/131 of 1940, dated the 15th April, on the above subject and to say that the question raised therein is already receiving the careful attention of the Government of India.

APPENDIX 39.

EGYPTIAN TARIFF ON COTTON TEXTILES.

Copy of letter No. 1927/113, dated the 29th April 1940, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed to refer to the correspondence which has passed between the Government of India and the Association on questions concerned with India's export trade in cotton yarn and piecegoods with Egypt during the last two years. In April 1938, the Egyptian import duties on cotton yarn and piecegoods in so far as they affected India were greatly increased. In representations made by the Association immediately following this increase in Egyptian duties, the growing value of the Egyptian piecegoods and yarn market to Indian mills was stressed, and it was suggested that in view of India's unfavourable balance of trade figures with Egypt, the Government of India should do everything possible to bring pressure to bear upon the Egyptian Government to reduce the import duties to the levels existing before April 1938. It is understood that the matter was taken up by the Hon'ble Sir Muhammad Zafrullah Khan, who was then the Commerce Member with the Government of India, both in London and in Egypt, but no reductions in duties were effected as a result of Sir Zafrullah Khan's intervention. What did happen later on was that the Egyptian Government notified their intention of introducing a system of global quotas. The world was to be permitted under this arrangement to send to Egypt 140 million square metres of cotton piecegoods per annum, and the share of each country was to be regulated in accordance with the quantities of Egyptian cotton purchased. Under this arrangement, India would be permitted to send to Egypt between 7 and 8 million square metres of piecegoods per annum. It was at once pointed out by the Association that such an arrangement in the case of India

was grossly unfair since in the year 1937-38 India had sent to Egypt 23½ million yards of piecegoods and 1.2 million lbs. of yarn, and even with these sendings the balance of trade between Egypt and India was unfavourable to this country by no less than 1.57 crores rupees. The Association feels that in view of the new conditions created by the outbreak of war, the Government of Egypt which refused to make any concessions when the Government of India took up the matter in 1938-39, might now be disposed to adopt a more favourable attitude. From conversations we have had with His Excellency the Egyptian Consul in Bombay, it would appear that the global quota to which reference has been made is still not in operation. That fact, however, does not materially assist India to send more piecegoods and yarn to Egypt, because the very high duties which became operative on the 10th April 1938 still remain in operation. The fears which were entertained when the duties were increased, had been fully borne out, as will be seen from the under-quoted figures :—

Imports of Egyptian Cotton into British India.

| | Quantity in tons. | Value in lakhs of Rs. |
|---------------------------|----------------------|--------------------------|
| 1933-34 | 6,068 | 53 |
| 1934-35 | 16,911 | 1,55 |
| 1935-36 | 15,484 | 1,41 |
| 1936-37 | 18,546 | 1,84 |
| 1937-38 | 28,404 | 2,83 |
| 1938-39 | 18,990 | 1,87 |
| 1939-40 (10 months) | 23,697 | 2,44 |

Exports of Indian Yarn to Egypt.
(Figures in thousands.)

| | Quantity in lbs. | Value in Rupees. |
|---------------------------|---------------------|---------------------|
| 1933-34 | 262 | 1,46 |
| 1934-35 | 164 | 90 |
| 1935-36 | 435 | 2,37 |
| 1936-37 | 645 | 3,72 |
| 1937-38 | 1,189 | 6,25 |
| 1938-39 | 289 | 1,49 |
| 1939-40 (10 months) | 329 | 1,62 |

Exports of Indian Cotton Piecegoods to Egypt.
(000's omitted.)

| | Quantity in yards. | Value in Rupees. |
|---------------------------|-----------------------|---------------------|
| 1933-34 | 4 | 0.6 |
| 1934-35 | 13 | 2 |
| 1935-36 | 394 | 70 |
| 1936-37 | 13,307 | 22,44 |
| 1937-38 | 23,467 | 40,43 |
| 1938-39 | 3,076 | 4,96 |
| 1939-40 (10 months) | 1,589 | 2,54 |

The reduction in India's yarn and piecegoods exports to Egypt has further increased the unfavourable balance of trade figures, as will be seen from the following statement :—

Statement showing the values of the export and import trade between India and Egypt.

(In Lakhs of Rupees.)

| Year. | British India's exports to Egypt. | Egypt's exports to British India. | Balance of trade unfavourable to British India. |
|------------------------|-----------------------------------|-----------------------------------|---|
| 1934-35 | 1,25 | 1,67 | 42 |
| 1935-36 | 1,24 | 1,53 | 29 |
| 1936-37 | 1,34 | 1,94 | 60 |
| 1937-38 | 1,41 | 2,98 | 1,57 |
| 1938-39 | 1,22 | 2,18 | 96 |
| 1939-40 (10 months) .. | 95 | 2,60 | 1,65 |

In the face of the above facts, considered in conjunction with the new situation created by the war and the additional facts set out in the Association's previous representations, the Association is of opinion that the Government of India might take the very earliest opportunity of raising once again the whole question of yarn and cloth duties with the Egyptian Government.

APPENDIX 40.

RESTRICTIONS ON THE IMPORT OF TEXTILES IN THE GOLD COAST.

Copy of letter No. WS/GMK, dated the 30th July 1940, from Messrs. The United Africa Company Ltd., to the Secretary to the Government of India, Department of Commerce, Simla.

We take the liberty of putting before you on behalf of the United Africa Company Ltd., London, which is associated with our parent concern, Messrs. Lever Brothers and Unilever Ltd., London, the following :—

The United Africa Company Ltd., as well as several other firms in India have placed, during the past few months, considerable orders for piecegoods for the West Coast of Africa with British Indian textile mills.

These orders are destined for Nigeria, Sierra Leone, Gambia and the Gold Coast, and whereas most of these British colonies allow Indian goods to enter without restriction, the position with regard to the Gold Coast is different.

There is a very old Treaty between the English and the Dutch under which Dutch goods had to be allowed the same freedom of entry into the Gold Coast as accorded to English goods. For this reason, when quotas were first introduced in the Gold Coast three years ago, they were applied to all textiles of whatever origin including English. Although quotas were suspended in the Gold Coast from the beginning of January 1940 and another system of import control substituted, the Gold Coast authorities still have the power to restrict entry of textiles not only from foreign sources but from British sources as well.

The United Africa Company Ltd., has recently placed large orders for piecegoods for shipment to the Gold Coast with British Indian manufacturers with the definite expectation that the authorities would at least, during the war period, remove any restrictions on imports of British Empire goods.

We have just been informed by the United Africa Co., Ltd., that in spite of representations made by them to the India Office in London, the Gold Coast authorities are maintaining a quota against British Indian piecegoods based on pre-war imports. The allocation to the United Africa Company Ltd. (which handles about 40 per cent. of the total import and export trade with the Gold Coast) is less than 150,000 square yards for the 6 months ending 31st December, 1940. On the other hand, orders placed in India by United Africa Company Ltd., amount to over 500,000 square yards up to the present time and it is presumed that large quantities of piecegoods for shipment to the Gold Coast have been ordered from Indian mills by other firms exporting from this country.

The United Africa Company Ltd., therefore, is faced with a possibility of having to cancel a large part of their orders placed for shipment to the Gold Coast with a consequent loss of business to Indian textile mills. Furthermore, there are certain quantities which have already been shipped to the Gold Coast and which are being held up in the Gold Coast ports on account of this unexpected quota allotment.

In view of the facts we have placed before you, we would request you to be good enough to consider making an immediate and strong representation to the authorities concerned in London for the removal or the easing of the restrictions at present imposed on British Indian cotton textile exports to the Gold Coast, as otherwise a valuable potential market will be lost and the population of the Gold Coast may be prevented from obtaining their normal requirements. In this matter we may say that we have the full support of the Bombay Millowners' Association and important manufacturers like the Bombay Dyeing and Manufacturing Co., Ltd., E. D. Sassoon & Co., Ltd., and Forbes, Forbes Campbell & Co., Ltd.

We would like to emphasize on behalf of the United Africa Company Ltd., that we are concerned more with the future of the export of textiles from India to the Gold Coast rather than the present position and the possible immediate loss to firms exporting to the Gold Coast. It is the intention of the United Africa Company Ltd., and of all firms who have established trade between the British Indian textile industry and the West Coast of Africa to carry on this trade after the termination of the war, and we feel sure you will appreciate that it will be of the utmost importance for the Indian textile industry to have a strong footing now in territories like the Gold Coast, and to be able to introduce their qualities there mainly of those types where India has a natural advantage over other producing countries, i.e., of goods made entirely from Indian cotton.

We would, on behalf of the United Africa Company Ltd., be greatly obliged if you would do everything possible to influence the authorities in London in favour of the removal of the quota restrictions against British Indian piecegoods in the Gold Coast and, as the matter is a very urgent one, we shall be very grateful if you will be good enough to make your representations to London by telegram.

Thanking you in anticipation of your assistance in this matter.

Copy of letter No. 3373/113, dated the 2nd August 1940, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I have the honour to refer to the discussions which the Chairman of the Association (Mr. V. N. Chandavarkar) and the undersigned had with Mr. H. C. Prior and yourself during your recent visit to Bombay. In the course of those conversations, we suggested that the Government of India, in the interests of the development of India's export trade in textiles, might approach the Colonial Secretary to His Majesty's Government in the United Kingdom through the India Office for a relaxation of the quantitative restrictions at present imposed on the imports of Indian cotton textiles into the Gold Coast. The subject was also discussed by you at some length with Mr. W. Foges of the United Africa Co., Ltd., one of the largest exporters of Indian piecegoods to West African territories. We have now received a copy of a representation dated 30th July 1940 addressed to you officially by the United Africa Co., Ltd. That representation has the full support of the Millowners' Association, Bombay,

and my Committee trust that the Government of India will take up the matter immediately by cable with the India Office and thus ensure that the goods already ordered may be admitted into the Gold Coast and that the future business which may be placed with Indian mills may not be hampered.

Copy of letter No. 4-C(14)/40, dated the 19th December 1940, from the Under Secretary to the Government of India, Department of Commerce, New Delhi, to the Association.

With reference to your letter No. 3373/113, dated the 2nd August 1940, on the above subject, I am directed to say that from the 1st January 1940, the date on which the pre-war textile legislation in force in the colony of the Gold Coast was suspended, the imports of textiles into that colony have been brought under the general import licensing and exchange control scheme, subject to the condition that the former system of allotting quota licences is to be followed as far as possible.

The Government of India in a reply received to their representations on the above subject have also been informed that the authorities in the Gold Coast have now decided to admit additional quantities of Indian textiles up to the amount stated to be required for the remainder of this year's markets.

APPENDIX 41.

PROPOSED ESTABLISHMENT OF AN ORGANIZATION FOR FACILITATING COTTON PIECEGOODS EXPORTS.

Copy of letter No. 960, dated the 19th October 1940, from the Indian Central Cotton Committee, Bombay, to the Association.

I have the honour to say that my Committee at its last meeting considered the position of Indian cotton arising as a result of the shutting off of several European markets owing to the war, and the measures feasible to make up for the loss thus caused. The question of finding alternative uses for Indian cotton in industries other than textiles, such as road making, cotton bagging, imitation leather goods, substitute for wall-paper, etc., or for its more extended use in industries in which it is already employed at present, is already engaging the attention of the Indian Central Cotton Committee but these measures are considered quite inadequate to deal with the surplus which will be thrown on the Indian market owing to the conditions mentioned above. The general view expressed, however, was that, although the market for Indian raw cotton had become restricted, there was much scope for the expansion of the Indian piecegoods trade and that any improvement which might be effected in this direction would materially assist the offtake of Indian cotton. It is understood that as a result of restricted supplies, Indian mills have received numerous inquiries for piecegoods from countries outside Europe, and whilst it is within the capacity of Indian mills to meet these demands, the lack of sufficient freight for the export of piecegoods acts as a limiting factor. My Committee is of the opinion that many of the difficulties connected with this question could be overcome if an export organization were set up by the commercial interests of the country, whose functions would be, *inter alia*, to undertake propaganda for the purpose of increasing the consumption of Indian cloth in India, to explore the possibilities of increasing the export of piecegoods to such countries as Ceylon, Malay, Australia, etc., and to take such steps as might be found feasible to facilitate the export of piecegoods. I am now to inquire whether your Association would be prepared to assist in the establishment and maintenance of such an organization. My Committee would be willing to render necessary help and share expenses.

Copy of letter No. 4774/203, dated the 12th November 1940, from the Association to the Indian Central Cotton Committee, Bombay.

I am directed to acknowledge the receipt of your letter No. 960, dated the 19th October 1940, in which you request my Committee to inform you whether the Association would be prepared to assist in the establishment and maintenance of an organization, whose function would, *inter alia*, be to undertake propaganda for the purpose of increasing the consumption of Indian cloth in India and to explore the possibilities of increasing the exports of piecegoods to such countries as Ceylon, Malay, Australia, etc. In reply, I am to inform you that my Committee agree in principle to the proposed establishment of a central organization for the purposes outlined in your letter. As regards the sharing of the expenses, etc., I am to state that the question will be sympathetically considered by my Committee when full details relating to the organization have been worked out.

APPENDIX 42.

FREIGHT SPACE FOR EXPORT MARKETS.

Copy of letter No. 2516/121, dated the 6th June 1940, from the Association to the Controller of Shipping for India, Calcutta.

A considerable number of complaints have recently been received by the Association which indicate that all mills and merchants exporting cotton piecegoods and yarn are meeting with great difficulties in obtaining freight space. The markets mainly concerned are the United Kingdom; Australia; the Straits Settlements; East and West Africa; Syria; Cyprus; Malta, and China (Hongkong). The Association realizes, of course, that commodities urgently required for war purposes must have first claim upon such freight space as is available, but it is urged that, after freight space has been provided for these essential commodities, special consideration should be given to yarn and piecegoods exports, a considerable proportion of which must be required for war purposes. Another reason for urging the grant of favourable treatment is that, unless freight space can be secured certain mills in Bombay may have to curtail operations in the near future, and taking a long view, it is eminently desirable in the interests of India's industrial economy that she should seize this opportunity of developing her overseas trade in cotton yarn and piecegoods with territories previously supplied by non-Empire countries. The need for a considerable and constant export trade is particularly great in so far as the Bombay mill industry is concerned, located, as it is in close proximity to India's greatest seaport, and hampered as it is with respect to the home trade owing to the development of the cotton spinning and weaving industry in centres in closer proximity to consuming markets.

If there is a possibility of meeting the situation by concerted action, I shall be pleased to collect information from member mills regarding the exact quantities of goods now awaiting shipment to various ports and the extent of the orders for future delivery to different parts of the world.

Copy of letter No. 1888, dated the 10th June 1940, from the Controller of Shipping for India, Calcutta, to the Association.

I am in receipt of your letter No. 2516/121, of 6th instant, regarding the difficulty experienced in obtaining space for the export of cotton piecegoods and yarn.

So far as the U. K. is concerned, the allotment of space is controlled and priority cargo receives first consideration. Cotton piecegoods and yarn are not shown on the Priority Lists sent to me by His Majesty's Government, and while it is realised that the maintenance of

India's export trade is desirable, it should be remembered that at the present time the importation of essential cargo into the U. K. must receive prior consideration.

When priority cargo has been allowed for, any balance of space remaining is available for other cargo, and I suggest that the members of your Association keep in close touch with the Liner Agents in Bombay. I am fully aware that owing to the large proportion of space taken up by priority cargo, it has been impossible for the Lines to allot space for cargo which is not on any Priority List.

The space available for other destinations mentioned in your letter does not come directly under my control, and I suggest that you keep in touch with the Agents of the Lines concerned.

Copy of circular No. 3748/121, dated the 30th August 1940, from the Association to all members of the Association.

I quote below for your information copy of a Press *communiqué* issued by the Government of India on the 22nd August, 1940, announcing the appointment of an Indian Shipping Adviser in Bombay.

“The Government of India are creating a post of Indian Shipping Adviser in Bombay. This Adviser will be subordinate to the Government of India, but in respect of ships on the British Register, will work under the control of the Shipping Controller for India. He will keep himself informed of movements of all ships based on India, and also, through the Port Committees of the Export Advisory Council of the position relating to cargo awaiting shipment. His duties will be to co-ordinate the use of ships based on India to meet defence requirements, requirements of the coastal trade, and where freight is available for the purpose, requirements of the export trade also. Enquiries in connection with shipping space should continue, as at present, to be addressed to the Shipping Controller for India at Calcutta, but copies of such enquiries may be sent also to the Indian Shipping Adviser.”

It is suggested that member mills who experience difficulties in regard to freight space for export might get into touch with the Indian Shipping Adviser whose full address is: C/o The Principal Officer, Mercantile Marine Department, 10, Nicol Road, Ballard Estate, Bombay.

APPENDIX 43.

DECLARATION OF MANUFACTURING PARTICULARS IN RESPECT OF GOODS TO BE IMPORTED INTO THE UNITED KINGDOM.

Copy of letter dated the 1st August 1940, from Messrs. The Simplex Mills Co., Ltd., to the Association.

We have recently been asked to declare full manufacturing specification in the case of cloth shipped to the U.K. Specifications were called for by a local firm of merchants under instructions from their Home office. We asked the firm in question to quote the United Kingdom Government Regulation which made it necessary to give manufacturing specification on cotton cloths from India. Our buyers have been unable to refer us to any relevant regulation but again state that their Home friends insist that this declaration is necessary when the cloth is imported.

We have asked the British Trade Commissioner's Office whether they can refer us to any regulation calling for declaration of specifications, but they say they do not know of any such rule.

We understand that particulars of this nature were also insisted upon in the case of some shipments made by the Kohinoor Mills.

Will you please inform us whether it is necessary to declare manufacturing specification of cloths shipped from here to the U.K. If it is necessary, and unless there is a very good reason indeed for the rule, we suggest that the matter should be taken up with the Commerce Department of the Government of India as such declaration of manufacturing particulars might very easily be used to the detriment of the Indian Mills in producing competitive qualities, and secondly, in the event of any dispute regarding the quality of goods sold under sample, the declared specification might be used to prove that there was some variation between the supplies and the basis. It may be said that an analysis of goods supplied should result in the same particulars obtained as those of the declared specification, but as you know, particulars of a grey cloth alter after any finishing process, and in fact the writer has seen in the case of more than one arbitration in the Association's rooms, that particulars declared by even the best of the mills among the Association's membership, differ very much from the particulars of the same cloth when taken out by the Matunga Laboratory.

We consider it is very undesirable and unfair that mills should be called upon to declare their specifications when shipping to the U.K. if, in fact, the U.K. Government do really insist upon these declarations.

Copy of letter No. 3351/167, dated the 1st August 1940, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

A case has recently occurred in which a Bombay mill, which is a member of this Association, was asked to declare the full manufacturing specifications for cloths due to be shipped to the United Kingdom. These specifications were called for by a local firm of merchants under instructions from their head office in England. When the firm in question was asked to quote the United Kingdom Government regulations which made it necessary to give manufacturing specifications for cotton cloths shipped from India, they were unable to refer the mill concerned to any relevant regulations, but stated that their United Kingdom friends insisted that the declaration was necessary when cloth was imported into England. Enquiries made from His Majesty the British Trade Commissioner's Office in Bombay as to whether there was any regulation calling for the declaration of specifications, elicited the reply that they did not know of any such rule or regulation. The Association also is unaware of any regulation which makes the declaration of manufacturing particulars compulsory. Before advising the member mill finally in this matter, we should like to be informed as to whether the Government of India are aware of any special regulation calling for the supply of manufacturing details in respect of cotton goods to be imported into England. If there are any regulations, the Association would be glad to be supplied with a copy.

Your Department will appreciate that declarations of manufacturing particulars in the case of cotton goods might very easily be used to the detriment of Indian mills in producing competitive cloths, and that in the event of any disputes regarding the quality of goods sold against an approved sample, the specification particulars might be used to prove that there was some variation between the supplies and the basis sample. It may be said that an analysis of the goods supplied ought to result in the same particulars being obtained as those declared in the specifications, but it is well known that particulars as regards counts of yarn, reed, pick, strength, etc., of a basic grey cloth are altered materially in any subsequent finishing process. The Association is inclined to the view that it is undesirable and unfair for mills to be called upon to declare their specifications when shipping goods to the United Kingdom, and if, in fact, the United Kingdom Government do insist upon such declarations, it is suggested that the Government of India should take up the matter in the interests of Indian exporters with the object of getting the United Kingdom Government to withdraw the regulations.

Copy of letter No. 56-C(1)/40, dated the 17th January 1941, from the Under Secretary to the Government of India, Department of Commerce, New Delhi, to the Association.

With reference to your letter No. 3351/167, dated the 1st August 1940, I am directed to say that in accordance with the terms of paragraph 20 of Notice No. 27-A, issued by Commissioners of Customs and Excise regarding Imperial Preference, the Collector of Customs and Excise in the United Kingdom may in case of doubt as to whether preference conditions have been complied with, call for further evidence, either of consignment or of origin, e.g., detailed accounts showing how the proportion of Empire content of manufactured goods is made up, in respect of any manufactured goods imported into the United Kingdom under claim to preference.

APPENDIX 44.

COMPETITION BETWEEN THE HANDLOOM INDUSTRY AND THE MILL INDUSTRY.

Copy of letter No. 110-Ind.(11)/40, dated the 9th October 1940, from the Joint Secretary to the Government of India, Department of Commerce, New Delhi, to the Association.

I am directed to state that the question of how the position of the handloom industry in this country may be safeguarded and how the conflicting claims of the handloom and the mill industries may be reconciled, has been before the Provincial Governments and the Government of India for several years. It has also been the subject of consideration by more than one Tariff Board though no specific recommendations have been made on this subject. At several Industries Conferences, this subject has come up for discussion and at the last Industries Conference, the Chairman in summing up the discussion stated as follows :—

“The Conference took note of the various divergent and sometimes conflicting viewpoints that had been expressed at this Conference with reference to the handloom industry and the mill industry, and was of opinion that the Government of India might once more consider the subject with a view to reconciling such conflicting claims as had arisen, or might arise, and to adjust the conflicting interests to the satisfaction of both the parties.”

Several suggestions have been made to resolve the difficulty. These may be summarised as below :—

1. Imposition of excise duty on mill-made cloth.
2. Imposition of a terminal tax on mill products.
3. Restriction of mill output by prohibiting mills from producing certain classes of cloth.
4. Imposition of cess on mill products.
5. Reduction of duty on yarn.
6. Fixation of quota and of particular counts between the handloom industry and the mill industry.

The Government of India do not propose at this stage to make any comment on the suggestions put forward but would like to invite the views of the various Provincial Governments and of the Millowners' Associations on these suggestions. They would also request both the Provincial Governments and the Associations to indicate whether they have any suggestions to make whereby the conflicting claims may be resolved. The Government of India would like at this stage to make it clear that in the phrase “Handloom industry,”

they do not include "power looms" which have in certain Provinces come into existence. They would confine the handloom industry to the industry which has developed as cottage industry without the use of power. The Government are anxious to see whether there is any solution possible and to arrive at some definite conclusion on the subject before the next Industries Conference which is proposed to be held on the 16th and 17th of December at Lucknow. They will be grateful, therefore, if your Association will convey their views to the Government of India in the Commerce Department before the 15th of November 1940 at the latest.

Copy of letter No. 4803/206, dated the 13th November 1940, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed to acknowledge the receipt of your letter No. 110-Ind.(11)/40, dated the 9th October 1940, in which you invite my Committee to express an opinion on certain "suggestions" made in para 2 of your letter, which, *inter alia*, advocate the imposition of an excise duty, terminal tax or cess on mill-made cloth, or the restriction of mill output by prohibiting mills from producing certain classes of cloth, or the fixation of a quota, etc.

My Committee feel, they ought to point out, at the outset, that it would be most inappropriate and injudicious to discuss these suggestions unless and until it has been definitely proved, firstly, that the Indian handloom industry is in a depressed condition, and secondly, that it is due to competition from the Indian cotton mill industry. The Indian cotton mill industry is a protected industry, its case for protection having been proved before competent tribunals, and my Committee strongly feel that no action, which is likely to reduce the margin of protection accorded to it by the Legislature, should be taken until the necessity of taking such action from the point of view of the handloom industry has been established beyond doubt before a competent tribunal. What is, therefore, immediately necessary is a Committee of Inquiry or a departmental inquiry into the affairs of the handloom industry in order to ascertain whether, and if so, to what extent the handloom industry requires protection and also whether any protective action is necessary against the Indian cotton mill industry. It should be the aim of this inquiry to secure all material data relating to the handloom industry. Particulars relating to the number of handlooms which are being run in certain Provinces with the use of electric power and the nature and extent of competition which the ordinary handloom industry is experiencing from those converted power looms should also be obtained. The inquiry should also endeavour to ascertain whether, and if so, what proportion of the handloom industry's manufacture is being marketed and what portion is consumed by the handloom weaver's family. In this connection, attention might be drawn to the following remarks made by Mr. J. T. Martin, I.C.S., in his Census report of 1921 :—

"A large part of the weaving (handloom weaving) is done not for profit but for home use, by the families of persons who have other whole-time occupations. In Assam, weaving is an established custom of the housewife, and cloth is always made for home use."

If, as Mr. Martin points out, the major portion of the cloth made on the handloom is for domestic consumption only and not for sale in the open market, competition from the Indian cotton mill industry, even if it existed, would be a matter of little or no consequence to the handloom industry.

The "suggestions" referred to in your letter are not by any means new; they have been repeatedly put forward on several occasions in the past regardless of facts and evidence. To quote only two recent instances :—

(1) The Bombay Economic and Industrial Survey Committee, whose report was published only very recently, deplored the lack of adequate statistical data on the handloom industry, but this serious deficiency did not prevent them from making a few recommendatory observations as to the desirability of regulating the production of mill industry "by a

division of the market accompanied by a duty, if necessary, to prevent the encroachment of the mill market into the handloom industry," which they sought to justify on the following grounds :—

"Representatives of the Bombay and Ahmedabad Millowners' Associations attempted to prove by reference to statistics of mill production, imports, the estimated handloom production, etc., that the organised cotton textile industry was mainly competing with the products of similarly organised foreign textile industries and not with those of the local handloom weavers. We are unable to accept this contention *in toto*. There is no doubt that the mill product, whether imported or indigenous, has been steadily encroaching on what used to be the handloom weaver's preserve and the most recent example of such penetration is in the field of women's clothing. It may be true that the mills are not making *saris* and *khans* exactly of the kind which the handlooms make, but they are certainly making *saris* and bodice cloth which women have for various reasons taken to wearing in preference to the handloom variety."

In other words, the whole case for the control of mill production, division of market, duty, etc., rests upon the evidence that women have "for various reasons" taken to wear certain types of cloth, which, according to the Inquiry Committee, though not exactly of the kind which the handlooms make, have been steadily encroaching on what used to be the handloom weaver's preserve. One would have expected the Inquiry Committee to have gone very fully into this problem before making a recommendation of far-reaching importance, but this has not apparently been done. If women had changed their custom to the Indian mill industry, it does not follow that the Indian cotton mill industry had invaded the handloom weaver's preserve. In this connection, it will be interesting to note that in a report submitted to the Government of India, which was subsequently made available to the representatives, who attended the eleventh session of the Indian Industries Conference, a Bihar Government official observed :—

"The demand for the specialised types of handwoven fabrics which are also more expensive than machine-made goods is fast declining on account of a change in dress fashion and hence absence of patronage from the public. The salvation of handloom weavers, therefore, lies in getting back to some of their lost markets for staple goods. Our experiments have to a certain extent been encouraging. Excepting such grey or bleached goods as *dhoties*, *sarees*, *markin*, which are produced in cotton mills on a mass production basis, our marketing organisation can produce other classes of goods, particularly those of dyed yarn, and market the same at practically mill prices. This is possible even when a heavy import duty is being paid on cotton yarn, i.e., 1½ annas and 1¼ annas per pound on Japanese and English yarn respectively.

The above opinion, emanating as it does from no less an authority than a provincial official who is very closely connected with the handloom industry, deserves respect. If the situation is really as explained in the above extract, then the salvation of the handloom industry lies entirely in its own hands.

(2) The next instance is that of the Committee on Co-operation in Madras, whose Report was published in June this year. This Committee, even though their terms of reference did not call upon them to do so, made the following recommendations for the protection of the handloom industry :—

- (a) adjustment of spheres of production of power-looms and handlooms ;
- (b) levy of cess on sale of mill cloth ;
- (c) increase of licence fees on mill cloth dealers ;
- (d) levy of different railway freights.

Apart from the inappropriateness and uncalled for character of the recommendations in a report, which should have been devoted only to the improvement of co-operative societies, this Committee seem to have assumed that the Indian handloom industry is in a parlous

condition ; they also seem to have fastened on the Indian cotton mill industry the responsibility for this state of affairs by a very leading question in their questionnaire which reads as under :—

“ *Question 114* :—Do you agree with the view that the handloom industry has been suffering owing to competition of the mills, and if so, what measures do you suggest to minimise or avoid competition ? ”

There were no other questions on the handloom industry, and the Madras Committee did not collect any statistics which would throw any light on the number of handlooms in the Province, or the types of cloth they produce or the average count of yarn used or the number of hours the handloom weavers worked, etc. In this view of the case, the so-called recommendations of the Committee are not recommendations in the strict sense of the term, but merely represent in print the preconceived ideas of the members of the Committee.

The two instances quoted by my Committee not only serve to emphasize the bias in favour of the handloom industry ; they also bring out in a very striking manner the danger of initiating discussions with these suggestions as the starting point. My Committee would always be willing to consider reasonable proposals for the assistance of the handloom industry if and when a satisfactory case has been made out, but the evidence in possession of this Association leads to no other conclusion except that the adoption of the suggestions referred to in Government's letter would not only be unwarranted and unfair to the Indian cotton mill industry but would be unnecessary and confer no benefit whatsoever on the handloom industry.

The following figures show the total quantities of mill-made cotton yarn made available to the handloom industry of this country in the last 30 years. (Figures are given at five-yearly intervals):

| Year. | | | | | | Quantity of yarn (In million lbs.) |
|---------|----|----|----|----|----|---------------------------------------|
| 1910-11 | .. | .. | .. | .. | .. | 227 |
| 1915-16 | .. | .. | .. | .. | .. | 272 |
| 1920-21 | .. | .. | .. | .. | .. | 287 |
| 1925-26 | .. | .. | .. | .. | .. | 283 |
| 1930-31 | .. | .. | .. | .. | .. | 339 |
| 1935-36 | .. | .. | .. | .. | .. | 406 |
| 1939-40 | .. | .. | .. | .. | .. | 449 |

The above figures certainly do not indicate that the handloom industry is in a depressed condition. My Committee are aware that it has been argued that the handloom industry has suffered in the sense that it has not progressed at the same rate as the mill industry, but the fact, however, remains that, judging from the quantities of yarn consumed by it, the handloom industry has not only existed but has considerably improved its offtake. Even if it is conceded, for purposes of argument, that the handloom industry is in a depressed condition, there is no evidence to show that its troubles are due to the Indian cotton mill industry. Reading the report of the Bombay Economic and Industrial Survey Committee and the Report of the Committee on Co-operation in Madras, one is apt to draw the inference that the Indian cotton mill industry is cutting into the business of the handloom industry, but the following extracts, also taken from the papers made available by the Government of India to the delegates of the All-India Industries Conference, are very illuminating, and show what is really taking place in certain Provinces at any rate :—

“ The production of suiting and check shirtings which was previously the monopoly generally of factories has been introduced amongst the village handloom weavers in the Punjab.”

The Report relating to Bihar states :

“ An experiment of great importance to hand-weaving industry that is being carried on in Bihar is the manufacture of staple goods that are being produced in cotton

mills and the testing of the possibilities of marketing them profitably . . . It is, however, gratifying to report that some of the weavers of Madhubani and a couple of other places in Bihar have also begun to weave grey *dhoties* of 30s and 40s counts of yarn for local markets."

If what is stated in the Punjab and Bihar reports correctly reflect the state of affairs in other Provinces too, then, it is the handloom industry which is cutting into the mill industry.

Other things that are often conveniently forgotten are the many advantages which the handloom industry possesses over the mill industry. The handloom weaving industry has great advantages when :—

- (a) weaving from hand-spun yarn ;
- (b) weaving fabrics and specialities which cannot be economically produced by power looms ; and
- (c) weaving fabrics which, on account of the very limited local demand, the variety of patterns, shortness of length, etc., will not ordinarily be produced by the mill industry ;

and it must also be remembered that it is unhampered by the Factory Acts and other legislation applicable to the mill industry, and over and above all its costs are not increased by having to set aside large amounts of depreciation. The handloom weaver has the advantage of being able to introduce very economically into the fabrics he weaves, a variety of intricate and attractive patterns which the power looms are not in a position to do, and it is felt that the handloom weavers should in their own interests concentrate in the production of such sorts rather than on those lines which cannot be produced by them as cheaply or conveniently as in cotton mills. In these circumstances, the handloom industry does not appear to have anything to fear from the cotton mill industry, but if adequate protection is not available against foreign imports, there is a possibility of the monopolistic position and special advantages which the handloom industry at present enjoys in certain special lines being completely destroyed by foreign imports. Certain types of *lungis*, *sarongs*, handkerchiefs and scarves are examples of the special lines in which the handloom weavers of the East Coast of India appear to have a monopoly. These products find a ready market not only within the frontiers of India, but also in markets like Ceylon, Singapore, and Straits Settlements. In this instance, therefore, there exists a case for not only an adequate protective duty in India against foreign imports, but perhaps also for an export bounty to keep up the competitive position of these goods in the respective markets to which they are exported, against those of Japan and other countries.

There is, however, one factor which may affect the handloom industry's prospects on certain occasions which cannot perhaps be rectified by tariff or any other legislative measures. The products of the handloom industry in certain Provinces have a purely local market. In the circumstances, the prosperity of the industry in that centre is entirely dependent on the economic conditions of the locality and also on the crops, etc. ; that is to say, if there are adverse economic conditions such as shortage of rain, flood havoc and consequent distress, then it is perhaps the handloom weaver, who will be the first victim as his goods will not find a ready sale either in his own locality or elsewhere.

In conclusion, my Committee desire to point out that there has latterly been far too much loose and unwarranted talk about penalising the Indian cotton mill industry for the purpose of enabling the handloom industry to prosper. This would have been understandable had the mill industry been making fabulous profits, but the real fact is that the mill industry itself has been grappling with depression for many years, owing mainly to the lack of purchasing power of the agricultural population of the country consequent upon the low level of commodity prices, and that combined with poor organisation in the matter of purchasing and selling, distributing and manufacture is one of the main causes of the present difficult position of the handloom weavers. The handloom weaver certainly needs advice when purchasing his raw materials. At times he can only afford to buy what is cheapest in the

market irrespective of the quality ; he does not realise the importance of uniformity of quality ; he does not know which is the best market for his product nor the best time when he should sell. Middle men do not get him fair prices ; in certain Provinces, handloom weavers bring their manufactures to merchants who lend them money. These merchants buy the manufactured goods at a very low rate and sell them on the same day at a decent profit. In this view of the case, what the handloom weaver needs is an organisation to look after his interest at every stage from the purchasing of the raw material to the marketing of the finished fabric. The handloom industry in different Provinces has different problems to face on account of the fact that they are producing entirely different classes of goods. For instance, the industry in certain districts of the Madras Province is manufacturing only fine count goods in which it has a practical monopoly. On the other hand, the industry in certain other Provinces consumes large quantities of artificial silk yarn, and in this view of the case, their difficulties cannot be due to the Indian cotton mill industry which cannot compete against it. It is not the intention of my Committee to enter at this stage into a detailed discussion of the merits of the suggestions referred to in Government's communication, but what they desire to point out is that by merely penalising the mill industry and allowing handlooms to compete on what might appear to be a better basis, Government would merely be perpetuating all the abuses and allowing middle men to prosper at the expense of the handloom weaver and the mill industry.

Copy of letter No. 110-Ind.(11)/40, dated the 16th November 1940, from the Deputy Secretary to the Government of India, Department of Commerce, New Delhi, to the Association.

I am directed to invite your attention to this Department letter No. 110-Ind(11)/40, dated the 9th October 1940, and to say that the Government of India have decided to convene a conference of the representatives of the millowners and the handloom industry to consider the question of the possible adjustment of the interests of the handloom and the mill industries. The Conference will be held at 11-0 a.m. in the Hon'ble the Commerce Member's room, No. 113, in the North Block Imperial Secretariat Building, New Delhi, on the 6th December 1940, and may, if necessary, continue on the next day and will be presided over by the Hon'ble the Commerce Member. I am, accordingly, to request that a representative may be nominated to attend the Conference at an early date.

Copy of telegram dated the 30th November 1940, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

Reference your letter 110-Ind(11)/40, dated 16th November, name of Association's representative at Handloom Conference will be forwarded on Monday.

Copy of telegram dated 2nd December 1940 from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

Reference our telegram dated 30th regarding Handloom Conference, Mr. Stones will represent Association. Request permission for Mr. Maloney attend Conference to assist Mr. Stones either as delegate or adviser.

Copy of Press Note issued by the Government of India, Department of Commerce, on 7th December 1940.

The Conference of representatives of Provincial Governments, Millowners' Associations, handloom weavers and cotton interests reviewed all the proposals that were placed before the Central Government from time to time by various Provincial Governments and others interested in either section of the industry. The Conference came to a unanimous conclusion that a Fact Finding Committee should be constituted to survey the position of the handloom industry in all its details, and that Provincial and State Governments should be requested

to co-operate in these investigations. The Fact Finding Committee would in particular investigate the difficulties of the handloom industry in the purchasing of raw material and in the marketing of its products including the financing of these operations. It would also investigate the possibilities of demarcating certain types or styles of cloth for production by the handloom industry alone. The question of assisting the handloom industry in getting a fair price for its products was further considered. It was generally agreed that the levy of an excise duty on cloth produced by mills would have to be at such a high rate for the purpose of equating prices of mill-products and the handloom-products, that it would not be desirable to levy it. The suggestion that a cess may be levied on the yarns consumed in the mills was also considered and the Conference recommended that this suggestion may be deferred until the report of the Fact Finding Committee is available.

The Chairman said that a detailed report of the recommendations of the Conference would be placed before the Industries Conference at its next session at Lucknow on the 16th of this month.

APPENDIX 45.

BOMBAY SHOPS AND ESTABLISHMENTS ACT, 1939.

(a) BOMBAY SHOPS AND ESTABLISHMENTS RULES, 1940.

Copy of letter No. 2383/118, dated the 31st May 1940, from the Association to the Secretary to the Government of Bombay, Political and Services Department.

I am directed to address you in connection with the draft Bombay Shops and Establishments Rules, 1940, published under section 33 of the Bombay Shops and Establishments Act, 1939, in the *Bombay Government Gazette* dated the 25th April, 1940, for public criticism.

It will be recalled that, when the draft of the Shops Bill was originally circulated for opinion, the Association expressed the view that commercial establishments should, for the time being, be excluded from the scope of the proposed measure, more particularly since persons employed in such establishments are not in general called upon to work excessively long hours. Added emphasis is lent to this view by the conclusions reported to have been reached at the first conference of Labour Ministers held in Delhi in January this year under the chairmanship of the Honourable the Commerce Member with the Government of India. It would appear that at this conference, the question of the extension of legislation to labour employed in commercial establishments and shops was considered, and the view was put forward that the time was not yet ripe for legislation in this matter. So far as the specific suggestion for the compulsory closing of shops one day in the week is concerned, it seems to have been agreed that the Central Legislature might pass an enabling measure for the compulsory closing of shops with provision for exemptions in particular cases and in particular areas, the minimum period being one day in the week and leaving it to the Provincial Governments to provide for an extra half holiday. It further seems to have been agreed that this was the direction in which legislation might be supplemented.

The Committee of the Association have once again carefully examined the whole question, and they feel that the present is an inopportune time for the enforcement of what is, for this country at any rate, an essentially experimental piece of social legislation. As Government are doubtless aware, the outbreak of the war and the problems which it has created for Indian trade and industries generally, have brought about a complete change in the conditions of work in commercial establishments, who are compelled to work to the altered circumstances now prevailing which involve a considerable amount of stress and strain both on the employers and employees of such establishments. It is understood that

representations have already been made to Government regarding the difficulties and inconveniences to which various trades established in this Province are likely to be subjected as a result of the enforcement of the measure at the present time, and that suggestions have been put forward for the exemption of several of these trades from the provisions of the Act. My Committee are inclined to support this view, and they would like to suggest that the enforcement of the Act, so far at any rate as commercial establishments are concerned, might be postponed, until the repercussions of the present war have died down and normal working conditions are once again restored. An added reason which might be put forward in support of this suggestion is that even the draft rules recognize and provide that employees in commercial establishments might be allowed to work for more than the normal hours prescribed under the Act on account of *force majeure* or in times of commercial or financial crises.

Turning to the draft Rules themselves, my Committee are inclined to think that the Rules have, in the main, been drawn up on right lines. There are, however, one or two matters arising out of these rules, to which my Committee would like to draw Government's particular attention, and these are set out below. Rule 3 outlines the procedure which Government propose to follow in making inquiries before passing orders fixing the opening and closing hours of shops and commercial establishments. My Committee feel that the period of one month provided under the rule for the receipt of objections to a notice by Government might be raised to two months so as to enable the parties concerned and the industrial and commercial organizations and trades union, who are likely to be affected by such notice, a reasonable opportunity to express their considered opinion with regard to any restrictions proposed by Government in such notice.

Rule 10 prescribes alternative forms for registers of employment and of notice of hours of work and employment, which should be maintained or displayed by establishments covered by the Act. In the opinion of my Committee, Forms B, C, D and E proposed by Government appear inappropriate to commercial establishments, in so far as they call for particulars regarding daily overtime worked by each employee. According to section 32 of the Bombay Shops and Establishments Act, 1939, a person employed in a commercial establishment, who is required to work in excess of the "limit of hours of work," that is to say, 208 hours in a month (*vide* explanation 1(b)) will be entitled in respect of such overtime work to wages at the rate of $1\frac{1}{4}$ times his ordinary rate of wages. It will be seen from this that until a person has worked 208 hours in any month, there can be no question of overtime work during that month. Sub-Rule (6) specifies that in any register or record which an employer is required to maintain under these rules, the entries relating to any day shall be made on such a day. In effect, under the provisions of the Act as at present worded, it would be difficult for a commercial establishment to fill in the entries required in the column headed "days on which overtime work is done and extent of such overtime on each day" in Forms B and C, inasmuch as, in the case of such establishments, overtime work will commence only after the employee has been called upon to work 208 hours in a month. A similar difficulty would also be experienced in the case of Form E. In order to obviate this defect, my Committee suggest that these three forms might advisably be substituted by a new form somewhat on the lines of the specimen* enclosed with this letter and marked "A".

Copy of letter No. 4201/118, dated the 3rd October, 1940, from the Association to the Commissioner of Labour, Bombay.

I am directed to refer to Government notification in the Political and Services Department, No. 143/24, dated the 25th September 1940, inviting criticisms on the revised draft of the Bombay Shops and Establishments Rules, 1940, by the 30th September, 1940.

At the outset, my Committee desire me to point out that the time for the submission of views by parties who are likely to be affected by these rules has been so short that it has not been possible for the Association to examine them in any very great detail. At a first glance, however, the revised rules appear in the main to be substantially the same as those

* Not printed.

originally published in April, 1940, and none of the major criticisms advanced by the Association on the draft rules seems to have been accepted.

As Government are doubtless aware, the war in Europe and the resultant blocking of the normal channels of world trade have brought in their train a set of new problems and difficulties for Indian commerce and industry. The process of adjustment to the new conditions must, in the very nature of things, take a long time, and until Indian trade and industry are adjusted completely to the new situation, my Committee are disposed to hold that it would be undesirable and inadvisable to enforce a measure such as the Bombay Shops and Establishments Act, 1939, which is essentially a piece of experimental legislation. Taking the case of the cotton mill industry alone, as Government are aware, Indian mills are now called upon to meet the clothing needs not only of the Defence Services of India, but of other Empire countries, including the United Kingdom. Individual mills and mill offices have, in consequence, been subjected to a considerable amount of additional stress and strain. If, therefore, Government desire to enforce the measure at the present juncture, my Committee would urge that commercial establishments should be exempted from the provisions of the Act, at any rate for the duration of the war and until such time as normal conditions of work are restored. In the opinion of my Committee, the statistics furnished to you with my letter No. 3157/100, dated the 27th July 1938, showing the actual hours worked, leave granted, etc., in the case of persons employed in the offices of member mills conclusively prove that excessive hours are not ordinarily being worked, and that there is no urgent need for the application of a measure of this character to such establishments.

If, in spite of these considerations, Government still decide to proceed with the measure, my Committee would like to make the following observations on the proposed rules:—

Rule 3(2).—In criticising the original rules, my Committee suggested that the notice period of one month proposed by Government for the notification of their intention to fix the opening or closing times of shops and establishments coming within the purview of the Act should be extended to two months so as to afford a reasonable opportunity for all the various interests likely to be affected by such restriction to express their considered views on the proposal. My Committee still adhere to this view, and suggest that the notice period should be extended to two months when the rules are finally notified by Government.

Rule 9.—My Committee observe that a proviso has been added to this rule, which lays down the qualifications of an Inspector, enabling a person who is not a graduate to be appointed as an Inspector under the Act. In view of the fairly wide powers of inspection and search which would be exercised by Inspectors appointed under the Act, my Committee are inclined to doubt whether a lowering of the qualification for an Inspector in the manner now proposed is likely to conduce to the smooth working of the Act.

The remaining rules do not appear to call for any serious criticism, but my Committee sincerely trust that, in the light of the circumstances explained in the preceding paragraphs, Government would see their way not to enforce the Act for the duration of the war, and in any event not to make it applicable to commercial establishments as defined in section 2(3) of the Act until normal conditions have been re-established.

Copy of circular No. 4598/118, dated the 26th October 1940, from the Association to all members of the Association in the Province of Bombay.

I beg to enclose for your information and careful study a copy of the Bombay Shops and Establishments Act,* 1939, and the Rules* issued thereunder.

According to a Press Note dated 17th October, issued by the Government of Bombay, the Act comes into operation on 15th November 1940. The Act is applicable, in the first instance, to the City of Bombay, Ahmedabad Municipal Borough and Cantonment, the Poona City and Suburban Municipal Borough, Poona Cantonment, the Sholapur Municipal

Borough and the Hubli Municipal Borough, and the Provincial Government have the power to direct the application of all or any of the provisions of the Act to such other areas as may be specified by them.

The Act seeks to regulate conditions of work of employees in shops, commercial establishments, restaurants, eating houses, theatres and other establishments. The attention of mills is invited to the definition of the term "commercial establishment" in section 2(3). This definition covers not only clerical staff of the member mills' head offices, but also the clerical staff employed in the mills.

Members are requested to make a special study of Chapter III of the Act which contains the provisions relating to commercial establishments.

Hours of opening and closing.—Section 10 is not very important at present, but it will be seen that the Government have the powers to fix opening and closing hours of all commercial establishments by previous notification.

Daily and monthly hours of work.—Section 11 lays down that no employed person shall be required or allowed to work in any commercial establishment for more than 208 hours in a month. This limit is relaxed on certain "prescribed occasions", but the extra hours worked will not be allowed to exceed 120 in any calendar year.

Rule 5 states that a person employed in a commercial establishment may also be allowed to work for more than 208 hours in any month in times of emergencies which could not have been prevented or foreseen by the employer and which interfere with the normal working of the establishment or in times when serious material damage is caused to the establishment by occurrences such as fire or earthquake.

Hours for rest and intervals.—Section 11(2) lays down that no person shall be required to work more than 7 hours a day unless he has had an interval for rest of at least one hour. There is a proviso to the effect that no person so employed shall be required or allowed to work for more than 4½ hours at a stretch on any day unless he has had an interval for rest of at least half an hour.

Spreadover.—Section 12 of the Act states that the periods of work and intervals of rest of a person employed in a commercial establishment shall be so arranged that they shall not together be spread over more than twelve hours in a day.

The Provincial Government is empowered to relax these provisions on not more than six days in a calendar year for such purposes as stock-taking, making of accounts, etc. On such special occasions, the employed person may be required to work in excess of the period prescribed in section 12, and their periods of work and intervals of rest shall be so arranged that they shall not together be spread over more than 16 hours on any day. When periods of work are to be extended, notice shall be given to the Inspector appointed under the Act at least 24 hours in advance. Where, however, it is impracticable to give 24 hours' notice, the Inspector shall be informed on the day the operatives in question are required to work for more than 12 hours.

Weekly holidays.—Section 13 of the Act requires that every person employed in a commercial establishment shall be given at least *one day in a week* as holiday, but this section does not apply to any person whose total period of employment is less than six days in a week. Section 13(2) lays down that no deduction shall be made from the wages of any employed person on account of any holiday given to him under the proviso to section 13(1).

Prohibition against the employment of children.—Section 19 lays down that no "child" shall be allowed to work in any establishment, and section 20 prohibits the employment of "young persons" before 6 a.m. and after 7 p.m. The total hours of work of "young persons" is limited to 42 per week or 8 hours per day, and it is laid down that no young person shall be allowed to work for more than 4 hours in a day unless he has had an interval of rest

for at least half an hour. In this connection, please see section 2(1) and 2(20) for the definitions of the terms "child" and "young person."

Penalties.—Any employer who contravenes the provisions relating to closing and opening hours, total monthly hours, spread-over, periods of work, weekly holidays, recess hours or employment of children and young persons, is punishable with fine which may be to the extent of Rs. 25 for the first offence, and Rs. 250 for every subsequent offence after his conviction for the first offence.

Registers and records, etc.—The Rules under the Act require commercial establishments to maintain certain registers and records and display certain notices. Failure to comply with these provisions entails a penalty of Rs. 50.

Suspension of the Act.—The Provincial Government is empowered to suspend the operation of all or any of the provisions of this Act for such period and subject to such conditions as it deems fit on the following occasions:—Christmas holidays; *Divali* holidays; *Pateti* holidays; *Jamshedi Navroz*; Ramzan and Ramzan Id; occasions on which a public emergency is declared in this behalf by Government; and Public fairs or exhibitions or religious festivals recognised in this behalf by Government.

Registers and records to be kept by commercial establishments.—Every employer is required to maintain a register of employment in Form C, appended to the Rules, but where the opening and closing hours of the establishment are ordinarily uniform, the employer may maintain such register in Form D, that is to say, instead of maintaining a register in Form C, he may maintain it in Form D (Rule 12(1)).

Rule 12(2) states that an employer may, in lieu of maintaining a register in Form C, or D, *exhibit in his establishment*, a notice specifying the daily hours to be worked by and intervals for rest and meals to be allowed to, the persons employed. This notice shall be in *Form E* and shall be exhibited not later than the closing hour on the Saturday immediately preceding the first week in which the hours of work shall be as specified in such notice. *It shall continue to be exhibited so long as the hours of work specified in it are observed. It should, however, be noted that Form E should be renewed every week where the hours of commencement and cessation of work and rest intervals are subject to variation from week to week.*

If the employer puts up a notice as in Form E, he has to keep a record of hours of work in Form F. In this connection, it should be noted that a register as per Form F, is to be maintained only when a notice as per Form E is put up.

Notice regarding holidays to be put up in advance.—Every employer is also required to exhibit in his establishment a notice in Form G specifying the day or days of the week on which the persons employed by him shall be given a holiday, this notice being exhibited before the persons to whom it relates cease work on the Saturday immediately preceding the first week during which it is to have effect.

Extracts of the Act to be put up on Notice Board.—Every employer is also required to exhibit in his establishment a notice containing such extracts of the Act and the Rules, in English and in the regional language of the majority of the persons employed by him, as the Local Authority or Government may direct. The Local Authority in the case of Bombay City is the Bombay Municipality, and in other places, either the Local Municipalities constituted under the Bombay District Municipal Act or the Bombay Municipal Boroughs Act, or Local Boards constituted under the Bombay Local Boards Act. Any notice required to be exhibited under these rules shall be exhibited in such manner that it can be readily seen and read by any person whom it affects and shall be renewed whenever it becomes defaced or otherwise ceases to be clearly legible. *The form of the extract has not yet been fixed up by Government.*

Registers, records and notices to be preserved.—Registers, records and notices relating to any calendar year shall be preserved till the end of the next calendar year. It is also laid down that in any register or record which an employer is required to maintain, *the entries*

relating to any day shall be made on such day. This provision is applicable only when mills desire to adopt Forms C and D.

Inspector's Visit Book.—In addition to the registers, and records referred to above, the employer is also required to maintain a Visit Book in which an Inspector visiting the establishment may record his remarks regarding any defects that may come to light at the time of his inspection.

Wages for overtime work.—Where a person employed in any establishment is required to work in excess of the limits of work, he shall be entitled in respect of overtime work, to wages at the rate of $1\frac{1}{4}$ times his ordinary rate. The expression "ordinary rate" of wages in the case of people employed in commercial establishments means *the following wages per hour* ;—

- (a) $\frac{1}{8}$ of the amount of daily wages, if the person is employed on daily wages ;
- (b) $1/208$ of the amount of monthly wages, if the person is employed on monthly wages ;
- (c) $1/2496$ of the amount of yearly wages, if the person is employed on yearly wages. (*Vide Rule 14*).

Act not applicable to certain persons.—Section 4 states that the Act is not applicable to certain classes of employees. These, so far as cotton mills are concerned, are :—

- (a) persons occupying positions of management or employed in a confidential capacity ;
- (b) persons whose work is inherently intermittent, such as a traveller, a canvasser, a watchman or a caretaker.
- (c) persons exclusively engaged in preparatory or complementary work, such as clearing or forwarding clerks responsible for the despatch of goods by rail or other means of communication and for customs formalities or messengers ;
- (d) persons exclusively employed in the collection, delivery or conveyance of goods, etc.

A "person employed" in the case of a commercial establishment other than a factory means a person wholly or principally employed in connection with the business of the establishment and includes a peon.

The above notes only deal with those sections of the Act which relate to commercial establishments. Members would do well to read the original Act and Rules in conjunction with the notes, and if there are any points on which further elucidation is necessary, the Association may kindly be consulted.

(b) APPLICATION OF THE ACT TO CLERICAL DEPARTMENTS OF MILLS.

Copy of letter No. 4616/118, dated the 28th October 1940, from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department.

I am directed by the Committee of the Association to address you in connection with the Bombay Shops and Establishments Act, 1939, which, it is understood, will come into force on 15th November, 1940.

The Act is applicable to shops, commercial establishments, restaurants, eating houses, theatres, etc. This Association is, however, only concerned with the operation of the Act in

so far as it is applicable to commercial establishments. Section 2(3) of the Act defines commercial establishments as under :—

“ ‘ Commercial establishment ’ means an establishment which is not a shop but which does the business of advertising, commission, forwarding or commercial agency, or which is a clerical department of a factory or of any industrial or commercial undertaking or which is an insurance company, joint stock company, bank, brokers’ office, exchange or such other class of establishments as the Provincial Government may by notification in the official *Gazette* declare to be a commercial establishment for the purposes of this Act,”

and the expression ‘ factory ’ referred to in the above quotation has the meaning assigned to it under section 2 of the Indian Factories Act, 1934.

From the definition quoted above, it would seem that the Bombay Shops and Establishments Act is also applicable to “ the clerical department of the mills.” Section 11 (Chapter III) of the Act lays down that no person employed in a commercial establishment shall be required or allowed to work in such an establishment for more than 208 hours per month. This limit is allowed to be exceeded on certain specified occasions, but the extra hours worked should not exceed 120 in any calendar year.

My Committee submit that these provisions should not be applied to the textile industry. Government are aware that textile mills in the ordinary course work a nine-hour day and the application of the Bombay Shops and Establishments Act, as it now stands, will bring within the scope of the Act, the clerical departments of mills which will mean that a number of employees must be released an hour before the manufacturing process closes down. The clerical department of mills usually includes the timekeeping staff, the godown clerks, the stores issue clerks, cloth, cotton and coal weighment clerks, production recording clerks, etc., whose presence in the mill premises is essential to ensure the smooth working of the various process departments. If, therefore, such employees are relieved an hour before the closing time of the factory, important process departments would cease to function, resulting in a substantial shrinkage of the daily output of the factory.

The Act would also create difficulties for mills in connection with weekly holidays. A “ week ” under section 2(19) of the Act means “ the period of seven days beginning at midnight on Saturday.” Under section 13(1) of the Act, at least one holiday has to be given during this period. As Government are aware, mill holidays are fixed in accordance with the provisions of section 35 of the Indian Factories Act, and it often happens that there is no holiday in the period of seven days beginning at midnight of Saturday. For example, according to the Association’s approved mill holiday list for October 1940, there was a holiday on Thursday, the 10th October. The next holiday was on Sunday, the 20th, there being no holiday in the “ week ” as defined in the Bombay Shops and Establishments Act beginning at midnight on Saturday, the 12th, and ending, at midnight on Saturday, the 19th. There is no provision either in the Bombay Shops and Establishments Act or in the Rules for such substituted holidays, with the result that either the factory has to be completely closed down for one day in a “ week ” or kept working during the week without the attendance of the clerical staff for one day in the week in order to comply with the provisions of the Act.

Present conditions are such as to demand every effort by the textile mills to maintain their production not only for war supply purposes but also for the development of the export trade. In these circumstances, I am desirous to suggest that Government may kindly issue orders under section 4(1) (k) exempting the clerical staff employed in cotton and woollen mills from the provisions of the Bombay Shops and Establishments Act, 1939.

Copy of letter No. 143/34-E, dated the 14th November 1940, from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.

With reference to your letter No. 4616/118, dated the 28th October 1940, I am directed to state that in the opinion of Government the Bombay Shops and Establishments Act,

1939, applies specifically to a clerical department of a factory and that the difficulties pointed out now should have been put forward when the Bill was being considered by the Select Committee and in the Legislature. Government is not prepared to grant total exemption from the operation of the Act in respect of the clerical staff of the mills. I am to observe that Government would be willing to consider the case for exemption in respect of particular classes of clerical employees of the mills. I am accordingly to request you to furnish Government with a list of clearly defined classes of clerical employees in respect of whom exemption is considered essential. Any exemption now accepted by Government will be of a *temporary nature* until the mills have had sufficient opportunity to study the implications of the Act and make the necessary adjustment. The difficulty regarding the grant of weekly holidays to clerks employed in the mills is appreciated by Government. This difficulty could be overcome by the provision of four holidays in a month as was originally contemplated instead of one holiday every week. This point will be considered by Government when the Act is next being amended. In the meantime I am to express the hope that the mills will, pending further examination of the position, do the best they can in the circumstances. Clearly Government will have to consider the difficulty created by differences as regards holidays under the Factories Act and the Shops and Establishments Act and may have temporarily to make some allowance for this difficulty.

Copy of circular No. 4830/118, dated the 15th November 1940, from the Association to all member mills in the City and Island of Bombay.

I enclose herewith for your information a copy of my letter No. 4616/118, dated the 28th October 1940, addressed to the Chief Secretary to the Government of Bombay, Political and Services Department, requesting an exemption in favour of the clerical staff employed in mills from the provisions of the Bombay Shops and Establishments Act, 1939, and a copy of his reply thereto. Government's request for a complete list showing the classes of clerical employees in respect of whom exemption is considered essential is being complied with, but I would like to draw the particular attention of members to the observations made in the last few sentences of the Government communication.

Copy of letter No. 4879/118, dated the 18th November 1940, from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department.

I am directed to acknowledge the receipt of your letter No. 143/34-E, dated the 14th November 1940. My Committee are pleased to note that Government would be willing to consider the case for exemption in respect of particular classes of clerical employees of mills. They further note that the proposed exemption would be available for a temporary period only and that the question of amending the Act to get over the difficulties mentioned by the Chairman at the meeting held in the Secretariat on the 14th would be considered by Government. If, as Government state, the exemptions to be granted are intended to be only of a temporary character, my Committee would suggest that these exemptions might cover all clerical staff in mills. The adjustments necessary in the organization of individual mills might then be gone into by individual mills, and matters set right before the expiry of this transitional period. The adoption of this suggestion would, it is thought, prevent confusion arising from the Act covering only some clerks and not covering others.

Another reason for making this suggestion is that there are cases in which clerks doing the same kind of work are known by different designations; there are also cases in which clerks known by the same designation do not perform the same jobs, and in these circumstances, an exemption order passed by Government in favour of specified clerks is likely to be the subject of disputes between the Inspectors appointed under the Act and individual mill managers as to whether the exemption was or was not applicable to particular clerks.

A third reason is that though there may not be a case for a general exemption in respect of certain clerks, it would seem that by their very nature of work it would be impossible to observe the provisions of particular sections. For instance, it may be pointed out that

certain employees are not putting in more than 8 hours' work, but in their case it would be very difficult to comply with the provisions relating to spread over (*vide* section 12 which limits the daily spread over to 12 hours). Another instance is that of the wage calculation staff, in whose case it will not be possible to comply with the provisions of section 11, section 12 and section 13 in the first ten days of the month when wages for the preceding month have to be calculated and paid. In these cases, it would seem that the requisite exemption could not be granted by Government unless the Act is amended.

If the suggestion made by my Committee commends itself to Government, then the general exemption proposed might cover :—

“ All clerical employees in cotton, silk and woollen mills including canteen and restaurant staff”.

This exemption will then be applicable to textile mills situated not only in Bombay City but in other parts of the Presidency to which the Act has already been made applicable.

In this connection, it may be pointed out that mill canteens and restaurants exist only for the benefit of the employees of the mills concerned and do not serve outsiders and are not run for profit.

If, however, Government are unable to accept the suggestion made by the Association, I submit for your consideration a statement showing the designations of mill clerks who might be exempted from all provisions of the Act.

Copy of list of clerks who might be exempted from all provisions of the Bombay Shops and Establishments Act, 1939.

1. Mixing and blow-room clerks.
2. Waste clerks and waste plant clerks.
3. Card room and wrapping clerks.
4. Spinning clerks.
5. Reeling and bundling clerks.
6. Winding clerks.
7. Warping, sizing and beaming clerks.
8. Weaving clerks including weft clerks, piecework clerks, and folding clerks.
9. Cotton, wool and artificial silk, yarn and cloth godown clerks and assistants.
10. Storekeepers and store issue clerks.
11. Yarn and cloth baling clerks.
12. Timekeeping staff including ticket boys and ticket clerks.
13. Costing and statistical clerks. (The work of these people is partially of a confidential nature.)
14. Bleaching, dyeing, printing and finishing departmental clerks.

Copy of circular No. 4891/118, dated the 19th November 1940, from the Association to all member mills in the City and Island of Bombay.

Further to my circular letter No. 4830/118, dated the 15th instant, I forward herewith for the information of members copy of a communication which has since been addressed to the Chief Secretary to the Government of Bombay, Political and Services Department.

Copy of letter No. 143/34-E, dated the 23rd December 1940, from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.

With reference to your letter No. 4879/118, dated the 18th November, 1940, I am directed to state that as stated in this department letter No. 143/34-E, dated the 14th November 1940, while Government is not prepared to grant a total exemption from the operation

of the Bombay Shops and Establishments Act, 1939, in respect of all clerical staff of the mills, it is prepared to grant a temporary exemption to the classes of persons mentioned in the lists forwarded by you, provided Government is assured that the mills agree to comply with the provisions of the Factories Act as regards the hours of work, holidays, maintenance of registers, etc., in respect of those employees mentioned in your list, who have been exempted from certain provisions of the Factories Act, under Rule 78 of the Factories Rules. It is desirable that such clerical staff in the mills should at least get the benefits of the provisions of the Factories Act when they do not get the benefits of the Shops and Establishments Act. In this case the mills will be required to keep records of hours of work, etc., of these clerks, if they are not being kept, so that it may be possible to verify whether the mills carry out the assurance or not. On receipt of your reply to this letter the question of the issue of the necessary exemption order will be dealt with.

Copy of letter No. 292/118, dated the 21st January, 1941, from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department.

I am directed to acknowledge the receipt of your letter No. 143/34-E, dated the 23rd December 1940. My Committee note that, while Government are not prepared to grant a total exemption from the provisions of the Bombay Shops and Establishments Act in respect of all clerical staff of the mills, they are prepared to grant a temporary exemption to the classes of persons mentioned in the list forwarded with my letter of 18th November 1940, provided Government are assured that mills will comply with the provisions of the Factories Act, as regards the hours of work, holidays, maintenance of registers, etc., in respect of those employees mentioned in the list. It is further stated in your letter that it is desirable that such clerical staff in the mills should at least get the benefits of the provisions of the Factories Act when they do not get the benefits of the Shops and Establishments Act, and Government require mills to maintain records of hours of work, etc., of these clerks—if they are not being kept—so that it may be possible to verify whether the mills carry out the assurance or not. Government's communication has been carefully considered by my Committee, and they desire me to point out that if Government's intention is only to ascertain whether the benefits of the provisions of the Factories Act are being made available to the classes of people referred to, then separate records and registers on the lines suggested do not appear to be necessary since, as Government are aware, the Standing Orders for Clerks recently settled by the Industrial Court lay down (*vide* Standing Order No. 4) that the periods and hours of work of all classes of employees shall be posted up on the notice board. Standing Order No. 5 for Clerks prescribes that notices specifying the days observed by the mill as holidays should also be put up. In this view of the case, there seems to be no point in Government insisting upon the maintenance of separate records, as the notices put up under the Standing Orders 4 and 5 are in themselves records which can be checked up by Government Inspectors.

So far as my Committee are aware, most of the clerks referred to in my letter are already in receipt of benefits equivalent to those provided by the Factories Act, but it will, my Committee trust, be realised that it would be most difficult to apply the letter of the Factories Act to a class of employees whom the Act was never intended to cover and that anomalies would be bound to arise. Pay clerks and the timekeeping staff, for example, have to be worked overtime and even on mill holidays in the first few days of the month to facilitate the payment of wages as laid down in the Payment of Wages Act. At this particular portion of the month, they might be required to put in more than 54 hours per week, work on holidays, and the hours of their employment might in certain cases contravene the "spreadover" provisions of the Factories Act. The extra time put in by the pay clerks and the timekeeping staff in the first few days of the month could, however, be made up by allowing them "time off" on the days following wage payment. Though such an arrangement would not comply with the provisions of the Factories Act in regard to the number of hours worked per day, recess hours, weekly holidays, spreadover provisions, it would not be inequitable because the total number of hours put in per month, the number of holidays given in the month, etc., could be made to correspond with the total normal hours, holidays, etc., given to departmental workers covered by the Factories Act. In this view of the case, my Committee suggest that the hours worked, number of holidays, etc., of all mill clerks be regulated on the basis

of a calendar month, the total number of hours worked to be the number of mill working days multiplied by 9 ; holidays being granted at the rate of four per month. Overtime might be calculated for the number of hours put in over and above the monthly limit calculated on the basis of the number of working days multiplied by 9, such overtime being paid on basis equivalent to that set out in the Factories Act.

My Committee hope that, in view of the suggestions made in the foregoing paragraphs, exemptions from the provisions of the Bombay Shops and Establishments Act will be granted to clerical employees included in the list which accompanied the Association's representation, No. 4879/118, dated the 18th November 1940.

Copy of letter No. 143/34-E, dated the 30th January 1941, from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.

With reference to your letter No. 292/118, dated the 21st January 1941, on the above subject, I am directed to forward herewith a copy of notification No. 143/34-II, dated the 29th January 1941.

2. The arrangement suggested in paragraph 2 of your letter in the matter of hours of work, overtime, holidays, spreadover provisions, etc., is accepted.

Copy of Notification No. 143/34-II, dated the 29th January 1941, issued by the Government of Bombay in the Political and Services Department.

In exercise of the powers conferred by clause (k) of sub-section (1) of section 4 of the Bombay Shops and Establishments Act, 1939 (Bom. XXIV of 1939), the Government of Bombay is pleased to exempt the classes of persons mentioned in the schedule appended hereto and employed in such mills in the city of Bombay as are members of the Millowners' Association, Bombay, from the operation of the said Act, for a period of six months from the 30th day of January 1941.

SCHEDULE.

Clerks employed in connection with any of the following kinds of work :—

1. Work done by mixing and blow room clerks.
2. Work done by waste clerks and waste plant clerks.
3. Work done by card room and wrapping clerks.
4. Work done by spinning clerks.
5. Work done by reeling and bundling clerks.
6. Work done by winding clerks.
7. Work done by warping, sizing and beaming clerks.
8. Work done by weaving clerks including weft clerks, piecework clerks and folding clerks.
9. Work done by cotton, wool and artificial silk, yarn and cloth godown clerks and assistants.
10. Work done by storekeepers and store issue clerks.
11. Work done by yarn and cloth baling clerks.
12. Work done by timekeeping staff including ticket boys and ticket clerks.
13. Work done by costing and statistical clerks.
14. Work done by bleaching, dyeing, printing and finishing departmental clerks.

Copy of letter No. 461/118, dated the 30th January 1941, from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department.

I am directed to acknowledge with thanks the receipt of your letter No. 143/34-E, dated the 30th January 1941, and copy of Government notification No. 143/34-II, dated the 29th January 1941. I note that the exemption notified by Government only covers persons employed "in such mills in the city of Bombay as are members of the Millowners' Association, Bombay." In this connection, I would like to draw your attention to the fact that the Association has members in Sholapur and Poona, and as the Act has already come into force in these two centres, the exemption granted by Government may be extended to cover our members in these two centres also. The conditions governing the grant of exemption in respect of these two centres will be the same as those which are applicable to member mills situated in the city of Bombay.

Copy of letter No. 463/118, dated the 30th January 1941, from the Association to all Mills in Bombay.

Further to my letter No. 4891/118 dated the 19th November 1940, I enclose herewith for your information the undermentioned papers:—

Enclosure "A".—Copy of letter No. 143/34-E, dated the 23rd December 1940, addressed to the Association by the Government of Bombay.

Enclosure "B".—Copy of the Association's reply to Government (Letter No. 292/118, dated the 21st January 1941).

Enclosure "C".—Copy of Government's letter No. 143/34-E, dated the 30th January 1941, addressed to the Association.

Enclosure "D".—Copy of Notification No. 143/34-II, dated the 29th January 1941, issued by the Government of Bombay.

Members will please note that the exemptions referred to in Government's *Gazette* notification dated the 29th January 1941, are available only on the following conditions:—

- (a) That the establishments referred to are members of the Millowners' Association, Bombay.
- (b) That the mills concerned will adhere to the undertakings given in paragraph 2 of the Association's letter dated the 21st January 1941, addressed to the Government of Bombay.
- (c) That the exemptions will remain in force only for a period of six months from the 30th January 1941.

Government's notification does not cover member mills outside the city of Bombay e.g., in Sholapur and Poona, but this matter has already been taken up with Government, and a fresh notification covering the mills situated in these two centres will probably issue in a day or two.

I shall be glad if members will carefully study the undertakings set forth in the second paragraph of the Association's letter No. 292/118 dated the 21st January 1941, addressed to the Government of Bombay, and adhere to them. Difficulties, if any, may kindly be referred to the Association as early as possible.

Copy of letter No. 143/34/2012-E, dated the 3rd February 1941, from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.

With reference to your letter No. 461/118, dated the 30th January 1941, I am directed to forward herewith a copy of Government Notification, Political and Services Department, No. 143/34 of to-day's date.

Copy of Notification No. 143/34, dated the 3rd February 1941, issued by the Government of Bombay in the Political and Services Department.

In exercise of the powers conferred by clause (k) of sub-section (1) of section 4 of the Bombay Shops and Establishments Act, 1939 (Bom. XXIV of 1939), the Government of Bombay is pleased to exempt the classes of persons mentioned in the schedule appended hereto and employed in such mills in the Poona City and Suburban Municipal Boroughs and Cantonment and in the Sholapur Municipal Borough, as are members of the Millowners' Association, Bombay, from the operation of the said Act, for a period of six months from the 6th day of February 1941.

SCHEDULE.

Clerks employed in connection with any of the following kinds of work :—

1. Work done by mixing and blow room clerks.
2. Work done by waste clerks and waste plant clerks.
3. Work done by card room and wrapping clerks.
4. Work done by spinning clerks.
5. Work done by reeling and bundling clerks.
6. Work done by winding clerks.
7. Work done by warping, sizing and beaming clerks.
8. Work done by weaving clerks including weft clerks, piecework clerks and folding clerks.
9. Work done by cotton, wool and artificial silk, yarn and cloth godown clerks and assistants.
10. Work done by storekeepers and store issue clerks.
11. Work done by yarn and cloth baling clerks.
12. Work done by time keeping staff including ticket boys and ticket clerks.
13. Work done by costing and statistical clerks.
14. Work done by bleaching, dyeing, printing and finishing departmental clerks.

APPENDIX 46.

MOTOR VEHICLES ACT, 1939.

POLICY WITH REGARD TO LONG-DISTANCE GOODS TRAFFIC BY ROAD.

Copy of letter No. 3883/39 E., dated the 1st June 1940, from the Secretary to the Government of Bombay, Revenue Department, to the Association.

I am directed to state that Government is considering the question relating to the possible prohibition or restriction of the long-distance carriage of goods by roads as contemplated in section 43(1) of the Motor Vehicles Act, 1939, and proposes to decide it as early as possible.

2. As far as this Province is concerned, there has been a rapid growth of this form of transport in recent years not only between Bombay City and outlying parts of the Province, but also between Bombay City and places as far distant as Hyderabad (Deccan), the Central Provinces, the United Provinces and the Punjab, i.e., over distances extending up to 1,000 miles. From information at Government's disposal it appears, for example, that some 250-300 lorry loads a month are coming into Bombay City from places beyond the boundaries of the Province and a corresponding number returning to those places. Incoming traffic consists

of cotton, jaggery, groundnuts, betel leaves and turmeric, whilst the outgoing consists of any form of general merchandise that can be obtained for a return load.

3. Section 43(1) of the Act indicates that in coming to any decision as to whether the long-distance carriage of goods by road should be allowed to continue, the following points need consideration—

- (a) the advantages offered to the public, trade and industry ;
- (b) the desirability of co-ordinating road and rail transport ; and
- (c) the desirability of preventing deterioration of the road system.

4. There will be general agreement, Government assumes, that where no alternative form of transport exists, there can be no objection to even encouraging the transport of goods by motor vehicles over lengthy distances, as such an action is conducive to opening up new markets for the disposal of produce, etc., and the community as a whole of the area served thereby benefits in varying degrees. The only restriction necessary in such cases is naturally in respect of the type of vehicle used, i.e., the laden weight should not reach a point at which undue wear and tear of the roads travelled over would be caused.

5. Deeper consideration of these points is, however, necessary in those cases where an alternative form of transport exists, and in this respect it must be said that as far as the Province is concerned the bulk of long-distance goods traffic at present carried by road could be carried by rail and was in fact so carried up to a very few years ago. The reason for the change is probably largely to be found in the tariff of rates charged by railway administrations for the transport of different commodities. Under what is known as their rating system different rates are charged for the carriage of different commodities. Some commodities are carried at extremely low rates and others at rates which appear high in comparison. Their charges for low-rated commodities are well below the point at which road transport can hope to compete, but on the other hand there is no doubt that road transport can and does carry the higher rated commodities for less than the charges quoted by the railways.

6. In considering the diversion of a very appreciable amount of goods traffic in this manner from rail to road it is necessary to take full stock of the first two of the points enumerated in section 43(1) of the Act, viz., is it advantageous to the public, trade and industry, and is it necessary that road and rail transport should be co-ordinated. It is, of course, obvious that somebody benefits by a saving in transport charges, but is that somebody the public as a whole, or only certain individuals ? Has the agriculturist in Khandesh, for example, realised increased prices for his cotton as a result of its cheaper transport to Bombay by road or has the benefit merely been confined to the buyer and the comparatively infinitesimal portion of the community engaged in road transport business ? Has the price of the manufactured article fallen owing to any saving in the cost of transport of the raw cotton from field to mill ? Has the intermittent cheaper transport by road of matches or other similar articles from Bombay to Jalgaon or Dhulia resulted in any corresponding fall in retail prices of those articles at those places ? Has road transport as an alternative to rail transport had the effect of stimulating or increasing any form of trade or industry other than road transport itself and motor vehicles sales ?

7. It can be argued and there is much force in the argument that everybody should be at liberty to utilise the cheapest form of transport available for conveying his goods from place to place. Opponents of this theory, however, allege that railways are a national necessity and must be maintained in order to provide a means of transport for those commodities which are not readily marketable unless the cost of conveyance to marketing centres is comparatively slight. Coal, grains and the like are, for example, carried by rail at rates far below what road transport could ever quote. They say, therefore, that if there is no restriction on road transport skimming the cream of railway earnings, i.e., taking all the higher rated goods, then the railways in order to balance their budget must perforce increase their charges for the lower rated goods and this would have a very serious effect on the trade of the country as a whole. They continue the argument further by pointing out that any deficit in the railway budget must adversely affect provincial revenues since contributions from

Central revenues to provincial must necessarily be less on account of the liability incumbent on Central revenues to make up the railway budget deficiency. Within reason, therefore, they maintain that road transport should be encouraged as ancillary and not competitive to rail.

8. If these assertions are correct and answers to the queries in paragraph 6 are mainly in the negative, then it appears that a case has in some measure been made out for some restriction on the carriage of goods by road and thereby restoring railway revenues to a satisfactory position. This should not be taken to imply that road transport should be eliminated altogether in favour of the railways. There are undoubted advantages in transport from door to door and the avoidance of double loading and unloading, both where distances are not excessive and/or where the goods concerned are of a perishable or fragile nature. In short-distance transport the time factor also is of greater relative importance, decreasing as distances increase. Other instances where road transport might reasonably be permitted over longer distances between two places are those where road communication is direct and rail communication unduly indirect.

9. Apart from what has been stated above there is the question of preventing further deterioration of the road system of the Province. Road construction, maintenance and modernisation at a pace equal to that of the growth and demands of motor transport have been an impossibility on financial grounds. Distances are great and even the cheapest improvements expensive when compared with any additional revenue available to pay for them. The absence of any power hitherto to limit the zone of operation of goods vehicles and the inability to provide funds for any staff to prevent excessive overloading have had their effect, and are illustrated by the way in which provincial road surfaces have gone from bad to worse. It appears essential, therefore, that some restrictive action should be taken before it becomes too late. It has also been urged that as the deterioration of roads in recent times has been to an appreciable extent due to the use of the roads by heavy motor vehicles, it would not be unreasonable that the latter should bear to a larger extent than at present the cost of maintaining these roads in good order.

10. I am to request you to communicate to Government at an early date the views of your Association on the points raised, and in particular on the following :—

- (a) Should long-distance carriage of goods be prohibited or restricted, and in particular from places outside the Province to Bombay City ?
- (b) If it is to be prohibited, what would be a reasonable radius from its base over which a goods vehicle might be permitted to operate ?
- (c) In what cases could any restriction as to a reasonable radius of operation be relaxed and for what reasons ?

11. Finally, I would refer to the power of the Provincial Government to fix rates for the carriage of goods by public carriers in order to prevent uneconomic competition, and to the recent affrays between Sikh and Pathan lorry drivers on the Bombay-Agra road believed to be due to one party undercutting the other. Government would like to know whether it is the view of your Association that maximum and minimum rates of freight should be fixed and enforced, and, if so, what should be the reasonable rates per ton per mile.

Copy of letter No. 3025/129, dated the 11th July 1940, from the Association to the Secretary to the Government of Bombay, Revenue Department, Bombay.

I am directed to acknowledge the receipt of your letter No. 3883/39-E, dated the 1st June 1940, in which the Association was asked to express an opinion on the question of the prohibition or restriction of long-distance carriage of goods by road, and, in particular, from places outside the Province to Bombay City, as contemplated in section 43(1) of the Motor Vehicles Act, 1939.

At the outset, my committee would like to reiterate the views expressed by them on the question of the co-ordination of various forms of transport when the first Motor Vehicles Amendment Bill was published in 1936 :

“ The development of a co-ordinated policy of roads and railways is, however, in the opinion of my Committee, a matter which should be dealt with in a separate Bill. My Committee feel that the building up of an efficient and adequate transport system for the country as a whole, including air transport, inland water transport, and possibly sea transport from one Indian port to another, is a matter of first-class importance to the future economic welfare of the country as a whole, and that the importance of the issues involved necessitates a regulated planning for the development of the country's transport system. To achieve this, my Committee maintain that it would be advisable for the Government of India to appoint a committee composed of experts representing every form of transport and also containing a substantial proportion of representatives of Indian commerce and industry to investigate and report on the means which should be adopted to develop, and incidentally to co-ordinate, India's transport system. The recommendations of a body of this character would not be open to the suspicion that the interests of any particular section of the community were being sacrificed. Unfortunately, the present Bill has undoubtedly given the impression that the interests of motor transport owners and of the trade and industry of the country are to be subordinated to the interests of the railways.”

That the fears then entertained by the Committee are unfortunately on the point of materializing, seems apparent from the attempts now being made to exercise the powers conferred by the Motor Vehicles Act to restrict and hamper transport by road in the interests of the railways.

In criticising the provisions of the Motor Vehicles Bill, 1938, my Committee strongly opposed the proposal to restrict long-distance transport of goods by road on the following grounds :—

“ My Committee are strongly opposed to the proposed restriction of long-distance transport of goods by road where reasonable facilities for such transport already exist. Such a limitation, leading as it will, to the creation of a monopoly of all long-distance traffic to the railways will, in their view, injuriously affect trade interests generally by depriving them of an alternative mode of transport. As Government are aware, the development of road transport services in several places in the country has led the railways to quote competitive rates and to provide certain other facilities such as speedier transit. The removal from the field of such competitive factors will tend once again to perpetuate the unsatisfactory condition of affairs which prevailed before the advent of such competition, and lead to the quotation by the railways of monopolistic prices for the carriage of goods. In the general interests of the country as a whole, therefore, my Committee are opposed to any such restriction of competitive modes of transport for the carriage of goods.

“ As an instance of what might happen if such restrictive powers were given in the Bill, the following case of an increase in rates for passenger traffic by the South Indian Railway will prove instructive :

“ ‘ The District Superintendent of Police, East Tinnevely District, has prohibited the plying for hire of about 40 buses on the Palamcottah-Srivaikuntam-Tiruchendur and Tinnevely-Kulasekarapatnam roads as from the 1st October 1936. Simultaneously, the South Indian Railway has notified that the rate per mile for third class on the Tinnevely-Tiruchendur Railway running parallel with the above-mentioned roads will be increased from 1st October 1936, from 2½ pies to 3½ pies per mile.’ ”

The case for the restriction or prohibition of long-distance transport by road rests mainly on the following grounds :

- (1) that road transport skims what has been termed the “ cream ” of railway earnings by taking all the higher rated goods, and that a measure of restriction

on the carriage of goods by road is rendered necessary in order to restore railway revenues to a satisfactory position ;

- (2) that road construction, maintenance and modernization at a pace equal to that of the growth and demands of motor transport have been an impossibility on financial grounds, and that some restrictive action should be taken in order to provide funds for the maintenance of Provincial road surfaces which have gone from bad to worse owing to the use of the roads by heavy motor vehicles ; and
- (3) that long-distance transport by road benefits only those who provide such service and those engaged in making motor vehicles, and that no advantage accrues to the general public.

As regards the first point, it must be borne in mind that, as a commercial proposition, the railways in India have been earning good dividends. The Honourable the Member for Communications with the Government of India himself admitted in the course of his last budget speech that, even during the depression years, 1930-39, Indian railways were earning 3.6 per cent. profit, and that, during the last three years, their profits had exceeded 4 per cent. He added in this connection that " most railway shareholders abroad would have been glad to receive dividends on that scale during those years." In addition, the railways were receiving a fillip on account of the war conditions. Sir Andrew also admitted that the present financial position is better than it had been for many years. The railway earnings in 1939-40 showed an improvement of Rs. 255 lakhs over the original estimate, and though working expenses had increased by Rs. 110 lakhs, hopes were entertained of a surplus of Rs. 361 lakhs. If these anticipations were realized—and there is every hope of their being realized—the surplus would be the highest that has accrued for a decade. This record of working of the Indian railways during the last decade, in the opinion of my Committee, compares very favourably indeed with the results achieved by other commercial undertakings, including the motor transport industry, and affords striking testimony to the fact that no special measures are called for at the present moment on the score of restoring the solvency of Indian railways.

As regards the suggestion that the petrol and other taxes levied on motor vehicles do not yield enough to pay for the better upkeep of the roads, my Committee hold that such a charge can hardly be sustained, having regard to the fact that the tax on petrol used by motor vehicles plying on the main roads is understood to be used, in large part, for the development of new roads and not for the maintenance of the roads on which the vehicles actually ply. To give the railways further monopolistic powers on this score would, therefore, appear to be unfair to the motor transport industry and injurious to the general interests of the country as a whole.

Any move to restrict long-distance goods transport by road would presumably have for its object the co-ordination of road and rail transport, that is to say, the best distribution of traffic between two forms of transport in the interests of the general public. My Committee are strongly of the opinion that such distribution is best brought about by the operation of natural economic forces and by public choice, and that any attempt by the State artificially to influence such distribution by restricting the scope and sphere of activity of one form of transport would be tantamount to an unwarranted and inequitable act of partisanship. In their view, the concern of the State in making possible road-rail co-ordination should be limited to seeing that the two forms of transport compete on fair terms as regards their obligations and responsibilities to the public, and the degree of control exercised over them in the interests of public safety and convenience. The regulatory provisions in the new Motor Vehicles Act, in the opinion of my Committee, go a very long way towards equalizing the conditions under which railways and road transport compete. As Government are aware, these regulations include regulations regarding the construction, equipment, maintenance and mechanical fitness of vehicles, weight and speed limits, the fixation and publication of time-tables and fares and freights, limitation of hours of duty of drivers ; compulsory insurance ; obligations to the general public, such as the duty to provide a regular and undefauling service, etc.

It has often been contended that long-distance transport by land is the proper sphere of the railways, while short-distance transport is that of motor transport. My Committee

feel that this does not, and ought not to, mean that the railways should have a legally conferred monopoly. Rather does it mean that railways are economically better fitted for long-distance transport than motor transport is. If, in spite of this inherent advantage, a part of the long-distance traffic is diverted to road transport, under fair conditions of competition as mentioned above, the railways have only themselves to blame, either for inefficiency and uncommercial management or for lack of sufficiently attractive facilities.

It may not be irrelevant here to quote the observations made by Sir Joseph Bhore, when Commerce Member with the Government of India, on the subject of road-rail co-ordination :

“ Whatever may be the strictly narrow view of such (motor) competition, present and prospective, we must all admit that in the larger interests of the country it is good that it should exist, for only through such rivalry can the public be assured of the maximum efficiency in service at the minimum cost. Such competition is inevitable, and there is only one sound method of meeting it. So long as railways do not live in the past, so long as they endeavour strenuously to meet fully, efficiently, and effectively the ever varying demands of the present, and yet keep their eyes searchingly on the future, so long and no longer will they endure successfully.”

Even so responsible a railway administrator as Sir Trevredyn Wynne, Chairman of the Bengal-Nagpur Railway Company, Ltd., has declared :

“ I am inclined to think that the working of the Indian railways lacks something of the real commercial spirit and that the railways are not so closely in touch with the trade and agriculture as they might be.”

If the railways wish to recover and retain their legitimate share of long-distance traffic, they must do so by their own enterprise and by improvement of their own services and facilities, rather than by seeking assistance from the State in order to scotch competitive modes of transport.

As regards the hypothetical queries raised in paragraph 6 of your letter, my Committee are inclined to think that the public as a whole is benefited by the saving in transport charges brought about by the cheaper carriage of cotton, etc., from Khandesh to Bombay by road. Even granting, for the sake of argument, that no increased prices had been obtained by the cultivator, it certainly could not be denied that the lower transport charges by road had undoubtedly enabled him to find an alternative outlet for the sale of his produce in a distant market, and thereby created fresh opportunities for the disposal of his produce in the best market available. In the absence of wider markets, the cultivator would necessarily have been forced to sell his produce at whatever prices might have been offered to him in the only markets easily accessible to him. The advantage to the owners and makers of the motor vehicles employed in road transport is merely incidental and trivial in comparison with the far-reaching economic advantages accruing to the grower as a result of the expansion of the market for the disposal of his wares.

Coming nearer home, in the case of textile goods, for instance, the rates charged by the railways for the carriage of cotton yarn and piecegoods have, for a number of years, been disproportionately high in relation to the value of the goods transported and in many cases have prevented reasonable competition between producers, and limited consumers' choice to local manufactures. Repeated efforts made by the Association to secure a reduction in rates to distant markets have proved unavailing, and the only times when reasonable rates are quoted are where there are alternative means of communication. For example, it is because of the alternative sea route to Calcutta that Bombay mills have been enabled to build up a substantial trade with that centre during the last ten years. Similar reductions to other markets, apart from enhancing the total earnings of the railways, would conceivably afford a measure of relief to the mill industry, which has for several years been passing through a period of severe trade depression. The only result of any proposal to restrict or prohibit alternative motor transport on the lines suggested by Government would be to consolidate the position of the railways by reserving all long-distance traffic to them and would tend to

perpetuate for all time the existing high railway freight rates. Moreover, such protection as may thus be accorded by the State to the railways against competition from road transport would tend to deaden all initiative and enterprise from the railways. My Committee feel that the object aimed at by Government is rather to be sought in a thorough overhaul of the railway goods tariff so as to make it more elastic and in keeping with the progressive needs and requirements of modern trade and industry, in the matter of transport charges and facilities.

Summing up, the views of the Association on the points raised in your letter may briefly be re-stated as under :—

- (1) The Association is strongly opposed to the powers conferred by the Motor Vehicles Act being used to bring about a so-called co-ordination of road and rail transport, since such powers can only be used to the detriment of one form of transport, namely, motor transport ;
- (2) The Association is equally opposed to the restriction or prohibition of long distance transport of goods by road, since this would tend to confer a monopoly of long-distance traffic on the railways, which is bound to react adversely on the business and commercial community and thereby on the country as a whole.

As regards the fixation of maximum and minimum freight rates for the carriage of goods by road, my Committee are inclined to doubt whether it would be advisable for Government to fix such rates. If, however, Government eventually decide that a minimum rate should be enforced in order to prevent uneconomic competition and under-cutting, they trust that such minimum will not be fixed at an arbitrary and unduly high level, and that the rate will be determined after the fullest enquiry and after taking into consideration the interests of the general public and of road transport owners and users.

APPENDIX 47.

PROPOSED CONTROL OF THE INSURANCE BUSINESS CARRIED ON BY TRADE UNIONS.

Copy of letter No. 2728/33/19329-D, dated the 5th October 1940, from the Secretary to the Government of Bombay, Finance Department, to the Association.

I am directed to state that under the provisions of the Indian Trade Union Act, 1926, a Trade Union is allowed to carry on any form of insurance activity without being under any obligation to secure professional advice as to the actuarial soundness of such insurance business. Moreover, by virtue of section 118 of the Insurance Act, 1938, any insurance business carried on by a trade union is not subject to the provisions of that Act.

It has been suggested to the Government of India that in the interests of the trades unionists themselves it is undesirable that such a highly technical business as insurance should be carried on as a side activity by trade unions without the protection of supervision by any department of Government having the necessary technical staff to exercise it. There is also a possibility that persons who have in the past been carrying on unsound schemes of insurance now banned by the Insurance Act may seek the shelter of the exemption granted to trade unions for the purpose of continuing their unsound methods from within the trade union movement.

The most common example of unscientific schemes carried on in the past and prohibited by the Insurance Act, 1938, is what is known as insurance business on the dividing

principle. A description of such business may be found in section 52 of the Insurance Act, 1938, which section prohibits insurers from indulging in such schemes. Similarly section 69 of that Act prohibits provident societies from doing business on the dividing principle. This form of insurance business has no scientific basis, is inherently unsound and has been condemned by the actuarial profession. It offers a large scope for fraud on the part of agents and the persons in charge of the business. Although the business might superficially report progress at the initial stages as long as the membership is increasing, past experience and actuarial considerations show that when membership falls, as it eventually must, the members existing at the time the decline sets in are left with little or no protection to show for their contributions. In the past, many insurers and provident societies carrying on such business have failed, involving a loss of large sums of money to a considerable number of policyholders.

There is nothing at present to prevent trade unions carrying on insurance business on the dividing principle and some trade unions appear to be actually doing so. There has moreover been a case of an insurer transferring all his insurance business on the dividing principle to a trade union which is carrying it on unhampered by the restrictions imposed by the Insurance Act in the interests of policyholders.

It appears therefore, that it is necessary to consider carefully the question of controlling the insurance activities of trade unions. Objections may be raised on the ground that any such control will curtail the privileges of trade unions, but in fact supervision of the business by qualified persons is actually not a curtailment of the privileges of a trade unionist but a benefit conferred on him. In the interests of the members of trades unions and to afford proper guidance to and supervision over managements, who have little knowledge of the proper conduct of insurance activities, it is proposed to consider the application of the Insurance Act, 1938, with such modifications as may be necessary to insurance business carried on by trade unions.

It appears that the following modifications in the provisions of the Insurance Act, 1938, may be necessary or desirable before applying it to the insurance business of a trade union :—

- (a) Deposit provisions may be the milder ones provided for mutual companies and co-operative societies in section 98 and not the more onerous ones in section 7. This is a concession to the trade unions in view of their financial resources and of the fact that they resemble mutual concerns rather than proprietary ones.
- (b) The minimum limits prescribed in section 4 may not apply to trade unions which may want to encourage insurance business among the poorer members equally with members who can afford to insure for more than Rs. 500.
- (c) Section 6 relating to working capital may not apply, which is again a financial concession as (a) above.
- (d) The provisions of Part III may apply to the insurance business conducted by a trade union if the limits set in sections 65 and 66 are strictly conformed to. The provision relating to the working capital may, however, be dispensed with. It is suggested that so far as they are not inconsistent with the concessions already proposed in this paragraph the other provisions of the Act, its schedules and the Rules framed under the Act should apply *in toto* to the insurance business carried on by the trade unions in view of the considerations set out in the previous paragraphs.

2. I am to request that you will be good enough to communicate to this department your opinion on the above proposals and suggestions.

3. The reply to this letter may please be sent as urgently as possible and in any case not later than the 25th October 1940.

Copy of letter No. 4603/193, dated the 25th October 1940, from the Association to the Secretary to the Government of Bombay, Finance Department.

I am directed to acknowledge the receipt of your letter No. 2728/33/19329-D, dated the 5th October, 1940, in which you request my Committee to express an opinion on certain proposals and suggestions referred to in your letter. The whole question has been carefully considered by my Committee, and it would seem that there is a good case for severely curtailing the privileges which trade unions enjoy in the matter of insurance. Insurance is a highly technical subject, and insurance business cannot be organized on a sound basis without the assistance of experts. Certain trade unions in Bombay, it is reported, have been keeping even their usual income and expenditure accounts in a very slipshod manner, and this has been commented upon on more than one occasion by the Registrar of Trade Unions. There have also been cases in which no accounts have been kept, and in this view of the case, it is decidedly dangerous to let trade unions handle insurance business with the responsibility and financial stake involved, without outside assistance and rigid supervision. My Committee, however, agree that some relaxation of the law is necessary in the case of *bona fide* trade unions doing life insurance business, in such matters as deposits, minimum limits, working capital, etc., but they are unable to put forward definite suggestions. Perhaps, Government would consult Indian insurance interests before coming to a decision on these points.

APPENDIX 48.

BEVIN TRAINING SCHEME.

Copy of letter No. L.T. 34/1018, dated the 18th December 1940, from the Chairman, National Service Labour Tribunal, Bombay, to the Association.

I have the honour to enclose herewith 35 copies of a note on the above scheme and to request you to circulate it amongst your members with a view to call for volunteers for the scheme. The names and addresses of persons who volunteer for the scheme should be forwarded to the Chairman, National Service Labour Tribunal, Bombay, before the 31st December 1940.

Copy of the Bevin Training Scheme prepared by the Government of India in the Department of Labour.

1. *Scheme.*—It is proposed to send batches of Indian workmen to the United Kingdom to undergo courses of training extending to six months in engineering operation such as fitting and machine operating. The object of the scheme is to accelerate munitions production in India and, at the same time, inculcate in the men an appreciation of British methods of industrial co-operation between employers and workers and the value of sound trade union principles. Training will be given partly at the training centres and partly under selected employers. For the first month the trainees will be accommodated in a hostel run on English lines under a carefully selected manager after which they will be lodged with selected British families. For the first three months the trainees will work at special training centres where they will receive elementary training and instruction in English and will have time to become acclimatized. They will then be placed in groups with selected employers in factories where they will be trained side by side with British workmen. During the training period each trainee will receive the cost of his keep and accommodation (accommodation and food will be in English style and not on a caste or communal basis), plus an allowance as pocket money at the rate allowed to British trainees. Trainees will not be permitted to take their families with them. Separation allowance will be paid to married men.

2. *Qualifications.*—Candidates will be chosen (a) from the working classes, preferably from among men of the engineering trades, e.g., fitters, turners, millers and grinders drawing wages of Rs. 40-60 per month and (b) from among students of technical institutions.

Candidates may be married or single. They should be young but not below the age of 18, healthy, intelligent, able to read, write and do simple calculations and possess manual dexterity and some knowledge of English. As regards (a) class they should as a rule have had experience of factory work and have given proof of intelligence and adaptability.

3. *Numbers to be trained.*—It has been decided that the first batch of candidates should consist of 50 and that it should sail from this country by the middle of January 1941. A second batch of 50 will then be selected and it will sail in March 1941. Out of this number 18 will be recruited from the Bombay Province : nine in each batch and the vacancies earmarked for students from technical institutions will not exceed two in each batch.

4. *Selection.*—The selection of the candidates will be made by the Chairman, National Service Labour Tribunal, Bombay.

5. *Terms, allowances, etc.*—Each trainee will be provided with :

- (i) an outfit in India consisting of one winter overcoat, one jersey, one balaclava helmet, one pair of strong boots and two woollen blankets ;
- (ii) inter class (third class in England) railway ticket plus a daily allowance of Re. 1 from the place of residence to port of embarkation and from port of disembarkation to destination, on both outward and return journeys ;
- (iii) special sea passage with English food to and from the United Kingdom ;
- (iv) a subsistence allowance of Rs. 20 per month from date of leaving present place of residence until date of arrival at destination and a similar allowance on return journey ;
- (v) an allowance sufficient to cover the cost of board and accommodation while under training in the United Kingdom plus eight shillings a week (about Rs. 24 a month) if over 20 years of age and six shillings per week (about Rs. 18 per month) if under 20 years of age, as pocket money ; and
- (vi) an allowance in the United Kingdom for the purchase of suitable clothing.

In addition to these allowances, the families of married men will each receive an allowance of Rs. 35 per month payable in India. Selected candidates will be required to state whether they are married and if so to whom they wish the separation allowance to be paid.

6. *Employment of trainees on return to India.*—On their return to India the trainees will be at the disposal of the National Service Labour Tribunal, Bombay, which will decide how best their services can be utilised. No guarantee of employment is given.

Note.—It is essential that candidates applying for admission to the Bevin Training Scheme should possess certificates of vaccination against small-pox not less than 12 days and not more than 3 years old prior to departure, signed by a doctor in Government employ. It is expected that the date of departure will be some time in the middle of January 1941.

Copy of circular No. 5339/210, dated the 18th December 1940, from the Association to all members of the Association in Bombay.

I enclose herewith for your information copy of a scheme under which it is proposed to send batches of Indian workmen to the United Kingdom to undergo courses of training in engineering operations such as fitting and machine operating. The object of the scheme is

to accelerate munitions production in India and, at the same time, to inculcate in the men an appreciation of British methods of industrial co-operation between employers and workers and the value of sound trade union principles.

I shall be glad if you will kindly instruct your Engineer to explain the scheme to the fitters and mechanics under his charge and to such other men as may be interested in the scheme and to submit to the Association through you a list showing the names and addresses of workmen who are prepared to volunteer for training under this scheme. The matter is very urgent as the first batch of selected workmen has been scheduled to sail for England in January 1941. In the circumstances, I shall greatly appreciate it if you will kindly take steps to ensure that this matter is attended to by your Engineer at a very early date.

The names and addresses of persons volunteering for the training should be very legibly written out either in block letters or on the typewriter. The attention of candidates should be drawn to the fact that they should possess certificates of vaccination against small-pox not less than 12 days and not more than three years old prior to departure, signed by a doctor in Government employ.

As the Association has to make a report to Government as to the action taken on this circular, I shall be glad if you will kindly let me know what has been done by you in this matter.

Copy of letter No. 5460/210, dated the 30th December, 1940, from the Association to the Chairman, National Service Labour Tribunal, Bombay.

I am directed to acknowledge the receipt of your letter No. L.T.34/1018 dated the 18th December 1940, and to enclose herewith a list* of the names, addresses and other particulars of eight candidates drawn from member mills who have so far volunteered to undergo training under the above scheme.

APPENDIX 49.

COTTON CLOTH COVERS FOR COTTON BALES.

Copy of letter No. 3509, dated the 6th March 1940, from the Indian Central Cotton Committee, Bombay, to the Association.

I have the honour to say that the Indian Central Cotton Committee at its recent meeting considered a proposal for encouraging the use of cotton cloth as covering for cotton bales in place of "hessian", as it was reported that at current prices of hessian, a saving of from two to four annas a bale could be effected. As the suggestion offered a new outlet for Indian cotton, the Committee decided that before conclusions are arrived at, investigations should be undertaken to find out whether substitution of hessian by cloth manufactured from cotton waste would be an economical proposition under normal conditions and also whether cotton cloth would be as serviceable as jute hessian in other respects. To this end, investigations are proposed to be undertaken at the Committee's Technological Laboratory to ascertain, *inter alia*, the extent of penetration of moisture, dust, etc., into cotton bagging, the effect of the sizing of cotton cloth on cotton, the liability of cotton bagging to attack of insect pests and the water-absorbing capacity of cloth bagging as compared with hessian.

Before, however, making any recommendations on the subject, my Committee would be glad to know whether spinners are likely to raise any objection to the acceptance of cloth

* Not printed.

covered bales as legal tender in fulfilment of contracts. I am accordingly to request you to be so good as to favour my Committee with the views of your Association on the proposal as early as possible.

Copy of letter No. 1314/36, dated the 19th March 1940, from the Association to the Indian Central Cotton Committee, Bombay.

I am directed to acknowledge the receipt of your letter No. 3509, dated the 6th March 1940, in which you request my Committee to express an opinion as to whether spinners are likely to raise any objections to the acceptance of cloth-covered bales as legal tender in fulfilment of contracts. My Committee understand from your letter that the Indian Central Cotton Committee have decided that investigations should be undertaken to find out whether substitution of hessian by cloth manufactured from cotton waste would be an economical proposition under normal conditions, and also whether cotton cloth would be as serviceable as jute hessian in other respects. To this end, it is understood, investigations are proposed to be undertaken at the Technological Laboratory, Matunga, to ascertain, *inter alia*, the extent of penetration of moisture, dust, etc., into cotton bagging, the effect of the sizing of cotton, the liability of cotton bagging to attack of insect pests and the water-absorbing capacity of cloth bagging as compared with hessian, but before making any recommendation on this subject the Indian Central Cotton Committee would like to know whether spinners are likely to raise any objections to the acceptance of cloth-covered bales.

So far as my Committee are concerned, reasonable measures which have for their object the improvement in the offtake of Indian short-staple cotton would have their approval. They feel, nevertheless, that the best method of solving this problem from the point of view of the spinners would be to make the experiments first in the Technological Laboratory. The results of the tests may then be made available to the spinner, and he may be asked whether, in view of the results revealed by the tests, he would have any objection to the acceptance of cloth-covered bales as legal tender in fulfilment of contracts. This suggestion, if adopted, would, in the opinion of my Committee, lead to very satisfactory results as the spinners would have, when accepting or rejecting the proposal, all the relevant facts bearing on the question.

APPENDIX 50.

AIR RAID PRECAUTIONS IN MILLS.

Copy of circular No. 3454/164, dated the 7th August 1940, from the Association to all mills in Bombay.

The Association has received, during the last month or two, a number of inquiries relating to Air Raid Precautions in mills, and it has also been suggested that it would be advisable for the Association to issue general recommendations or instructions for the guidance of mill managements, mill air raid wardens, etc. As a result of discussions which have been held with mill managers, mill air raid wardens, Mr. R. H. Haslam (Deputy Commissioner of Police, A.R.P.) and Mr. T. W. Johnstone (Chief Inspector of Factories), I am now in a position to send you a few sets of general recommendations in regard to mill A.R.P. work. The instructions or recommendations now sent to you are merely for your guidance. As the complete air raid precautions scheme of any mill would have to be worked out to suit the lay-out and conditions applying in that mill, the recommendations have had to be framed in very general terms.

It is hoped that mill managements will follow the general instructions laid down when working out their own detailed arrangements, and I should be glad if, at a later date, you would be good enough to send the Association a copy of the detailed procedure to be followed in the mills under your control.

A.R.P. in Mills : Recommendations for Action.

- (1) That all mills, which have not already done so, should make arrangements for the practically instantaneous transmission of warnings to all departments when an air raid alarm is sounded on the sirens or received by telephone. No specific recommendation is made as to how the warnings should be conveyed to departments, but it is understood that some mills have adopted a system of electric bell alarm operated from a central switch in the timekeeper's or manager's office.
- (2) On receipt of an air raid warning, it should be the specific duty of the engineer to close down the main power plant, and if the warning is at night, to switch off all lights except auxiliary lights. As regards boiler plants, it is understood that the Chief Inspector of Boilers has already issued instructions as to what should be done.
- (3) On receipt of an air raid warning, special arrangements should be made which would ensure that the main fire fighting services in the mill are manned at once.
- (4) To deal with the danger of fire from incendiary bombs, Red Hill Equipment should be provided on the upper floors of storey buildings and in all shed type buildings. Squads should be specially trained for manning the main fire fighting equipment and the Red Hill Equipment, and the squads should be sufficient in number to deal satisfactorily with air raid dangers either during the day or the night, irrespective of whether the mill is working or not.
- (5) *First Aid.*—An adequate supply of stretchers on the basis of 1 to 250 of the mill population should be made to deal with casualties. These stretchers should be kept in convenient locations and near to the main places appointed as refuges. Two or three stretchers should be kept at dispensaries. The equipment of dispensaries should be checked to ensure that adequate supplies of medical stores, splints, etc., are available for immediate first-aid work in the event of casualties. First-aid posts and portable first-aid boxes should be provided at suitable points and in sufficient numbers. An adequate number of men should be trained in simple first-aid work, and the services of the mill medical staff should be utilized in this connection.
- (6) *Auxiliary Lighting.*—If auxiliary lighting arrangements have not been provided, a suitable system should be introduced as early as possible. The advice of the Chief Inspector of Factories would be available in this connection. Where auxiliary lighting services are already available, they should be maintained in use every night from dusk to daylight.
- (7) *Evacuation.*—The schemes adopted by mills should be suited to their own particular lay-outs, but in general, it is considered that it would be advisable to evacuate the employees other than fire fighters and watchers working on the upper floors of storey buildings to the lower floors. In the case of shed type buildings, workers should be kept inside the department taking such cover as is available unless they can be evacuated to a suitable adjacent building of reasonably strong construction. In no case should cover be taken in the vicinity of glass.
- (8) Wardens and assistant wardens should be appointed for each department and for each room of the building. The wardens' chief duties would be to shepherd the workers to their appointed places of safety and to prevent panic. To assist in more rapid evacuation, signboards should be put up at suitable points indicating the route to the various refuges and shelters to which employees in particular rooms or departments have to go. Regular practices should be arranged as soon as complete schemes have been devised and wardens, first-aid men and fire-fighters have been appointed and trained. Suitable propaganda, oral, by poster and by leaflet should, if possible, be arranged so that the workers themselves know what they have to do and where they have to go if an air raid takes place.
- (9) Air raid wardens might advisably be supplied with pocket torches to supplement the auxiliary lighting arrangements and assist in shepherding the employees for whom they are responsible, to their refuge stations.

(10) As a general precautionary measure steps should be taken for the protection of essential services and inflammable stores. Sand-bag protection would, in most cases, prove the most suitable. The stocks of inflammable stores and material should be curtailed as far as possible in main mill buildings, and reduced to an absolute minimum on top floors.

(11) *All Clear*.—As in the case of the initial warning, suitable arrangements should be devised for the immediate communication to all refuge stations of the all-clear signal.

(12) During a period of emergency—that is to say, after the receipt of any type of warning, arrangements must be made to ensure that the telephone is not left unattended.

APPENDIX 51.

ADULT EDUCATION IN BOMBAY CITY.

Copy of letter No. M-93/10841, dated the 18th October 1939, from the Educational Inspector, Bombay Division, and Secretary, Adult Education Committee, to the Association.

You are aware that Government have appointed an Adult Education Committee with the Honourable the Prime Minister as its President with a view to take all necessary steps to liquidate illiteracy among the adult population of Bombay. The Committee has decided to start literacy classes for adults from 1st November 1939 in all parts of the city—especially the mill areas and other educationally backward localities—and considers that your help in this Literacy Campaign will be of utmost value. I have the honour, therefore, to request you to ask your Labour Officer himself to attend and also to request the Labour Officers and the Labour Welfare Secretaries of the several mills to attend a meeting to be held in the office room of the Parliamentary Secretary, Labour Department, in the Secretariat, at 4 p.m. on Friday the 20th instant in order to discuss plans for a propaganda to bring as many illiterate mill workers as possible under literacy instruction.

Copy of letter dated the 19th October 1939, from the Association to the Educational Inspector, and Secretary, Adult Education Committee, Bombay.

I beg to acknowledge with thanks the receipt of your letter No. M-93/10841, dated the 18th instant, informing me that Government have appointed an Adult Education Committee to liquidate illiteracy among the adult population of Bombay. As desired by you, I am asking the Association's Labour Officer and the Assistant Labour Officer to attend the meeting on Friday, the 20th, at 4 p.m. at the Secretariat.

Copy of letter No. 4863/111, dated the 24th November 1939, from the Association to the Special Literacy Officer, Government of Bombay.

At the last meeting of my Committee held on Monday, the 20th instant, a report submitted by Mr. Gokhale, the Association's Labour Officer, of a meeting held in the Secretariat on the 20th October 1939 under the chairmanship of Mr. Gulzarilal Nanda, was considered and the following resolution was passed :—

“That member mills be asked to take such steps as they consider advisable to assist Government in their literacy campaign as far as mill workers are concerned, and that, in any case, they be asked to ascertain the names of their operatives willing to attend classes after working hours.

It was further resolved that facilities be given to the Secretary of the Adult Education Committee to enable the representatives of the Committee to establish direct contact with the mill managements for the purpose of assisting the establishment of satisfactory arrangements in the mill area."

I would greatly appreciate it if you would kindly get in touch with Mr. Gokhale in this matter, who will let me know later what information is required by you in respect of workers who may be willing to attend classes.

I have not yet addressed members regarding the two resolutions, but before doing so, you might let me know what precise facilities you require.

Copy of letter No. L(m)-324, dated the 5th January 1940, from the Special Literacy Officer, Bombay, to the Association.

With reference to your letter No. 4863/111 of 24-11-1939, forwarding me the two resolutions of the Association on the subject mentioned above, I have the honour to thank the Association on behalf of the Adult Education Committee, for its offer of co-operation in the literacy drive undertaken by the Committee, and to say that a draft proposal, specifying the manner and extent to which the members of your Association can help the cause of mass education in the city, is at present under the consideration of the Committee and their decision will be communicated to you at an early date.

Copy of letter No. 7217-K, dated the 30th July 1940, from the Secretary to the Government of Bombay, Educational Department, to the Association.

I am directed to forward herewith a copy of the scheme prepared by the Bombay Adult Education Committee with a view to securing the co-operation of millowners and other big employers of labour in the matter of adult education in the city of Bombay and to request that your Association may be moved to give favourable consideration to it and to advise as many millowners as possible to adopt it.

Copy of the scheme for securing the co-operation of the millowners and other big employers of labour.

The best plan for the mills to follow in order to wipe out illiteracy from the mill workers would be to start their own literacy departments with their own teaching and supervising staff, as has been done in the Tata Iron Works, Jamshedpur. But the conditions of the Bombay mills are different. The mill workers do not stay within the mill premises nor do they all have their own chawls to house the workers. It appears that only 10 or 11 mills have their own chawls wherein their workers live. The different mills have got, therefore, to adopt different plans which will suit their respective circumstances. If approved, therefore, the individual managements may be advised to approach the literacy problems on the following lines :—

- (i) A list of illiterate men and women workers with their mother-tongues and places of residence should be prepared and furnished to the Adult Education Committee.
- (ii) The managements should make it known to their respective workers directly or through the *mukadams* that they desire to see that all of them are made literate within a specified period, say, six months or a year or so.
- (iii) They should also make it known that while employing new workers, preference will be given to those who are able to sign their names and read their cards.

- (iv) Those mills which have their own chawls to accommodate their workers, should open as many literacy classes for them as the space in the chawls or in the compounds allow. Or alternatively they should keep as much space as possible at the disposal of the Adult Education Committee, and supply the necessary lights to enable them to open such classes and to provide the necessary funds to run them.
- (v) All the managements may open literacy classes within their mill premises and relieve as large a number of workers as they can, about $\frac{3}{4}$ hour before the closing time, and compel them to attend such classes for a period of about three or four months for each batch.
- (vi) The Adult Education Committee may open such classes, if the managements do not want to take the responsibility provided the latter are prepared to supply the funds, to give other facilities and to allow the workers to attend them in batches as in (v) above.

It will be seen that the above proposals require the millowners or mill managers to bear the whole cost of making their workers literate, under the guidance of the Adult Education Committee, and they are made on the presumption that a very large number of adult workers are to be tackled at each session under what may be termed a mill co-operation scheme. Such a scheme on a large scale seems impracticable for the Adult Education Committee to undertake in its present financial limitations, unless the several mills shoulder a substantial portion of the expenditure. It seems, therefore, reasonable that negotiations should be undertaken in the first instance only with a few individual mill managers, who may be willing to give a fair trial to the proposals embodied in the above scheme.

Copy of letter No. 3711/172, dated the 28th August 1940, from the Association to the Secretary to the Government of Bombay, Educational Department.

I am directed to acknowledge the receipt of your letter No. 7217-K, dated the 30th July 1940, in which you requested my Committee to give favourable consideration to a scheme prepared by the Adult Education Committee "with a view to securing the co-operation of millowners and other big employers of labour in the matter of adult education in the city of Bombay." The scheme referred to, briefly stated, "requires the owners or mill managers to bear the whole cost of making the workers literate under the guidance of the Adult Education Committee."

My Committee regret they are unable to accept the financial responsibility for making the workers literate. The position of employers in matters like education has, it is understood, been very clearly and ably stated in the dissenting minutes to the Adult Education Committee's Report appended by Mr. B. S. Dabke and others, and so far as my Committee are aware, nothing has happened to justify the assumption that since the publication of the Report, conditions have changed; nor have Government, to our knowledge, advanced any valid reasons for rejecting the minority point of view.

On the question of the desirability of removing mass illiteracy, my Committee are at one with Government, but they desire to submit that the financial responsibilities involved cannot be passed on to employers. Some of our members are already doing very good work in this direction, and there seems to be no point in forcing the pace under the conditions which exist at present. Voluntary schemes where they exist might, if necessary, be improved and extended with the co-operation of the employers concerned, but any large-scale attempt to foist the Adult Education Committee's scheme on employers would be unwarranted. In their letter No. 4863/111, dated the 24th November 1939, addressed to the Special Literacy Officer, my Committee indicated the extent of assistance which they were prepared to render to the Special Literacy Officer, and until times improve, they consider that matters should be left at that so far as the cotton textile industry of the Province is concerned.

APPENDIX 52.

VERNACULAR TEXT BOOKS FOR JOBBERS AND TEXTILE WORKERS.

Copy of circular No. 2844/117, dated the 2nd July 1940, from the Association to all mills in Bombay.

I have very much pleasure in sending herewith one copy each of simply written Marathi booklets* dealing with : (a) Mixing and Blowroom Machinery ; (b) Flying Frame ; (c) Drawing Frame and (d) Warping Machinery. These booklets have been prepared by practical mill managers for the Supervising Committee of the Social Service League Textile Technical School, with whom for many years the Association has been working in close co-operation. The booklets are available for sale at a price of Anna 1 per copy, and an invitation has been extended by the Supervising Committee of the School to the mill authorities to purchase copies for the use of jobbers and employees. It may be recalled that the Noyce Tariff Board in 1927 recommended, *inter alia*, the preparation of cheap illustrated vernacular text-books for the use of jobbers and workers on the lines of those available to cotton mill workers in England. The Board also suggested that the preparation of these text-books should be taken up by the Department of Industries in Bombay in consultation with our Association and the Principal of the Victoria Jubilee Technical Institute, Bombay. For various reasons, this suggestion of the Noyce Tariff Board had to be dropped, but about 18 months ago, the Supervising Committee of the Social Service League Textile Technical School, having found that there was an urgent need for simple technical literature dealing with cotton mill machinery, took in hand the preparation of the text-books now sent to you.

At a recent meeting of the General Committee of the Association, when this matter was discussed, it was resolved that a recommendation should be made to member mills to purchase a limited number of copies of each of the vernacular text-books compiled by the Technical School for sale or distribution to jobbers and workers interested in improving their technical knowledge of the machines they operate. It is hoped that the Committee's recommendation will appeal to you and that you will respond by placing an order for the purchase of a good number of each of the booklets now sent to you. In reply to this letter, you are requested to indicate very clearly, how many copies of each of the booklets you wish to purchase.

APPENDIX 53.

PRACTICAL TRAINING OF STUDENTS OF THE GOVERNMENT HAND WEAVING INSTITUTE, POONA.

Copy of letter No. ZM/ZPE, dated the 21st May 1940, from Messrs. E. D. Sassoon & Co., Ltd., to the Association.

We beg to enclose herewith a copy of our letter ZM/ZPE of the 21st instant to the Director of Industries, Bombay, together with a copy of his letter No. 624 of the 4th instant, referred to therein, for your attention.

Copy of letter No. ZM/ZPE, dated the 21st May 1940, from Messrs. E. D. Sassoon & Co., Ltd., to the Director of Industries, Bombay.

Your letter No. 624 of the 4th instant, addressed to the Manager, Jacob Sassoon Mills, Bombay, has been forwarded to us for attention. We have passed on your letter to the Secretary, Millowners' Association, Bombay, so that the matter may be discussed by the millowners in general, and you will be duly informed of the decision arrived at.

* Not printed.

Copy of letter No. 624, dated the 4th May 1940, from the Director of Industries, Bombay, to Messrs. E. D. Sassoon & Co., Ltd.

I beg to state that there is a central Hand Weaving Institute, Poona, under the Department of Industries, for imparting instructions in theory and practice of handloom technology to hereditary weavers and others. The weaving equipment at the Institute is both hand and power driven. Experience has shown that mere training in an institute only cannot assist the students passing out from the Institute and, therefore, provision for some practical training for about six months in weaving factories and/or mills should obviously be a desideratum to enable the students to successfully utilize the training and experience gained. Arrangements have accordingly been made since 1937-38 to provide the students passing out, seven or six months of practical training in mills, local handloom weaving factories and small power-driven factories and peripatetic hand weaving schools of this department. No certificates are issued unless all the final year students serve the prescribed practical training period of six months and also produce fortnightly reports of progress from factories, etc., to which they are assigned.

The above arrangements, you will readily admit, can be successful only if the factories, etc., would kindly co-operate to take up students for training and be good enough to send progress reports in the form the Institute supplies. I feel sure, I may not be presuming too much in counting upon your co-operation in the above matter for the uplift of poor weavers.

With an assurance of fullest possible co-operation each year from you.

Copy of letter No. 2463/99, dated the 3rd June 1940, from the Association to the Director of Industries, Bombay.

A copy of your letter No. 624, dated the 4th May 1940, addressed to Messrs. E. D. Sassoon & Co., Ltd., has been sent to my Committee for consideration. The Committee of the Association regret their inability to make any sort of general recommendation to its members in this matter of taking up students of the Government Hand Weaving Institute, Poona, for six months' practical training. The position is that mills already employ a fair number of apprentices and learners of one type or another, and in many instances it would be difficult for them to take on any more. My Committee would, however, have no objection to your approaching individual mill managements in the matter since they would be the only authorities who could decide whether they could take on more students, learners or apprentices for courses of practical training.

Copy of letter No. 2464/99, dated the 3rd June 1940, from the Association to Messrs. E. D. Sassoon & Co., Ltd., Bombay.

I am in receipt of your letter No. ZM/ZPE, dated the 21st May 1940, with which was enclosed a letter received from the Director of Industries, Bombay, dealing with the question of taking on students of the Government Hand Weaving Institute for practical training. I have to-day written to the Director of Industries as per enclosure, from which you will understand that the Association recognises the difficulty of giving any assurance that particular mills would be able to take on students for practical training.

APPENDIX 54.

LEGISLATION TO VALIDATE PRINCIPAL CONTRACTS.

RULES OF THE NATIVE SHARE AND STOCK BROKERS' ASSOCIATION.

Copy of letter No. 2902/100 12-D, dated the 1st May 1940, from the Secretary to the Government of Bombay, Finance Department, to the Association.

I am directed to enclose a copy of a letter from the Native Share and Stock Brokers' Association, Bombay, suggesting that Government should undertake legislation so as to

validate principal contracts. As will appear from the letter, Government have expressed the view, in conformity with the recommendation of the Morison Enquiry Committee, that it is undesirable to allow principal contracts. The Association, while maintaining its ground, has now suggested that, if Government have objections to making all principal contracts valid, they may validate at least the following principal contracts, i.e., (1) *budli* contracts in which the broker employs his own resources, and (2) contracts between members of the Native Share and Stock Brokers' Association and members of organised stock exchanges outside the Province of Bombay. I am directed to request that the views of your Association on this proposal be communicated to Government at as early a date as possible.

Copy of letter, dated 26th April 1940, from the Native Share and Stock Brokers' Association, Bombay, to the Secretary to the Government of Bombay, Finance Department.

Will you please refer to my letter of the 24th September 1937 in which I pointed out that section 6 of the Bombay Securities Contracts Control Act of 1925 was defective.

As authorised under Rule 159(a), approved and sanctioned by Government, a member of the Association can act as principal with his constituent and can pass a contract in the Form B, also approved and sanctioned by Government. This Form B is prescribed in Appendix H annexed to our rules.

It is apparent that such contracts (Form B) are by a non-member with a member of the Association and not through a member. Evidently, the word "through" in the said section 6 of the Act is meant for "through or with". This is evident from section 5(2) (f) of the Act. The Association suggested to Government to amend section 6 of the Act by adding the words "or with" after the word "through" in section 6 of the Act, as the defect, if any, in the Act was a technical one, so as not to leave any doubt as to the validity of contracts between a member and non-member, where the member is acting as principal with him.

This right of passing principal's contracts being in vogue for the last 60 years is inalienable. It has been approved by Government since 14th May 1927 when the rules were first sanctioned by Government. Please refer to our Rule 189(c) and the existing Rule 159(a).

We approached Government only with a view to remove a doubt that had arisen with regard to the validity of principal's contracts by amending section 6 of the Act. Your reply to our proposal has sprung a veritable surprise on the Association.

Your counter-proposal is that the Association should amend the existing Rule 159(a) by deleting the words "or when his constituent directly authorises him in writing to act as principal" and also to make consequential amendments in Rules 167(c), 170(c), 172(i), 320(a), 323(c) and Appendix H. Your reasons for this proposal are that the Morison Enquiry Committee, in paragraph 35 of their Report, were against principal contracts. Their approval of our proposed Rule 180 on page 111 of their Report was an oversight. Government consider it undesirable to allow such contracts as in their opinion it is difficult for clients to satisfy themselves in a period of rapidly fluctuating prices that a fair price has been charged to them. In the opinion of Government, the Rule 159(a) is *ultra vires* of the Act.

The Association would point out that it is still an open question whether the word "through" in section 6 of the Act does or does not connote the sense of "with".

The Association do not agree with the views expressed in para 36 of the Morison Committee Report. On the contrary, the amendment to our Rule 180 on page 111 of the Report suggested by the Morison Committee clearly shows that they ultimately decided to retain the practice and right of issuing principal's contracts.

My Association feel that snatching away of this right from them is not only a grave injustice to them but also to the trading public. Such contracts are indispensable in the interest of public. It may be within the range of your knowledge that apart from business

among members *inter se*, by far a large volume of business is conducted on the phone between our members and members of other exchanges, such as, Calcutta, Madras, etc. It is not possible within a space of three minutes to execute outside orders and hence this sort of business has necessarily to be done as between principals. If all business is, as is sought by Government to be confined to agency business, it is tantamount to killing business, more particularly the business with members of different exchanges. As pointed out above, the nature of the business is such that bargains must be struck as between two principals and by no stretch of imagination can the same be recorded by passing agency contracts. This is a very serious problem for Government to consider.

We therefore strongly urge Government to reconsider this matter and to adopt the most desirable course of amending the Act so as to make all principal contracts valid.

As Government is aware, in *budli* business, a member of the Association is entitled to employ his own capital or his own resources. Very often most of the banks in Bombay invest money in *budli* business with a member.

If principal's contract is done away with as being void, most of the *budli* business would not be at all possible on the exchange, as the existing Rule 167(f) will offend against the provision of section 6 as construed by Government.

In order to avoid litigation and confusion, it is necessary that Government should in the first instance amend the Act so as to legalise the principal's contracts that may have been entered into under the existing rules sanctioned by Government, otherwise unscrupulous people will take undue advantage of the situation created and would plead invalidity of the contract in a court of law.

After having amended the Act as suggested above, if Government are not prepared to allow thereafter the issue of principal contracts, my Association would submit that some modified amendment may be made so as to permit principal's contracts in the following two cases :—

- (1) contracts between members of this Association and members of organised stock exchanges outside the Province of Bombay.
- (2) All *budli* contracts in terms of the existing Rule 167(f).

I may add that in making the suggestion for a modified amendment, it should not be understood that the Association is giving up the submissions and contentions as stated in this letter.

Copy of letter No. 2981/158, dated the 9th July 1940, from the Association to the Secretary to the Government of Bombay, Finance Department.

I am directed to acknowledge the receipt of your letter No. 2902/10012-D, dated the 1st of May 1940, in which the views of the Association are requested on a proposal made by the Native Share and Stock Brokers' Association that *budli* contracts in which the broker employs his own resources, and contracts between members of the Native Share and Stock Brokers' Association and members of organized stock exchanges outside the Province of Bombay, should be validated.

In giving evidence before the Atlay Committee in 1923, the Association expressed the view that brokers should not be allowed to do business on their own account, and similarly in 1937, in giving evidence before the Morison Enquiry Committee, we reiterated the view that it would be advisable to prevent members of the exchange from speculating on their own account. My Committee still believe that it is not in the interests of the investing public to permit brokers to pass principals' contracts in the course of the regular business of buying and selling shares, but they are prepared to agree that, in the case of *budli* business, principals' contracts might be validated. The position appears to be that, so long as business for forward settlement is permissible by law, *budli* business becomes an indispensable adjunct, and this type of business would be considerably curtailed if brokers were not allowed to employ their own funds or to use their own credit with banks and other parties to raise funds for the trans-

action of *budli* contracts. We understand that brokers are permitted to employ their own resources in *budli* transactions on the London Stock Exchange, and this constitutes an added reason for the view now taken up. At the same time, we believe that the public should be protected as much as possible, and would like to suggest that, in any *budli* transaction, the contract form 'A' which will be found in Appendix 'H' on page 191 of the Rules of the Native Share and Stock Brokers' Association, should be utilised for the reason that the contract form 'B' on page 192 is one which could be misused.

As regards contracts between *members* of the Native Share and Stock Brokers' Association and members of organised stock exchanges outside the Province of Bombay, there would appear to be no great objection to such business being permitted, but we do not understand why there should be any question of a contract as it is not customary for brokers to pass contracts when doing business one with another. No contracts pass between brokers and jobbers in the London Stock Exchange and the bargains are merely checked up on the day following the booking of business. A broker could perhaps not be expected to hand over his client's name to another broker for the purpose of making out a contract, and the responsibility for transactions between members of different exchanges should, it is thought, be borne by the brokers concerned.

APPENDIX 55.

ELIMINATION OF PIES FROM COMMERCIAL TRANSACTIONS.

Copy of letter No. 608/265, dated the 15th February 1940, from the Bombay Chamber of Commerce to the Association.

Intimation has been received through the Associated Chambers that a large majority of commercial interests which the Bengal Chamber represents have expressed their willingness to enter into an understanding with their business connections mutually to eliminate pies from transactions between them by treating six pies and upwards as one anna and by disregarding amounts of less than six pies. Such arrangements would, of course, relate only to total amounts due and not to rates or quotations per unit or per cent.

I am directed to request you kindly to obtain the opinion of your members with a view to the adoption of similar voluntary and mutual arrangements on a wider basis in commercial circles locally and throughout India as a whole. The Bengal Chamber has suggested that lists of those willing to enter into such an arrangement might with advantage be exchanged and circulated through the medium of the Associated Chambers, the Federation of Indian Chambers of Commerce and Industry and through individual Chambers of Commerce, so as to facilitate the wider adoption of the system with a view eventually to influence the introduction of legislation should such be found to be the general desire.

Copy of letter No. 1313/80, dated the 19th March 1940, from the Association to the Bombay Chamber of Commerce.

I am directed to acknowledge the receipt of your letter No. 608/265, dated the 15th February, 1940, in which you request my Committee to obtain the opinion of our members on the proposed elimination of pies from commercial transactions by treating six pies and upwards as one anna and by disregarding amounts of less than six pies. In reply, I am desired to point out that my Committee are in complete agreement with the proposal, but they feel that if it is not adopted universally, confusion might result. Though my Committee are in favour of the proposal and would be prepared to recommend its adoption to members if acceptable to the entire commercial community, they feel it is worth while considering whether the elimination of pies would not be in contravention of the provisions of the Payment of Wages Act. My Committee would like to have this question examined before the proposition is put forward for the general acceptance of all commercial and industrial interests.

Copy of letter No. 1086/265, dated the 27th March 1940, from the Bombay Chamber of Commerce to the Association.

I write to acknowledge the receipt of your letter No. 1313/80, dated the 19th of March, regarding the above subject and in reply would inform you that my Committee have addressed a letter to the Associated Chambers of Commerce of India suggesting that they should sponsor a private member's Bill with a view to introducing the necessary legislation to provide for the elimination of pies from commercial transactions. In the meantime they can see no objection to individuals and firms, by mutual acceptance, agreeing to the proposal in transactions between themselves.

As regards the question of the contravention of the Payment of Wages Act, this would of course have to be guarded against when introducing the legislation and might possibly necessitate an amendment of the Act itself.

APPENDIX 56.

TESTING HOUSE.

Copy of letter No. 909, dated the 18th October 1940, from the Indian Central Cotton Committee, Bombay, to the Association.

As a result of the experience gained from the working of the Testing House set up at the Committee's Technological Laboratory, it is now proposed to add a few more tests to the list of tests which are at present undertaken there for the trade. These are shown below, together with the charge which it is proposed to make for each test. It would be helpful, in arriving at a decision in this connection, to have an indication of the views of your Association regarding the desirability of undertaking the tests in question and the suitability of the proposed fees.

- (1) Determination of the type of cotton used for yarn and cloth—Fees proposed Rs. 10 to Rs. 25 per sample, depending on the amount of work involved.
- (2) Tests on neps per yard—Fee proposed Rs. 2-8 per sample.
- (3) Determination of weight per yard of cloth, either under conditions of temperature and humidity prevailing in the room or under certain specified conditions—Fees proposed Rs. 1-8 and Rs. 4 respectively.
- (4) Ginning of *kapas* for spinning test or for fibre test—Fee Rs. 5 or Rs. 2-8.
- (5) Calculation of variation of counts, strength or twist on a sample of yarn—Fee proposed Re. 1.

Copy of letter No. 4775/91, dated the 12th November 1940, from the Association to the Indian Central Cotton Committee, Bombay.

I am directed to acknowledge the receipt of your letter No. 909, dated the 18th October 1940, in which you request my Committee to indicate the views of my Association regarding the desirability of undertaking certain tests and the suitability of the fees proposed therefor. The matter has since been considered by my Committee, and I am to say that they agree with the desirability of undertaking the tests suggested by the Indian Central Cotton Committee. They also agree with the scale of fees suggested by you.

Copy of letter No. 1433, dated the 13th November 1940, from the Indian Central Cotton Committee, Bombay, to the Association.

In continuation of my letter No. 909, dated the 18th October 1940, I am to say that a request has been received from a mill for the following tests to be carried out on cotton

at the Committee's Technological Laboratory at Matunga. These tests can be undertaken at the Laboratory, but, as no provision has so far been made for them in the schedule of fees, I shall be grateful if you will kindly let me have the views of your Association regarding the suitability of the following scales of fees:—

| | CLOTH. | | | | | | | Per sample. |
|---------------------|----------------|----|----|----|----|----|----|-------------|
| | | | | | | | | Rs. a. |
| 1. Ash content | .. | .. | .. | .. | .. | .. | .. | 5 0 |
| 2. Wettability | .. | .. | .. | .. | .. | .. | .. | 3 8 |
| 3. Water absorption | .. | .. | .. | .. | .. | .. | .. | 3 8 |
| 4. PH determination | .. | .. | .. | .. | .. | .. | .. | 5 0 |
| | YARN OR CLOTH. | | | | | | | Per test. |
| | | | | | | | | Rs. a. |
| 5. Strength | .. | .. | .. | .. | .. | .. | .. | 1 0 |

Copy of letter No. 4998/91, dated the 26th November 1940, from the Association to the Indian Central Cotton Committee, Bombay.

I am directed to acknowledge the receipt of your letter No. 1433, dated the 13th instant, on the above subject, and to say that the scale of fees proposed by you for the tests specified appears to be in order.

APPENDIX 57.

PAYMENT OF BROKERAGE.

Copy of letter dated the 1st February 1940, from the Bombay Country, Fancy and Grey Piecegoods Merchants' Association, to the Association.

We refer to your circular* in the above connection, under your No. 5289/257 of 1938, dated 28th December 1938.

So far as transactions with the medium of brokers are concerned, the said circular gives the long-sought-for relief in the direction we had represented. However, your circular does not touch the point, where the transaction is a direct sale between the buyers and the sellers, and there is no broker or the broker is stated to be self.

We, therefore, suggest you to issue a further circular recommending your members and selling agents to allow the brokerage account to be adjusted when settling the last account of a contract, and the brokerage under issue should be net, i.e., no deductions by way of dugh, mehta sugdi, etc., should be made, but the actual amount of brokerage should be allowed and the net amount of brokerage should be deducted at the time of the last adjustment of the account of the relative contract.

On hearing from you, we shall be glad to issue a similar circular to our members.

Copy of letter No. 2453/70, dated the 4th June 1940, from the Association to the Bombay Country, Fancy and Grey Piecegoods Merchants' Association.

I am in receipt of your letter dated the 1st February 1940, in which you request me to issue a circular to members of this Association recommending that they and their selling agents should allow the brokerage account to be adjusted when settling the last account

* Not printed.

of a contract and that no deductions by way of dugh, mehta sugdi, etc., should be made. This matter has been considered by my Committee, who have come to the conclusion that no useful purpose will be served by issuing a recommendation of the nature suggested by you for the reason that :—

- (a) since deductions from brokerage by way of dugh, mehta sugdi, etc., are made according to age-long customs prevailing in the trade, it would be very difficult, if not impossible, to eliminate such deductions ; and
- (b) that in regard to the payment of brokerage, where the transaction is a direct sale between the buyer and seller with no broker, or the broker is stated to be self, the brokerage due has always in the past been adjusted at the time of settling the last account of a contract and allowed to the buyer.

APPENDIX 58.

REBATE OF FUMIGATION CHARGES PAID ON AMERICAN COTTON.

Copy of Press Communique, dated the 20th December 1940, issued by the Indian Central Cotton Committee.

The Government of India, on the recommendation of the Indian Central Cotton Committee, have sanctioned the grant to importers of American cotton of a rebate of five annas per square bale and three annas per round or sample bale on the fumigation fees paid by them during the year ending 31st March 1940.

Claims for refund should be submitted to the Docks Manager, Bombay Port Trust, not later than the 19th February 1941.

The Indian Central Cotton Committee hope that the rebate will be passed on to the consumers as far as possible.

Copy of circular No. 5377/212, dated the 20th December 1940, from the Association to all members of the Association.

I quote below for your information copy of a Press Note recently issued by the Indian Central Cotton Committee, notifying a rebate on the fumigation charges paid in respect of American cotton imported during the year ending 31st March 1940 :—

“ The Government of India, on the recommendation of the Indian Central Cotton Committee, have sanctioned the grant to importers of American cotton of a rebate of five annas per square bale and three annas per round or sample bale on the fumigation fees paid by them during the year ending 31st March 1940.

Claims for refund should be submitted to the Docks Manager, Bombay Port Trust, not later than the 19th February 1941.

The Indian Central Cotton Committee hope that the rebate will be passed on to the consumers as far as possible.”

All members of the Association who have purchased American cotton during the period referred to above, are advised to get into touch with their cotton merchants with a view to ensure that the rebate notified is collected and passed on to the mills.

It will be noticed that claims for refund should be submitted to the Docks Manager, Bombay Port Trust, not later than the 19th February 1941.

APPENDIX 59.

TARIFF VALUATIONS UNDER THE INDIAN TARIFF ACT.

INDIAN CUSTOMS TARIFF.

Reprint of the First and Second Schedules appended to the Indian Tariff Act, XXXII of 1934 (as in operation on 1st January, 1941), showing the rates of Customs duties levied on goods imported into, and exported from, British India, together with (1) the tariff values fixed for certain articles under Government of India, Commerce Department, Notification No. 73-T.(16)/40, dated the 14th December, 1940, for the purpose of assessment of Customs duties with effect from the 1st January 1941, (2) the rates of Excise duties leviable on articles produced or manufactured in British India, and (3) the rates of Differential and Countervailing import duties leviable on goods imported from Burma.

Note 1.—In the expression “*ad valorem*” used in these Schedules the reference is to “real value” as defined in section 30 of the Sea Customs Act, 1878 (VIII of 1878), unless an article has a tariff value assigned to it.

Note 2.—The tariff-value specified in the second column of the First Schedule shall, unless otherwise expressly provided, apply whether the article is assessed to duty under the item specified in the corresponding entry in the first column or under any other item.

Note 3.—The description of tariff-valued articles in the second column follows the ordinary trade description and covers all reduced grades and mixtures unless they are specially provided for.

Note 4.—In this publication, the expression “standard rate of duty” means, in the case of articles liable to preferential rates of duty, the standard rate of duty as opposed to the preferential rate, and in the case of other articles, the ordinary rate of duty.

Note 5.—Postal parcels, packets and letters on whose contents the total duty payable is not more than 12 annas, are exempt from payment of import duty.

Note 6.—The expression “Far East” covers China, Japan, the Straits Settlements, Malaya, Thailand, French Indo-China, the Netherlands East Indies and other Far Eastern Countries and also Ceylon.

THE FIRST SCHEDULE.—IMPORT TARIFF.

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|---|---|-----------------------|---|---|----------------------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION I. | | | | | | |
| LIVE ANIMALS AND PRODUCTS OF THE ANIMAL KINGDOM. | | | | | | |
| 1 | ANIMALS, living, all sorts .. .. . | ..... | Free .. .. . | ..... | ..... | ..... |
| 2 | BACON AND HAM, not canned or bottled .. | Revenue .. | 25 per cent. <i>ad valorem</i>. | ..... | ..... | ..... |
| 3 | FISH, not otherwise specified | Revenue .. | 25 per cent. <i>ad valorem</i>. | ..... | ..... | ..... |
| 3(1) | FISH, salted, wet | Revenue .. | Such rate or rates of duty not exceeding one rupee per Indian maund of 82-2/7 lbs. avoirdupois weight as the Central Government may, by notification in the <i>Official Gazette</i> from time to time prescribe,* plus 6½ per cent. <i>ad valorem</i>. | ..... | ..... | ..... |
| | <i>Tariff values—</i> | Per Indian maund. | | | | |
| | | Rs. a. p. | | | | |
| | (i) Soormai | 6 8 0 | | | | |
| | (ii) Bangdas | 3 4 0 | | | | |
| | (iii) All other sorts | 7 6 0 | | | | |
| 3(2) | FISH, salted, dry | Revenue .. | 15 per cent. <i>ad valorem</i>. | ..... | ..... | ..... |
| 3(3) | FISH, unsalted, dry | Preferential revenue. | 30 per cent. <i>ad valorem</i>. | ..... | 20 per cent. <i>ad valorem</i>. | ..... |
| | <i>Tariff value—</i> | Per cwt. | | | | |
| | | Rs. a. p. | | | | |
| | Bomlas | 4 12 0 | | | | |
| 3(4) | FISHMAWS, including singally and sozille and sharkfins. | Revenue .. | 25 per cent. <i>ad valorem</i>. | ..... | ..... | ..... |
| | <i>Tariff values—</i> | Per cwt. | | | | |
| | | Rs. a. p. | | | | |
| | Sharkfins, loose or in bundles from Arabian and Persian Gulf Ports. | 5 0 0 | | | | |
| | | Per lb. | | | | |
| | | Rs. a. p. | | | | |
| | Sharkfins, loose or in bundles from China and the Straits. | 3 8 0 | | | | |

* The rate on the 1st January, 1941, and until further notice is annas 9½ per maund of 82 2/7 lbs. avoirdupois.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|--|--|-----------------------|----------------------------------|---|----------------------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION I—<i>contd.</i> | | | | | | |
| LIVE ANIMALS AND PRODUCTS OF THE ANIMAL KINGDOM—<i>contd.</i> | | | | | | |
| 4 | BUTTER, CHEESE AND GHEE | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| | <i>Tariff values—</i> | | | | | |
| | Per lb. | | | | | |
| | Rs. a. p. | | | | | |
| | Butter | | | | | |
| | Per cwt. | | | | | |
| | Ghee | | | | | |
| 4(1) | MILK,* condensed or preserved, including milk cream. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 5 | CORAL, unprepared | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 5(1) | COWRIES AND SHELLS | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| | <i>Tariff values—</i> | | | | | |
| | Per thousand. | | | | | |
| | Rs. a. p. | | | | | |
| | Chunks— | | | | | |
| | Sound, live | | | | | |
| | Sound, dead | | | | | |
| | Other sorts | | | | | |
| | Per cwt. | | | | | |
| | Cowries, bazar, common | | | | | |
| | Cowries, yellow, superior quality. | | | | | |
| | Cowries, mottled, commonly known as Zillah, Tiger and similar other qualities. | | | | | |
| | Cowries, Maldives | | | | | |
| | Cowries, Sankhll | | | | | |
| | Mother-o'-pearl, nacre | | | | | |
| | Nakhla | | | | | |
| | Per lb. | | | | | |
| | Tortoise-shell | | | | | |
| | Tortoise-shell, nakh | | | | | |
| 5(2) | IVORY, unmanufactured.. .. . | Preferential revenue. | 30 per cent. <i>ad valorem</i>. | .... | 20 per cent. <i>ad valorem</i> . | .. |
| | <i>Tariff values—</i> | | | | | |
| | Per cwt. | | | | | |
| | Rs. a. p. | | | | | |
| | Elephants' grinders | | | | | |
| | Elephants' tusks (other than hollows, centres, and points), each exceeding 20 lbs. in weight, and hollows, centres, and points each weighing 10 lbs. and over. | | | | | |
| | Elephants' tusks (other than hollows, centres, and points), not less than 10 lbs. and not exceeding 20 lbs. each, and hollows, centres, and points each weighing less than 10 lbs. | | | | | |
| | Elephants' tusks each less than 10 lbs. (other than hollows, centres, and points). | | | | | |
| | Sea-cow or moya teeth, each not less than 4 lbs. | | | | | |
| | Sea-cow or moya teeth, each not less than 3 lbs. and under 4 lbs. | | | | | |
| | Sea-cow or moya teeth, each less than 3 lbs. | | | | | |
| SECTION II. | | | | | | |
| PRODUCTS OF THE VEGETABLE KINGDOM. | | | | | | |
| 6 | PLANTS, LIVING, not otherwise specified .. .. . | .... | Free .. .. . | .... | .... | .... |
| 6(1) | RUBBER STUMPS .. .. . | .... | Free .. .. . | .... | .... | .... |
| 7 | VEGETABLES, all sorts, fresh, dried, salted or preserved, not otherwise specified. | Preferential revenue. | 30 per cent. <i>ad valorem</i>. | .... | 20 per cent. <i>ad valorem</i>. | .... |
| | <i>Tariff values—</i> | | | | | |
| | Per cwt. | | | | | |
| | Rs. a. p. | | | | | |
| | Potatoes | | | | | |
| 8 | FRUITS, all sorts, fresh, dried, salted or preserved, not otherwise specified.† | Preferential revenue. | 30 per cent. <i>ad valorem</i>. | .... | 20 per cent. <i>ad valorem</i>. | .... |
| | <i>Tariff values—</i> | | | | | |
| | Per cwt. | | | | | |
| | Rs. a. p. | | | | | |
| | Almonds— | | | | | |
| | (i) Without shell | | | | | |
| | (ii) In the shell— | | | | | |
| | (a) Iranian Kagazi | | | | | |
| | (b) Iranian other than Kagazi. | | | | | |

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, dried skim milk, that is to say, dried milk powder containing not more than 4 per cent. of fat and no added ingredients, is exempt from payment of import duty.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, raw cashew nuts are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|--|---|-----------------------|------------------------|---|-------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION II—<i>contd.</i> | | | | | | |
| PRODUCTS OF THE VEGETABLE KINGDOM—<i>contd.</i> | | | | | | |
| | <i>Tariff values—</i> | | | | | |
| | | Per cwt. Rs. a. p. | | | | |
| | (c) Other than Iranian— | | | | | |
| | (1) Soft shell including half-hard shell qualities such as Prunnele and the like. | 33 8 0 | | | | |
| | (2) Hard shell .. | 21 0 0 | | | | |
| | Cashew or cajoo kernels, not skimmed. | 20 0 0 | | | | |
| | | Per thousand. | | | | |
| | Coconuts, Straits, Dutch East Indies and Thailand— | Rs. a. p. | | | | |
| | Husked | 58 0 0 | | | | |
| | Unhusked | 64 0 0 | | | | |
| | Coconuts, Ceylon | 40 0 0 | | | | |
| | Coconuts, other except Maldives. | 23 0 0 | | | | |
| | Dates, dry— | Per cwt. | | | | |
| | Kapkapa, Shekra or Shakeria, Chharra, Chupchap, Sakina and Brami. | 9 0 0 | | | | |
| | All other qualities | 6 8 0 | | | | |
| | Dates, wet, in bags, baskets and bundles. | 3 12 0 | | | | |
| | Dates, wet, packed in other receptacles. | 8 0 0 | | | | |
| | Figs, dried, Iranian | 6 0 0 | | | | |
| | Figs, dried, European.. .. | 16 8 0 | | | | |
| | Pistachio nuts | 60 0 0 | | | | |
| | Raisins, red, Persian Gulf .. | 8 0 0 | | | | |
| 8(1) | CURRENTS .. .. | .. .. | Revenue .. | Rs. 1-4 per cwt. .. | .... | .... |
| 9 | COFFEE, not otherwise specified .. .. | .. .. | Preferential revenue. | 25 per cent. <i>ad valorem</i> plus one anna per pound. | .... | 25 per cent. <i>ad valorem.</i> |
| 9(1) | COFFEE, canned or bottled .. .. | .. .. | Preferential revenue. | 30 per cent. <i>ad valorem.</i> | .... | 20 per cent. <i>ad valorem.</i> |
| 9(2) | TEA .. .. | .. .. | Preferential revenue. | Five annas per pound . | .... | Three annas per pound. |
| 9(3) | THE FOLLOWING SPICES, whether ground or unground, namely:— | | | | | |
| | Cardamoms, cassia, cinnamon, cloves, nutmegs and pepper. | | Preferential revenue. | 45 per cent. <i>ad valorem.</i> | .... | 37½ per cent. <i>ad valorem.</i> |
| | <i>Tariff values—</i> | Per cwt. Rs. a. p. | | | | |
| | Spices, unground— | | | | | |
| | Cardamom seed | 48 0 0 | | | | |
| | Cassia lignea | 28 0 0 | | | | |
| | Cloves | 50 0 0 | | | | |
| | Cloves, exhausted | 18 8 0 | | | | |
| | Cloves stems and heads | 16 0 0 | | | | |
| | Nutmegs | 0 6 0 | | | | |
| | Nutmegs in shell | 0 4 0 | | | | |
| | Pepper, black | 13 8 0 | | | | |
| | Pepper, long.. .. | 21 0 0 | | | | |
| | Pepper, white | 24 4 0 | | | | |
| 9(4) | THE FOLLOWING UNGROUND SPICES, namely:— | | | | | |
| | Chillies, ginger and mace .. .. | .. .. | Preferential revenue. | 30 per cent. <i>ad valorem.</i> | .... | 22½ per cent. <i>ad valorem.</i> |
| | <i>Tariff values—</i> | Per cwt. Rs. a. p. | | | | |
| | Ginger, dry, unground | 19 0 0 | | | | |
| | Mace, unground | 1 2 0 | | | | |
| 9(5) | BETELNUTS .. .. | .. .. | Preferential revenue. | 45 per cent. <i>ad valorem.</i> | .... | 37½ per cent. <i>ad valorem.</i> |
| | <i>Tariff values—</i> | Per cwt. Rs. a. p. | | | | |
| | Betelnuts (husked)— | | | | | |
| | Whole from Straits, Dutch East Indies and Thailand. | 9 4 0 | | | | |
| | Whole from Goa | 10 8 0 | | | | |
| | Whole from Ceylon | 11 8 0 | | | | |
| | Split from Straits, Dutch East Indies and Thailand— | | | | | |
| | (a) Mature | 10 0 0 | | | | |
| | (b) Immature | 18 0 0 | | | | |
| | Split from Ceylon— | | | | | |
| | (a) Mature | 8 8 0 | | | | |
| | (b) Immature | 16 0 0 | | | | |
| | Sliced all sorts | 14 8 0 | | | | |
| | All other sorts | 8 0 0 | | | | |

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|--|---|-----------------------|--|---|----------------------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION II—<i>contd.</i> | | | | | | |
| PRODUCTS OF THE VEGETABLE KINGDOM—<i>contd.</i> | | | | | | |
| 0(6) | VANILLA BEANS | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 10 | GRAIN AND PULSE, not otherwise specified, including broken grains and pulse, but excluding flour. | .... | Free .. .. . | .... | .... | .... |
| 10(1) | WHEAT* | Protective .. | Re. 1-8 per cwt. .. | .... | .... | March 31st 1942. |
| 10(2) | BROKEN RICE | Protective .. | Twelve annas per Indian maund of 82-2/7 lbs. avoirdupois weight. | .... | .... | March 31st 1941. |
| 11 | FLOUR, not otherwise specified | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 11(1) | WHEAT FLOUR | Protective .. | Re. 1-8 per cwt. .. | .... | .... | March 31st 1942. |
| 11(2) | SAGO FLOUR .. .. . | .... | Free .. .. . | .... | .... | .... |
| 11(3) | SAGO, TAPIOCA AND TAPIOCA FLOUR | Preferential revenue. | 30 per cent. <i>ad valorem</i>. | .... | 20 per cent. <i>ad valorem</i>. | .... |
| | <i>Tariff values—</i> | | | | | |
| | | | Per cwt. | | | |
| | | | Rs. a. p. | | | |
| | Cassava, Tapioca or Sago | | 10 0 0 | | | |
| | Cassava or Tapioca flour | | 10 0 0 | | | |
| 11(4) | STARCH AND FARINA | Revenue .. | 15 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 12 | SEEDS, all sorts, not otherwise specified .. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 12(1) | OILSEEDS imported into British India by sea from the territories of any Prince or Chief in India. | .... | Free .. .. . | .... | .... | .... |
| 12(2) | OILSEEDS, non-essential, all sorts not otherwise specified, including copra or coconut kernel. | Preferential revenue. | 30 per cent. <i>ad valorem</i>. | .... | 20 per cent. <i>ad valorem</i>. | .... |
| | <i>Tariff value—</i> | | Per cwt. | | | |
| | | | Rs. a. p. | | | |
| | Copra or coconut kernel | | 9 0 0 | | | |
| | Poppy seeds | | 8 0 0 | | | |
| 12(3) | RUBBER SEEDS .. .. . | .... | Free .. .. . | .... | .... | .... |
| 12(4) | HOPS .. .. . | .... | Free .. .. . | .... | .... | .... |
| 12(5) | FODDER, BRAN AND POLLARDS | Revenue .. | 2½ per cent. <i>ad valorem</i> | .... | .... | .... |
| 13 | DYEING AND TANNING SUBSTANCES, all sorts, not otherwise specified. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| | <i>Tariff values—</i> | | Per lb. | | | |
| | | | Rs. a. p. | | | |
| | Cochineal | | 1 12 0 | | | |
| | Gallnuts | | 38 8 0 | | | |
| 13(1) | BARKS FOR TANNING | Revenue .. | 8 per cent. <i>ad valorem</i>. | .... | .... | .... |
| (2) | CUTCH AND GAMBIER, all sorts | Preferential revenue. | 30 per cent. <i>ad valorem</i>. | .... | 20 per cent. <i>ad valorem</i>. | .... |
| | <i>Tariff values—</i> | | Per cwt. | | | |
| | | | Rs. a. p. | | | |
| | Gambier, cube | | 15 8 0 | | | |
| | Gambier in flakes or circular pieces. | | 40 0 0 | | | |
| 13(3) | GUMS, RESINS AND LAC, all sorts not otherwise specified. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| | <i>Tariff values—</i> | | Per cwt. | | | |
| | | | Rs. a. p. | | | |
| | Gum olibanum or frankincense. | | 15 0 0 | | | |
| | Gum Iranian (false) | | 8 8 0 | | | |
| | Myrrh | | 47 0 0 | | | |
| 13(4) | GUMS, Arabic, Benjamin (ras and cowrie) and Dammer (including unrefined batu) and rosin. | Preferential revenue. | 30 per cent. <i>ad valorem</i>. | .... | 20 per cent. <i>ad valorem</i>. | .... |

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, wheat imported by or on behalf of any person who is engaged in milling flour for export is exempt from payment of import duty, provided that such person, before clearance of the wheat for consumption or from bond, as the case may be, has produced documentary evidence to the satisfaction of the Customs Collector that he has entered into a contract to sell a quantity of wheat flour representing 87 per cent. of the quantity of wheat imported in respect of which exemption is claimed and that the said wheat flour is to be shipped to a destination outside India before a date specified in the contract.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|--|---|-----------------------|---|---|----------------------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION II—<i>concl.</i> | | | | | | |
| PRODUCTS OF THE VEGETABLE KINGDOM—<i>concl.</i> | | | | | | |
| | <i>Tariff values—</i> | | | | | |
| | | | | | | |
| | Dammer batu, unrefined | | | | | |
| | Acacian gums, other than ground, including gum Arabic, gum Senegal and gum African but excluding gums cleaned and sifted. | | | | | |
| | Gum Benjamin, ras | | | | | |
| | Gum Benjamin, cowrie (excluding pure cowrie). | | | | | |
| | Gum Dammer (or Copal) | | | | | |
| 13(5) | STICK OR SEED LAC .. .. . | .... | Free .. .. . | .... | .... | .... |
| 13(6) | OPIMUM | Revenue .. | Rs. 30 per seer of 80 tolas or 18½ per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | .... |
| 13(7) | CINCHONA BARK .. .. . | .... | Free .. .. . | .... | .... | .... |
| 14 | CANES AND RATTANS | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| | <i>Tariff values—</i> | | | | | |
| | | | | | | |
| | Canes— | | | | | |
| | Malacca | | | | | |
| | Chimity | | | | | |
| | Trees | | | | | |
| | Root moonah | | | | | |
| | Mannu | | | | | |
| | Polo, all kinds— | | | | | |
| | Not exceeding 10 feet in length. | | | | | |
| | Exceeding 10 feet in length. | | | | | |
| | Tohite | | | | | |
| | Rattans— | | | | | |
| | Chair | | | | | |
| | Basket | | | | | |
| | Outers | | | | | |
| | Inners | | | | | |
| SECTION III. | | | | | | |
| FATTY SUBSTANCES, GREASES, OILS AND PRODUCTS OF THEIR DECOMPOSITION; PREPARED ALIMENTARY FATS; WAXES OF ANIMAL OR VEGETABLE ORIGIN. | | | | | | |
| 15 | ALL SORTS OF STEARINE, WAX, GREASE AND ANIMAL FAT, not otherwise specified. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| | <i>Tariff values—</i> | | | | | |
| | | | | | | |
| | Lubricating grease | | | | | |
| | Petroleum jelly, white | | | | | |
| | Petroleum jelly, all other sorts. | | | | | |
| 15(1) | LARD, not canned or bottled | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 15(2) | BEEWAX | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 15(3) | TALLOW .. .. . | .... | Free .. .. . | .... | .... | .... |
| 15(4) | FISH OIL, including whale oil, not otherwise specified. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 15(5) | FISH OIL AND WHALE OIL, hardened or hydrogenated. | Revenue .. | Rs. 10 per cwt. .. | .... | .... | .... |
| 15(6) | VEGETABLE NON-ESSENTIAL OILS, not otherwise specified. | Preferential revenue. | 35 per cent. <i>ad valorem</i>. | .... | 25 per cent. <i>ad valorem</i>. | .... |
| 15(7) | THE FOLLOWING VEGETABLE NON-ESSENTIAL OILS, namely, coconut, groundnut and linseed.* | Preferential revenue. | 35 per cent. <i>ad valorem</i>. | .... | 25 per cent. <i>ad valorem</i>. | .... |
| | <i>Tariff values—</i> | | | | | |
| | | | | | | |
| | Coconut oil | | | | | |
| | Linseed oil, raw or boiled | | | | | |
| 15(8) | ALL SORTS OF ANIMAL OILS, not otherwise specified. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, the duty leviable on linseed oil at the standard rate is 25 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|---|--|-----------------------|--|---|----------------------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION IV. | | | | | | |
| PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO. | | | | | | |
| 16 | CANNED OR BOTTLED BACON, HAM AND LARD. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 16(1) | FISH, canned | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 16(2) | ISINGLASS, canned or bottled | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 17 | SUGAR, excluding confectionery | Protective | The rate at which excise duty is for the time being leviable on Sugar, other than <i>khandsari</i> or Palmyra Sugar, produced in British India† plus Rs. 6-12 per cwt. | .... | .... | March 31st. 1942. |
| 17(1) | MOLASSES | Revenue | 31½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| 17(2) | CONFECTIONERY | Revenue | 50 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 17(3) | SUGAR-CANDY | Revenue | Rs. 10-8 per cwt. .. | .... | .... | .... |
| 18 | COCOA AND CHOCOLATE, other than confectionery. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 19 | BISCUITS, CAKES, AND FARINACEOUS AND PATENT FOODS, canned or bottled. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| | <i>Tariff values—</i> | | Per cwt. | | | |
| | | | Rs. a. p. | | | |
| | *Vermicelli, flour, from the Far East. | | 16 0 0 | | | |
| | *Vermicelli, peas, from the Far East. | | 24 0 0 | | | |
| | *Vermicelli, rice, from the Far East. | | 15 8 0 | | | |
| | *The tariff values given in this item apply also to imports assessed to duty as provisions and oilman's stores and groceries, all sorts not otherwise specified under Item No. 21(1) below. | | | | | |
| 20 | VEGETABLE PRODUCT, JAMS, JELLIES, PICKLES, CHUTNIES, SAUCES AND CONDIMENTS, canned or bottled. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| | <i>Tariff value—</i> | | Per lb. | | | |
| | | | Rs. a. p. | | | |
| | Vegetable product (excluding hardened coconut oil). | | 0 8 0 | | | |
| 20(1) | FRUIT JUICES | Preferential revenue. | 30 per cent. <i>ad valorem</i>. | .... | 20 per cent. <i>ad valorem</i>. | .... |
| 20(2) | FRUITS AND VEGETABLES, canned or bottled.. | Preferential revenue. | 30 per cent. <i>ad valorem</i>. | .... | 20 per cent. <i>ad valorem</i>. | .... |
| | <i>Tariff values—</i> | | Per case of 48 tins of 1 lb. each. | | | |
| | | | Rs. a. p. | | | |
| | China canned fruit | | 11 0 0 | | | |
| | | | Per case of 48 tins of 1½ lbs. each. | | | |
| | Preserved pine-apples from the Far East. | | 9 4 0 | | | |
| 21 | CANNED OR BOTTLED PROVISIONS, not otherwise specified. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| | <i>Tariff values—</i> | | Per box of six large or twelve small jars. | | | |
| | | | Rs. a. p. | | | |
| | China preserves in syrup | | 7 0 0 | | | |
| | *China preserves, dry, candied | | 0 3 0 | | | |
| | *The tariff value given in this item applies also to imports assessed to duty as provisions and oilman's stores and groceries, all sorts not otherwise specified under Item No. 21(1) below. | | | | | |
| | <i>N.B.</i> —For other tariff values under this item see those marked with an asterisk (*) under Item No. 21(1) below. | | | | | |
| 21(1) | PROVISIONS AND OILMAN'S STORES AND GROCERIES, all sorts not otherwise specified. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |

† The rate of excise duty on the 1st January 1941 and until further notice on sugar, other than *khandsari* or palmyra sugar, produced in any factory in British India and either issued out of, or used within, such factory is Rs. 3 per cwt. The rate of excise duty on *khandsari* sugar produced in any factory in British India and issued out of such factory is eight annas per cwt.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. | | | | | | | | | | | | | | |
|--|--|-----------------------|---|---|--|---------------------------------------|--|---------|--|-----------|-----------------|--------|--|---------|--|-------|--|----------|------------------------------|--------|
| | | | | The United Kingdom. | A British Colony. | | | | | | | | | | | | | | | |
| | SECTION IV—<i>contd.</i> | | | | | | | | | | | | | | | | | | | |
| | PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO— <i>contd.</i> | | | | | | | | | | | | | | | | | | | |
| | <i>Tariff values—</i> <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;"></td> <td style="text-align: right;">Per cwt</td> </tr> <tr> <td></td> <td style="text-align: right;">Rs. a. p.</td> </tr> <tr> <td>Cocum..</td> <td style="text-align: right;">6 12 0</td> </tr> <tr> <td></td> <td style="text-align: right;">Per lb.</td> </tr> <tr> <td>Vegetable product (excluding hardened coconut oil), not canned or bottled.</td> <td style="text-align: right;">0 4 6</td> </tr> <tr> <td></td> <td style="text-align: right;">Per cwt.</td> </tr> <tr> <td>*Yeast, from the Far East ..</td> <td style="text-align: right;">17 0 0</td> </tr> </table> <p>*The tariff value given in this item applies also to imports assessed to duty as canned or bottled provisions under Item No. 21 above.</p> <p>N.B.—For other tariff values under this item see those marked with an asterisk (*) under Items Nos. 19 and 21 above.</p> | | | | | | | Per cwt | | Rs. a. p. | Cocum.. | 6 12 0 | | Per lb. | Vegetable product (excluding hardened coconut oil), not canned or bottled. | 0 4 6 | | Per cwt. | *Yeast, from the Far East .. | 17 0 0 |
| | Per cwt | | | | | | | | | | | | | | | | | | | |
| | Rs. a. p. | | | | | | | | | | | | | | | | | | | |
| Cocum.. | 6 12 0 | | | | | | | | | | | | | | | | | | | |
| | Per lb. | | | | | | | | | | | | | | | | | | | |
| Vegetable product (excluding hardened coconut oil), not canned or bottled. | 0 4 6 | | | | | | | | | | | | | | | | | | | |
| | Per cwt. | | | | | | | | | | | | | | | | | | | |
| *Yeast, from the Far East .. | 17 0 0 | | | | | | | | | | | | | | | | | | | |
| 21(2) | ALL SORTS OF FOOD not otherwise specified .. | Revenue | 25 per cent. <i>ad valorem</i> . | | | | | | | | | | | | | | | | | |
| 22 | ALL SORTS OF DRINK not otherwise specified.. | Revenue | 25 per cent. <i>ad valorem</i> . | | | | | | | | | | | | | | | | | |
| †22(1) | | | | | | | | | | | | | | | | | | | | |
| 22(2) | ALE, BEER, PORTER, CIDER AND OTHER FERMENTED LIQUORS— | | | | | | | | | | | | | | | | | | | |
| | (a) In barrels or other containers containing 27 ozs. or more. | Revenue | Fifteen annas per Imperial gallon. | | | | | | | | | | | | | | | | | |
| | (b) In bottles containing less than 27 ozs. but not less than 20 ozs. | Revenue | Two annas and six pies per bottle. | | | | | | | | | | | | | | | | | |
| | (c) In bottles containing less than 13½ ozs. but not less than 10 ozs. | Revenue | One anna and three pies per bottle. | | | | | | | | | | | | | | | | | |
| | (d) In bottles containing less than 6½ ozs. but not less than 5 ozs. | Revenue | Seven and half pies per bottle. | | | | | | | | | | | | | | | | | |
| | (e) In other containers † | Revenue | Rs. 1-4 per Imperial gallon. | | | | | | | | | | | | | | | | | |
| 22(3) | WINES, not containing more than 42 per cent. of proof spirit— | | | | | | | | | | | | | | | | | | | |
| | (a) Champagne and other sparkling wines. | Revenue | Rs. 13-2 per Imperial gallon. | | | | | | | | | | | | | | | | | |
| | (b) Other sorts | Revenue | Rs. 7-8 per Imperial gallon. | | | | | | | | | | | | | | | | | |
| 22(4) | SPIRITS (other than denatured spirit)— | | | | | | | | | | | | | | | | | | | |
| | (a) Brandy, gin, whisky and other sorts of spirits not otherwise specified, including wines containing more than 42 per cent. of proof spirit. | Revenue | Rs. 37-8 per Imperial gallon of the strength of London proof. | | | | | | | | | | | | | | | | | |
| | (b) Liqueurs, cordials, mixtures and other preparations containing spirit not otherwise specified— | | | | | | | | | | | | | | | | | | | |
| | (i) entered in such a manner as to indicate that the strength is not to be tested. | Revenue | Rs. 50 per Imperial gallon. | | | | | | | | | | | | | | | | | |
| | (ii) not so entered | Revenue | Rs. 37-8 per Imperial gallon of the strength of London proof. | | | | | | | | | | | | | | | | | |
| | PROVIDED THAT— | | | | | | | | | | | | | | | | | | | |
| | (a) the duty on any article included in this item shall in no case be less than the duty which would be charged if the article were liable to a duty of 25 per cent. <i>ad valorem</i> . | | | | | | | | | | | | | | | | | | | |
| | (b) where the unit of assessment is the Imperial gallon of the strength of London proof, the duty shall be increased or reduced in proportion as the strength is greater or less than London proof. | | | | | | | | | | | | | | | | | | | |
| 22(5) | SPIRITS— | | | | | | | | | | | | | | | | | | | |
| | (a) Bitters— | | | | | | | | | | | | | | | | | | | |
| | (i) entered in such a manner as to indicate that the strength is not to be tested. | Preferential revenue. | Rs. 50 per Imperial gallon. | | Rs. 45 per Imperial gallon. | | | | | | | | | | | | | | | |
| | (ii) not so entered | Preferential revenue. | Rs. 37-8 per Imperial gallon of the strength of London proof. | | Rs. 33-12 per Imperial gallon of the strength of London proof. | | | | | | | | | | | | | | | |

† There is no entry bearing Item No. 22(1).

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, ale and beer in containers other than bottles are exempt from so much of the duty as is in excess of the duty that would have been leviable if such containers were bottles.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|--|---|-----------------------|---|---|--|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION IV—<i>concl.</i> | | | | | | |
| PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO—<i>concl.</i> | | | | | | |
| | (b) Drugs and medicines containing spirit— | | | | | |
| | (i) entered in such a manner as to indicate that the strength is not to be tested. | Preferential revenue. | Rs. 40 per Imperial gallon. | Rs. 36 per Imperial gallon. | Rs. 36 per Imperial gallon. | .... |
| | (ii) not so entered | Preferential revenue. | Rs. 29 per Imperial gallon of the strength of London proof. | Rs. 26 per Imperial gallon of the strength of London proof. | Rs. 26 per Imperial gallon of the strength of London proof. | .... |
| | (c) Perfumed spirits | Revenue .. | Rs. 60 per Imperial gallon or 25 per cent. <i>ad valorem</i> whichever is higher. | .... | .... | .... |
| | (d) Rum | Preferential revenue. | Rs. 37-8 per Imperial gallon of the strength of London proof. | .... | Rs. 33-12 per Imperial gallon of the strength of London proof. | .... |
| | PROVIDED THAT— | | | | | |
| | (a) on any article chargeable under this item with the lower rate of duty, the duty levied shall in no case be less than 20 per cent. <i>ad valorem</i> , and on any article chargeable under this item with the higher rate of duty, the duty levied shall in no case be less than 30 per cent. <i>ad valorem</i> ; | | | | | |
| | (b) where the unit of assessment is the Imperial gallon of the strength of London proof, the duty shall be increased or reduced in proportion as the strength is greater or less than London proof. | | | | | |
| 22(6) | DENATURED SPIRIT Tariff value— Spirit denatured before clearance. | Revenue .. | 9½ per cent. <i>ad valorem</i> . Per Imperial gallon. Rs. s. p. 1 0 0 | .... | .... | .... |
| 22(7) | VINEGAR IN CASKS | Revenue .. | 2½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| 23 | OILCAKES | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 24 | TOBACCO, manufactured, not otherwise specified. | Revenue .. | Rs. 3-12 per lb. .. | .... | .... | .... |
| 24(1) | CIGARS | Revenue .. | 112½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| 24(2) | CIGARETTES | Revenue .. | 25 per cent. <i>ad valorem</i> , and in addition either Rs. 8-2 per thousand or Rs. 3-4 per lb., whichever is higher. | .... | .... | .... |
| 24(3) | TOBACCO, unmanufactured* | Preferential revenue. | Rs. 3-4 per lb. .. | .... | Rs. 2-12 per lb. | .... |
| SECTION V. | | | | | | |
| MINERAL PRODUCTS. | | | | | | |
| 25 | CHINA CLAY .. .. . | .... | Free .. .. . | .... | .... | .... |
| 25(1) | SALT, excluding salt exempted under item No. 25 (2). | Revenue .. | The rate at which excise duty is for the time being leviable on salt manufactured in the place where the import takes place † | .... | .... | .... |
| 25(2) | SALT IMPORTED INTO BRITISH INDIA AND ISSUED, in accordance with rules made with the previous sanction of the Central Government for use in any process of manufacture; also salt imported into the port of Calcutta and issued with the sanction of the Central Government to manufacturers of glazed stoneware; also salt imported into any port in the provinces of Bengal and Bihar and Orissa and issued, in accordance with rules made with the previous sanction of the Central Government for use in curing fish in those provinces. | .... | Free .. .. . | .... | .... | .... |
| 25(3) | THE FOLLOWING BUILDING AND ENGINEERING MATERIALS, namely, chalk, lime and clay. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 25(4) | CEMENT not otherwise specified | Preferential revenue. | 30 per cent. <i>ad valorem</i> . | 20 per cent. <i>ad valorem</i>. | .... | .... |

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, tobacco leaf for the manufacture of cigars when proved to have been imported for use in a cigar factory is liable to duty at Rs. 2 per lb. (standard) and Re. 1-8 per lb. (preferential).

† The rate of excise duty on the 1st January, 1941 and until further notice is Re. 1-9-0 per maund of 82-2/7 lbs. avoirdupois.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|--|---|-----------------------|---|---|----------------------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION V—<i>concl.</i> | | | | | | |
| MINERAL PRODUCTS—<i>concl.</i> | | | | | | |
| 25(5) | PORTLAND CEMENT excluding white Portland cement. | Revenue | Rs. 13-12 per ton. | .... | .... | .... |
| 25(6) | STONE prepared as for road metalling | .... | Free | .... | .... | .... |
| 25(7) | MARBLE AND STONE not otherwise specified* | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 26 | METALLIC ORES, all sorts except ochres and other pigment ores. | .... | Free | .... | .... | .... |
| 27 | COAL, COKE AND PATENT FUEL† | Revenue | Ten annas per ton | .... | .... | .... |
| 27(1) | ASPHALT | Preferential revenue. | 25 per cent. <i>ad valorem</i>. | .... | 15 per cent. <i>ad valorem</i>. | .... |
| 27(2) | PITCH AND TAR | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| | <i>Tariff values—</i> | | | | | |
| | Coal pitch | Per cwt. | Rs. a. p. | | | |
| | Stockholm pitch | .. | 4 0 0 | | | |
| | | .. | 12 0 0 | | | |
| 27(3) | ALL SORTS OF MINERAL OILS not otherwise specified. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| | <i>Tariff values—</i> | | | | | |
| | Mineral Colza oil | Per Imperial gallon. | Rs. a. p. | | | |
| | Transformer oil, including transil and switch oil, other than that assessed to duty under the proviso to Item No. 72(3) of the First Schedule of the Indian Tariff Act, 1934. | .. | 1 4 0 | | | |
| | | .. | 2 0 0 | | | |
| 27(4) | KEROSENE;‡ also any mineral oil other than kerosene and motor spirit which has its flashing point below one hundred degrees of Fahrenheit's thermometer by Abel's close test. | Revenue | Three annas and nine pies per Imperial gallon. | .... | .... | .... |
| 27(5) | MINERAL OIL, not included in item No. 27(4) or Item No. 27(6) which is suitable for use as an illuminant in wick lamps. | Revenue | Three annas and nine pies per Imperial gallon. | .... | .... | .... |
| 27(6) | MOTOR SPIRIT§ | Revenue | The rate at which excise duty is for the time being leviable on motor spirit. | .... | .... | .... |
| 27(7) | MINERAL OIL— | | | | | |
| | (a) which has its flashing point at or above two hundred degrees of Fahrenheit's thermometer, and is ordinarily used for the batching of jute or other fibre; | Revenue | Rs. 15-10 per ton | .... | .... | .... |
| | (b) which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer, is not suitable for use as an illuminant in wick lamps, and is such as is not ordinarily used except as fuel or for some sanitary or hygienic purposes. | Revenue | 12½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| | <i>Tariff value—</i> | | | | | |
| | Mineral oil which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer, and is such as is not ordinarily used except as fuel or for some sanitary or hygienic purposes, if imported naked in bulk. | Per ton. | Rs. a. p. | | | |
| | | .. | 44 0 0 | | | |
| 27(8) | LUBRICATING OIL, that is, oil such as is not ordinarily used for any other purpose than lubrication, excluding any mineral oil which has its flashing point below two hundred degrees of the Fahrenheit thermometer by Abel's close test. | Revenue | Two annas and one pie per Imperial gallon. | .... | .... | .... |
| SECTION VI. | | | | | | |
| CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS. | | | | | | |
| 28 | CHEMICALS, DRUGS AND MEDICINES, all sorts not otherwise specified.¶ | Preferential revenue. | 30 per cent. <i>ad valorem</i> . | 20 per cent. <i>ad valorem</i> . | 20 per cent. <i>ad valorem</i>. | .... |
| | <i>Tariff values—</i> | | | | | |
| | Alkali, Indian (sajji-khar) | Per cwt. | Rs. a. p. | | | |
| | Ammonium carbonate or bicarbonate. | .. | 3 0 0 | | | |
| | | or | 26 0 0 | | | |

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, sandstone is exempt from payment of import duty.

† The rate of excise duty on the 1st January, 1941, on all coal raised and despatched and on all soft coke manufactured and despatched from collieries in British India is 2 annas per ton and that on hard coke is 3 annas per ton.

‡ The rate of excise duty on the 1st January, 1941, and until further notice, on all kerosene produced in a manufactory in British India is 2 annas and 9½ pies per Imperial gallon.

§ The rate of excise duty on the 1st January, 1941, and until further notice, on all motor spirit produced in a manufactory in British India is 12 annas per Imperial gallon.

¶ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, calcium acetate, radium salts and cryolite are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|---|---|-----------------------|--|---|----------------------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION VI—<i>contd.</i> | | | | | | |
| CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS— <i>contd.</i> | | | | | | |
| <i>Tariff values—</i> | | | | | | |
| | Ammonium chloride— | | Per cwt. | | | |
| | Muriate of ammonia, crystalline. | | Rs. a. p. | | | |
| | Salammoniac, sublimed .. | | 33 0 0 | | | |
| | Other sorts, including compressed. | | 24 0 0 | | | |
| | Calcium chloride | | 5 8 0 | | | |
| | Carbonic acid gas including compressed or liquified gas. | | Per lb. | | | |
| | Chlorine | | 0 4 3 | | | |
| | Copper sulphate | | Per cwt. | | | |
| | Menthol (peppermint) crystals | | 25 0 0 | | | |
| | Soda, caustic, flake, petal or powder | | Per oz. | | | |
| | Soda, caustic, solid | | 0 12 0 | | | |
| | Soda crystals | | Per cwt. | | | |
| | Sodium hydrosulphite | | 18 8 0 | | | |
| | Sodium sulphide | | 11 0 0 | | | |
| | Sodium thiosulphate (Hypo) .. | | 8 6 0 | | | |
| | Banslochan (bamboo camphor), crude. | | 75 0 0 | | | |
| | Calumba root | | 10 8 0 | | | |
| | China root (Chobchini) rough .. | | 14 0 0 | | | |
| | China root (Chobchini) scraped | | Per lb. | | | |
| | Cubebs | | 1 11 0 | | | |
| | Galangal | | Per cwt. | | | |
| | Salep | | 12 12 0 | | | |
| | | | 13 8 0 | | | |
| | | | 24 8 0 | | | |
| | | | 58 0 0 | | | |
| | | | 10 0 0 | | | |
| | | | 170 0 0 | | | |
| <i>N.B.—The tariff values apply to articles packed in containers of not less than 14 lbs. except in the case of menthol (peppermint) crystals; the tariff value for the latter applies to all menthol in containers of ½ oz. and above.</i> | | | | | | |
| 28(1) | BLEACHING PASTE AND BLEACHING POWDER.. | ..... | Free .. .. | ..... | ..... | ..... |
| 28(2) | COPPERAS, green (ferrous sulphate) | Revenue .. | 2½ per cent. <i>ad valorem</i>. | ..... | ..... | ..... |
| 28(3) | SULPHUR .. .. | ..... | Free .. .. | ..... | ..... | ..... |
| 28(4) | SODA ASH, including calcined natural soda and manufactured sesqui-carbonates. | Preferential revenue. | 25 per cent. <i>ad valorem</i>. | ..... | 15 per cent. <i>ad valorem</i>. | ..... |
| <i>Tariff value—</i> | | | | | | |
| | Soda ash including calcined natural soda and manufactured sesqui-carbonates. | | Per cwt. | | | |
| | | | Rs. a. p. | | | |
| | | | 5 6 0 | | | |
| <i>N.B.—The tariff value applies to articles packed in containers of not less than 14 lbs.</i> | | | | | | |
| 3(5) | HEAVY CHEMICALS, the following, namely:— Magnesium chloride | Protective .. | Twelve annas per cwt. or 25 per cent. <i>ad valorem</i> , whichever is higher. | ..... | ..... | March 31st, 1946. |
| 4(6) | THE FOLLOWING CHEMICALS, namely:—* (a) Alum (ammonia alum, potash alum and soda alum). | Revenue .. | 25 per cent. <i>ad valorem</i> or Re. 1-6 per cwt., whichever is higher. | ..... | ..... | ..... |
| | (b) Magnesium sulphate or hydrated magnesium sulphate. | Revenue .. | 25 per cent. <i>ad valorem</i> or Re. 1-4 per cwt., whichever is higher. | ..... | ..... | ..... |
| (7) | THE FOLLOWING CHEMICALS, namely, cadmium sulphide, cobalt oxide, liquid gold for glass making, selenium, and uranium oxide. | Revenue .. | 25 per cent. <i>ad valorem</i>. | ..... | ..... | ..... |
| 8) | THE FOLLOWING CHEMICALS, DRUGS AND MEDICINES, namely, acetic, carbonic, citric, hydrochloric, nitric, oxalic, sulphuric, tartaric and other acids, anhydrous ammonia, naphthalene, potassium bichromate, potassium chlorate, potassium cyanide and other potassium compounds, bicarbonate of soda, borax, sodium bichromate, sodium cyanide, sodium silicate, arsenic, calcium carbide, glycerine, lead, magnesium and zinc compounds not otherwise specified, aloes, asafoetida, cocaine, sarsaparilla and storax. | Revenue .. | 25 per cent. <i>ad valorem</i>. | ..... | ..... | ..... |

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|-----------------------|---|---|-------------------|---------------------------------------|--|----------|---------------------|-----------|--|-------|--------------------------------|---------|--|----------|------------------------------|---------|---|---------|--------------------------------|--------|------------------------------|--------|-------------------------|--------|--------------------------|-------|-----------------------------------|-------|-----------------------|---------|-------------------------------|--------|
| | | | | The United Kingdom. | A British Colony. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p style="text-align: center;">SECTION VI—<i>contd.</i></p> <p style="text-align: center;">CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS—<i>contd.</i></p> <p><i>Tariff values—</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right;">Per lb.</td> </tr> <tr> <td>Acetic acid</td> <td style="text-align: right;">Rs. a. p.</td> </tr> <tr> <td>Ammonia gas, anhydrous, including compressed or liquified gas.</td> <td style="text-align: right;">0 8 0</td> </tr> <tr> <td></td> <td style="text-align: right;">0 14 0</td> </tr> <tr> <td></td> <td style="text-align: right;">Per cwt.</td> </tr> <tr> <td>Arsenic (China mansil) ..</td> <td style="text-align: right;">61 0 0</td> </tr> <tr> <td>Borax, granular, powdered or crystalline.</td> <td style="text-align: right;">18 8 0</td> </tr> <tr> <td>Boric acid</td> <td style="text-align: right;">29 0 0</td> </tr> <tr> <td>Calcium carbide</td> <td style="text-align: right;">18 0 0</td> </tr> <tr> <td>Naphthalene balls</td> <td style="text-align: right;">20 0 0</td> </tr> <tr> <td>Sodium bicarbonate</td> <td style="text-align: right;">7 0 0</td> </tr> <tr> <td>Sodium silicate (in liquid form).</td> <td style="text-align: right;">9 0 0</td> </tr> <tr> <td>Tartaric acid</td> <td style="text-align: right;">120 0 0</td> </tr> <tr> <td>Asafatida, coarse (hingra) ..</td> <td style="text-align: right;">48 0 0</td> </tr> </table> <p><i>N.B.</i>—The tariff values apply to articles packed in containers of not less than 14 lbs.</p> | | | | | | | | Per lb. | Acetic acid | Rs. a. p. | Ammonia gas, anhydrous, including compressed or liquified gas. | 0 8 0 | | 0 14 0 | | Per cwt. | Arsenic (China mansil) .. | 61 0 0 | Borax, granular, powdered or crystalline. | 18 8 0 | Boric acid | 29 0 0 | Calcium carbide | 18 0 0 | Naphthalene balls | 20 0 0 | Sodium bicarbonate | 7 0 0 | Sodium silicate (in liquid form). | 9 0 0 | Tartaric acid | 120 0 0 | Asafatida, coarse (hingra) .. | 48 0 0 |
| | Per lb. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Acetic acid | Rs. a. p. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ammonia gas, anhydrous, including compressed or liquified gas. | 0 8 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 0 14 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Per cwt. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Arsenic (China mansil) .. | 61 0 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Borax, granular, powdered or crystalline. | 18 8 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Boric acid | 29 0 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Calcium carbide | 18 0 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Naphthalene balls | 20 0 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sodium bicarbonate | 7 0 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sodium silicate (in liquid form). | 9 0 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tartaric acid | 120 0 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Asafatida, coarse (hingra) .. | 48 0 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 28(9) | SACCHARINE (except in tablets) and such other substances as the Central Government may, by notification in the <i>Official Gazette</i> , declare to be of a like nature or use to saccharine. | Revenue | Rs. 6-4 per lb. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 28(10) | SACCHARINE TABLETS | Revenue | 18½ per cent. <i>ad valorem</i> or Rs. 6-4 per pound of saccharine contents, whichever is higher. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 28(11) | ALKALOIDS OF OPIUM AND THEIR DERIVATIVES | Revenue | Rs. 30 per seer of 80 tolas or 18½ per cent. <i>ad valorem</i> , whichever is higher. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 28(12) | ALKALOIDS EXTRACTED FROM CINCHONA BARK including Quinine and alkaloids derived from other sources which are chemically identical with alkaloids extracted from Cinchona Bark. | | Free | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 28(13) | ANTI-PLAGUE SERUM | | Free | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 28(14) | TOILET REQUISITES, not otherwise specified .. | Revenue | 25 per cent. <i>ad valorem</i> . | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 29 | CINEMATOGRAPH FILMS, not exposed | Revenue | 20 per cent. <i>ad valorem</i> . | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 29(1) | CINEMATOGRAPH FILMS, exposed | Revenue | 37½ per cent. <i>ad valorem</i> . | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p><i>Tariff values—</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right;">Per foot</td> </tr> <tr> <td></td> <td style="text-align: right;">Rs. a. p.</td> </tr> <tr> <td>Exposed standard positive films, new or used—</td> <td></td> </tr> <tr> <td>Feature films</td> <td style="text-align: right;">0 7 0</td> </tr> <tr> <td>Other films</td> <td style="text-align: right;">0 3 0</td> </tr> </table> | | | | | | | | Per foot | | Rs. a. p. | Exposed standard positive films, new or used— | | Feature films | 0 7 0 | Other films | 0 3 0 | | | | | | | | | | | | | | | | | | |
| | Per foot | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Rs. a. p. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Exposed standard positive films, new or used— | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Feature films | 0 7 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other films | 0 3 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30 | PAINTS, COLOURS AND PAINTERS' MATERIALS, all sorts not otherwise specified, including paints, solutions and compositions containing dangerous petroleum within the meaning of the Indian Petroleum Act, 1934. | Preferential revenue. | 30 per cent. <i>ad valorem</i> . | 20 per cent. <i>ad valorem</i> . | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p><i>Tariff values—</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right;">Per cwt.</td> </tr> <tr> <td></td> <td style="text-align: right;">Rs. a. p.</td> </tr> <tr> <td>Cuttle fish bone</td> <td style="text-align: right;">8 0 0</td> </tr> <tr> <td></td> <td style="text-align: right;">Per lb.</td> </tr> <tr> <td>Gamboge</td> <td style="text-align: right;">1 2 0</td> </tr> <tr> <td>Vermilion from China</td> <td style="text-align: right;">5 0 0</td> </tr> </table> | | | | | | | | Per cwt. | | Rs. a. p. | Cuttle fish bone | 8 0 0 | | Per lb. | Gamboge | 1 2 0 | Vermilion from China | 5 0 0 | | | | | | | | | | | | | | | | |
| | Per cwt. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Rs. a. p. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cuttle fish bone | 8 0 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Per lb. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gamboge | 1 2 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Vermilion from China | 5 0 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30(1) | DYES DERIVED FROM COAL-TAR, AND COAL-TAR DERIVATIVES, used in any dyeing process. | Revenue | 10 per cent. <i>ad valorem</i> . | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p><i>Tariff values—</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;"></td> <td style="text-align: right;">Per cwt.</td> </tr> <tr> <td></td> <td style="text-align: right;">Rs. a. p.</td> </tr> <tr> <td>Alizarine, moist—</td> <td></td> </tr> <tr> <td>(a) not exceeding 16 per cent.</td> <td style="text-align: right;">120 0 0</td> </tr> <tr> <td>(b) Over 16 per cent. but not exceeding 20 per cent.</td> <td style="text-align: right;">140 0 0</td> </tr> <tr> <td>(c) exceeding 20 per cent...</td> <td style="text-align: right;">250 0 0</td> </tr> <tr> <td>Alizarine, dry—</td> <td style="text-align: right;">Per lb.</td> </tr> <tr> <td>(a) not exceeding 40 per cent.</td> <td style="text-align: right;">3 12 0</td> </tr> <tr> <td>(b) exceeding 40 per cent...</td> <td style="text-align: right;">7 0 0</td> </tr> <tr> <td>Congo red</td> <td style="text-align: right;">1 8 0</td> </tr> </table> | | | | | | | | Per cwt. | | Rs. a. p. | Alizarine, moist— | | (a) not exceeding 16 per cent. | 120 0 0 | (b) Over 16 per cent. but not exceeding 20 per cent. | 140 0 0 | (c) exceeding 20 per cent... | 250 0 0 | Alizarine, dry— | Per lb. | (a) not exceeding 40 per cent. | 3 12 0 | (b) exceeding 40 per cent... | 7 0 0 | Congo red | 1 8 0 | | | | | | | | |
| | Per cwt. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Rs. a. p. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alizarine, moist— | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (a) not exceeding 16 per cent. | 120 0 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (b) Over 16 per cent. but not exceeding 20 per cent. | 140 0 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (c) exceeding 20 per cent... | 250 0 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alizarine, dry— | Per lb. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (a) not exceeding 40 per cent. | 3 12 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (b) exceeding 40 per cent... | 7 0 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Congo red | 1 8 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|----------|---|-----------------------|--|---|----------------------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| | SECTION VI—<i>contd.</i> | | | | | |
| | CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS— <i>contd.</i> | | | | | |
| | <i>Tariff values—</i> | | | | | |
| | Coupling dyes of the naphthol group— | Per lb. | | | | |
| | (a) Naphthols | Rs. a. p. | | | | |
| | (b) Rapid fast colours (rapid salts). | 12 12 0 | | | | |
| | (c) Bases | 5 8 0 | | | | |
| | (d) Other salts | 4 0 0 | | | | |
| | <i>Vats—</i> | | | | | |
| | (a) Indigo | 2 10 0 | | | | |
| | (b) Carbarole blue | 5 0 0 | | | | |
| | (c) Other sorts— | | | | | |
| | (i) Paste | 10 0 0 | | | | |
| | (ii) Powder | 28 0 0 | | | | |
| | Sulphur black | 0 15 0 | | | | |
| | Metanil yellow | 1 8 0 | | | | |
| | Aniline oil | 1 0 0 | | | | |
| | Aniline salts | 1 0 0 | | | | |
| | All others | 2 10 0 | | | | |
| 30(2) | PAINTS, COLOURS AND PAINTERS' MATERIALS, the following, namely:— | | | | | |
| | (a) Red lead, genuine dry, genuine moist and reduced moist. | Preferential revenue. | 30 per cent. <i>ad valorem</i> . or Rs. 4-12 per cwt., whichever is higher. | 20 per cent. <i>ad valorem</i>. | .... | .... |
| | (b) White lead, genuine dry | Preferential revenue. | 30 per cent. <i>ad valorem</i> . or Rs. 5-12 per cwt., whichever is higher. | 20 per cent. <i>ad valorem</i>. | .... | .... |
| | (c) Zinc white, genuine dry | Preferential revenue. | 30 per cent. <i>ad valorem</i> . or Rs. 6 per cwt., whichever is higher. | 20 per cent. <i>ad valorem</i>. | .... | .... |
| | (d) Paints, other sorts, coloured, moist— | | | | | |
| | (i) in packing of 1 lb. or over | Preferential revenue. | 30 per cent. <i>ad valorem</i> . or Rs. 8-8 per cwt., whichever is higher. | 20 per cent. <i>ad valorem</i>. | .... | .... |
| | (ii) in packing of $\frac{1}{2}$ lb. and over but less than 1 lb. | Preferential revenue. | 30 per cent. <i>ad valorem</i> . or Rs. 11-4 per cwt., whichever is higher. | 20 per cent. <i>ad valorem</i>. | .... | .... |
| | (iii) in packing of $\frac{1}{4}$ lb. and over but less than $\frac{1}{2}$ lb. | Preferential revenue. | 30 per cent. <i>ad valorem</i> . or Rs. 17 per cwt., whichever is higher. | 20 per cent. <i>ad valorem</i>. | .... | .... |
| | (iv) in packing of less than $\frac{1}{4}$ lb. | Preferential revenue. | 30 per cent. <i>ad valorem</i> . or Rs. 24 per cwt., whichever is higher. | 20 per cent. <i>ad valorem</i>. | .... | .... |
| 30(3) | PAINTS, COLOURS AND PAINTERS' MATERIALS, the following, namely:— | | | | | |
| | (a) Red lead, reduced dry | Revenue .. | 25 per cent. <i>ad valorem</i> . or Rs. 4-12 per cwt., whichever is higher. | .... | .... | .... |
| | (b) White lead, genuine moist, and reduced dry or moist. | Revenue .. | 25 per cent. <i>ad valorem</i> . or Rs. 5-12 per cwt., whichever is higher. | .... | .... | .... |
| | (c) Zinc white, genuine moist | Revenue .. | 25 per cent. <i>ad valorem</i> . or Rs. 6 per cwt., whichever is higher. | .... | .... | .... |
| | (d) Zinc white, reduced dry or moist | Revenue .. | 25 per cent. <i>ad valorem</i> . or Rs. 4-4 per cwt., whichever is higher. | .... | .... | .... |
| 30(4) | THE FOLLOWING PAINTS, COLOURS AND PAINTERS' MATERIALS, namely, barytes, turpentine, turpentine substitute, and varnish not containing dangerous petroleum within the meaning of the Indian Petroleum Act, 1934. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 30(5) | PLUMBAGO AND GRAPHITE | Preferential revenue. | 30 per cent. <i>ad valorem</i>. | .... | 20 per cent. <i>ad valorem</i>. | .... |
| 30(6) | PRINTERS' INK | Revenue .. | 10 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 30(7) | LEAD PENCILS | Revenue .. | 25 per cent. <i>ad valorem</i> . or one anna per dozen, whichever is higher. | .... | .... | .... |
| 30(8) | SLATE PENCILS | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 31 | NATURAL ESSENTIAL OILS, all sorts not otherwise specified. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| | <i>Tariff value—</i> | | | | | |
| | Cassia oil, natural, from the Far East. | Per lb. | | | | |
| | | Rs. a. p. | | | | |
| | | 1 4 0 | | | | |

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|---|---|-----------------------|--|---|----------------------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION VI—<i>contd.</i> | | | | | | |
| CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS—<i>contd.</i> | | | | | | |
| 31(1) | THE FOLLOWING NATURAL ESSENTIAL OILS, namely, citronella, cinnamon, and cinnamon leaf. | Preferential revenue. | 30 per cent. <i>ad valorem</i>. | .... | 20 per cent. <i>ad valorem</i>. | .... |
| | <i>Tariff values—</i> | | | | | |
| | Per lb. | | | | | |
| | Rs. a p. | | | | | |
| | Citronella oil, natural, from the Far East. | 1 4 0 | | | | |
| 31(2) | THE FOLLOWING NATURAL ESSENTIAL OILS, namely, almond, bergamot, gajupatti, camphor, cloves, eucalyptus, lavender, lemon, otto rose and peppermint. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| | <i>Tariff values—</i> | | | | | |
| | Per lb. | | | | | |
| | Rs. a p. | | | | | |
| | Gajupatti oil, natural, from the Far East. | 2 2 0 | | | | |
| | *Peppermint oil, natural, from the Far East. | 5 0 0 | | | | |
| | *The tariff value applies to peppermint oil packed in containers of more than 1 oz. | | | | | |
| 31(3) | ESSENTIAL OILS, synthetic | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 31(4) | CAMPHOR | Revenue | 50 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 31(5) | PERFUMERY, not otherwise specified | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| | <i>Tariff values—</i> | | | | | |
| | Per cwt. | | | | | |
| | Rs. a p. | | | | | |
| | Gowla, husked and unhusked.. | 75 0 0 | | | | |
| | Kapurkachri (zedoary) .. | 14 10 0 | | | | |
| | Patch leaves (patchouli) .. | 26 0 0 | | | | |
| | Rose-flowers, dried .. | 13 0 0 | | | | |
| 32 | SOAP, not otherwise specified | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 32(1) | SOAP, Toilet | Revenue | 25 per cent. <i>ad valorem</i> or Ra. 20 per cwt., whichever is higher. | .... | .... | .... |
| 32(2) | SOAP, household and laundry— | | | | | |
| | (a) in plain bars of not less than one pound in weight. | Revenue | Rs. 4 per cwt. .. | .... | .... | .... |
| | (b) other sorts | Revenue | Rs. 6-8 per cwt. .. | .... | .... | .... |
| 32(3) | POLISHES AND COMPOSITIONS | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 32(4) | CANDLES | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 33 | GLUE, not otherwise specified | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 33(1) | GLUE, clarified, liquid | Revenue | 10 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 34 | GUNPOWDER FOR CANNONS, RIFLES, GUNS, PISTOLS AND SPORTING PURPOSES. | Revenue | 50 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 34(1) | EXPLOSIVES, namely, blasting gunpowder, blasting gelatine, blasting dynamite, blasting roborite, blasting tonite, and all other sorts, including detonators and blasting fuze.† | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 34(2) | FIREWORKS, specially prepared as danger or distress lights for the use of ships. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 34(3) | FIREWORKS, not otherwise specified‡ | Revenue | 50 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 34(4) | MATCHES, undipped splints and veneers— | | | | | |
| | (a) Matches— | | | | | |
| | (1) In boxes or booklets containing on an average not more than 40 matches. | Protective | The rate at which excise duty is for the time being leviable on such matches manufactured in British India§ plus ten annas per gross of boxes or booklets. | .... | .... | .... |

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, explosives specially adapted for use in coal mines and included in the list of "Permitted Explosives" issued by the Chief Inspector of Mines in India under the Indian Coal Mines Regulations, 1926, and in force for the time being are exempt from payment of import duty.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, fireworks specially designed for the use of aircraft are liable to duty at 25 per cent. *ad valorem*.

§ The rate of excise duty on the 1st March, 1941, and until further notice is Rs. 2 per gross of boxes or booklets. The rate of excise duty on matches of the type known as "Bengal lights" in boxes containing on an average not more than 12 matches is 10 annas per gross of boxes.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|---|---|-----------------|--|---|-------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION VI—<i>concl.</i> | | | | | | |
| CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS— <i>concl.</i> | | | | | | |
| | (2) In boxes or booklets containing on an average more than 40 but not more than 60 matches. | Protective | The rate at which excise duty is for the time being leviable on such matches manufactured in British India* plus fifteen annas per gross of boxes or booklets. | .... | .... | .... |
| | (3) In boxes or booklets containing on an average more than 60 but not more than 80 matches. | Protective | The rate at which excise duty is for the time being leviable on such matches manufactured in British India† plus Re. 1-4 per gross of boxes or booklets. | .... | .... | .... |
| | (4) All other matches | Protective | The rate at which excise duty is for the time being leviable on such matches manufactured in British India‡ plus one pie for every 48 matches or fraction thereof. | .... | .... | .... |
| | (b) Undipped splints such as are ordinarily used for match-making. | Protective | Five annas and seven and a half pies per lb. | .... | .... | .... |
| | (c) Veneers such as are ordinarily used for making boxes, including boxes and parts of boxes made of such veneers. | Protective | Seven annas and six pies per lb. | .... | .... | .... |
| 35 | MANURES, all sorts, including animal bones and the following chemical manures:—Basic slag, nitrate of ammonia, nitrate of soda, muriate of potash, sulphate of ammonia, sulphate of potash, kainit salts, carboline, urea, nitrate of lime, calcium cyanamide, ammonium phosphates, mineral phosphates and mineral superphosphates. | .... | Free | .... | .... | .... |
| SECTION VII. | | | | | | |
| HIDES, SKINS, LEATHER, FUR SKINS, AND MANUFACTURES OF THESE MATERIALS. | | | | | | |
| 36 | HIDES AND SKINS not otherwise specified | Revenue | 25 per cent. <i>ad valorem.</i> | .... | .... | .... |
| 36(1) | HIDES AND SKINS, raw or salted | .... | Free | .... | .... | .... |
| 36(2) | SKINS (other than Fur Skins), tanned or dressed, and unwrought leather. | Revenue | 25 per cent. <i>ad valorem.</i> | .... | .... | .... |
| 37 | THE FOLLOWING LEATHER MANUFACTURES, namely, saddlery, harness, trunks and bags. | Revenue | 25 per cent. <i>ad valorem.</i> | .... | .... | .... |
| 37(1) | LEATHER CLOTH INCLUDING ARTIFICIAL LEATHER, and other manufactures of leather not otherwise specified. | Revenue | 25 per cent. <i>ad valorem.</i> | .... | .... | .... |
| 38 | FUR SKINS, dressed | Revenue | 25 per cent. <i>ad valorem.</i> | .... | .... | .... |
| SECTION VIII. | | | | | | |
| RUBBER AND ARTICLES MADE OF RUBBER. | | | | | | |
| 39 | RUBBER, raw | .... | Free | .... | .... | .... |
| 39(1) | RUBBER TYRES AND TUBES AND OTHER MANUFACTURES OF RUBBER, not otherwise specified, excluding apparel and boots and shoes. | Revenue | 25 per cent. <i>ad valorem.</i> | .... | .... | .... |
| | <i>Tariff values—</i> | | | | | |
| | | Per doz. | | | | |
| | Cycle tyres (pneumatic) from the Far East. | Rs. a. p. | | | | |
| | | 11 8 0 | | | | |
| | Cycle tubes from the Far East | 5 8 0 | | | | |
| | Solid rubber tyres for carriages and rickshaws. | Per lb. | | | | |
| | | 0 8 9 | | | | |
| SECTION IX. | | | | | | |
| WOOD AND CORK AND WARES OF THESE MATERIALS; GOODS MADE OF PLAITING MATERIALS. | | | | | | |
| 40 | WOOD AND TIMBER, all sorts, not otherwise specified, including all sorts of ornamental wood. | Revenue | 25 per cent. <i>ad valorem.</i> | .... | .... | .... |

* The rate of excise duty on the 1st March, 1941, and until further notice is Rs. 3-0 per gross of boxes or booklets.

† The rate of excise duty on the 1st March, 1941, and until further notice is Rs. 4 per gross of boxes or booklets.

‡ The rate of excise duty on the 1st January, 1941, and until further notice is 4 annas for every 1,440 matches or fraction thereof.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|---|---|-----------------|--|---|-------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION IX—<i>concl.</i> | | | | | | |
| WOOD AND CORK AND WARES OF THESE MATERIALS; GOODS MADE OF PLAITING MATERIALS—<i>concl.</i> | | | | | | |
| 40(1) | FIREWOOD | Revenue | 2½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| 40(2) | FURNITURE AND CABINETWARE, not otherwise specified, excluding mouldings. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 40(3) | TEA CHESTS AND PARTS AND FITTINGS thereof | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 41 | CORK MANUFACTURES not otherwise specified. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 42 | FURNITURE OF WICKERWORK OR BAMBOO .. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| SECTION X. | | | | | | |
| PAPER AND ITS APPLICATIONS. | | | | | | |
| 43 | WOOD PULP | Protective | 25 per cent. <i>ad valorem</i> or Rs. 30 per ton, whichever is higher. | .... | .... | March 31st, 1942. |
| 44 | WRITING PAPER— | | | | | |
| | (a) Ruled or printed forms (including letter paper with printed headings) and envelopes made of writing paper and account and manuscript books and binding thereof. | Protective | Nine pies per lb. or 25 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | (b) All other sorts | Protective | Nine pies per lb. .. | .... | .... | March 31st, 1942. |
| 44(1) | PRINTING PAPER, excluding poster and stereo and all coated papers, but including art paper, all sorts which contain no mechanical wood pulp or in which the mechanical wood pulp amounts to less than 70 per cent. of the fibre content. | Protective | Nine pies per lb. .. | .... | .... | March 31st, 1942. |
| 44(2) | PRINTING PAPER, all sorts not otherwise specified which contain mechanical wood pulp amounting to not less than 70 per cent. of the fibre content.* | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 44(3) | PAPER, including poster and stereo and all coated papers except art paper, all sorts, not otherwise specified. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 44(4) | PASTEBOARD, MILLEBOARD, CARDBOARD AND STRAWBOARD, all sorts. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 44(5) | TRADE CATALOGUES AND ADVERTISING CIRCULARS imported by packet, book or parcel post. | .... | Free .. .. . | .... | .... | .... |
| 44(6) | PAPER MONEY .. .. . | .... | Free .. .. . | .... | .... | .... |
| 44(7) | NEWSPAPERS, OLD, in bales and bags .. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 45 | ARTICLES MADE OF PAPER AND PAPIER MACHE; Stationery including drawing and copy books, labels, advertising circulars, sheet or card almanacs and calendars, Christmas, Easter and other cards, including cards in booklet forms; including also waste paper but excluding paper and stationery otherwise specified.† | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 45(1) | BOOKS, printed, including covers for printed books, maps, charts and plans, proofs, music, manuscripts, and illustrations specially made for binding in books. | .... | Free .. .. . | .... | .... | .... |
| 45(2) | PRINTS, ENGRAVING AND PICTURES (including photographs and picture post cards) on paper or cardboard.‡ | Revenue | 50 per cent. <i>ad valorem</i>. | .... | .... | .... |

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, the following classes of printing paper containing Mechanical Wood Pulp amounting to not less than 70 per cent. of the fibre content are exempt from payment of so much of the import duty as is in excess of the amount mentioned against each:—(i) newsprint in reels, unglazed—Re. 1-8 per cwt., (ii) newsprint in reels, other sorts—Re. 1-12 per cwt., and (iii) all sorts not in reels (excluding chrome, marble, flint, poster, stereo and art paper) white or grey—Rs. 2 per cwt.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, posters, pamphlets and other printed material intended for tourist propaganda purposes, provided they are issued by or under the auspices of the Governments of the countries, being countries outside India, within which travel is to be stimulated and are not primarily intended to advertise the services of any private tourist agency, are exempt from payment of import duty.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, wall picture and diagrams such as are ordinarily used for instructional purposes are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|---|---|----------------------|--|---|----------------------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION XI. | | | | | | |
| TEXTILE MATERIALS AND TEXTILE GOODS. | | | | | | |
| 46 | SILK, RAW (excluding silk waste and noils), and silk cocoons. | Protective | 25 per cent. <i>ad valorem</i> plus 14 annas per lb. | .... | .... | March 31st, 1942. |
| | <i>Tariff values—</i> | | | | | |
| | Silk, raw— | | Per lb. | | | |
| | | | Rs. a. p. | | | |
| | Chinese— | | | | | |
| | Waste products | | 1 14 0 | | | |
| | Dupplon all kinds | | 2 8 0 | | | |
| | Hand reeled (excluding re-reeled). | | 3 0 0 | | | |
| | All other sorts | | 4 0 0 | | | |
| | Japanese filatures and hand reeled and hand re-reeled but excluding dupplon all kinds. | | 6 8 0 | | | |
| 46(1) | SILK WASTE AND NOILS | Protective | 25 per cent. <i>ad valorem</i>. | .... | .... | March 31st, 1942. |
| 46(2) | WOOL, RAW, AND WOOLTOPS .. .. | .... | Free .. .. | .... | .... | .... |
| 46(3) | COTTON, RAW | Revenue | One anna per lb. .. | .... | .... | .... |
| 46(4) | TEXTILE MATERIALS, the following:— | Revenue | Raw hemp—18½ per cent. <i>ad valorem</i> ; all others—25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| | Raw flax, hemp, jute and all other unmanufactured textile materials not otherwise specified. | | | | | |
| 46(5) | SISAL AND ALOE FIBRE | Preferential revenue | 30 per cent. <i>ad valorem</i>. | .... | 20 per cent. <i>ad valorem</i>. | .... |
| 47 | SILK YARN including thrown silk warps and yarn spun from silk waste or noils, but excluding sewing thread.* | Protective | 25 per cent. <i>ad valorem</i> , plus 14 annas per lb. | .... | .... | March 31st, 1942. |
| 47(1) | SILK SEWING THREAD | Protective | 25 per cent. <i>ad valorem</i>. | .... | .... | March 31st, 1942. |
| 47(2) | ARTIFICIAL SILK YARN AND THREAD .. | Revenue | 25 per cent. <i>ad valorem</i> or 5 annas per lb., whichever is higher. | .... | .... | .... |
| 47(3) | WOOLLEN YARN, not otherwise specified .. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 47(4) | WOOLLEN YARN for weaving and knitting wool. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 47(5) | COTTON THREAD, other than sewing or darning thread. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 47(6) | COTTON TWIST AND YARN, and cotton sewing or darning thread†— | | | | | |
| | (a) of counts above 50's— | | | | | |
| | (i) of British manufacture .. | Protective | 5 per cent. <i>ad valorem</i>.. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture .. | Protective | 6½ per cent. <i>ad valorem</i>. | .... | .... | March 31st, 1942. |
| | (b) of counts 50's and below— | | | | | |
| | (i) of British manufacture .. | Protective | 5 per cent. <i>ad valorem</i> or 1½ annas per lb., whichever is higher. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture .. | Protective | 6½ per cent. <i>ad valorem</i> or 1½ annas per lb., whichever is higher. | .... | .... | March 31st, 1942. |
| 47(7) | TWIST AND YARN OF FLAX OR JUTE | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 47(8) | YARN (excluding cotton yarn) such as is ordinarily used for the manufacture of belting for machinery. | Revenue | 6½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| 48 | FABRICS, not otherwise specified, containing more than 90 per cent. of silk, including such fabrics embroidered with artificial silk— | | | | | |
| | (a) Pongee | Protective | 50 per cent. <i>ad valorem</i> plus Re. 1 per lb. | .... | .... | March 31st, 1942. |
| | (b) Fuji, Boseki and corded (excluding white cord). | Protective | 50 per cent. <i>ad valorem</i> plus Re. 1-8 per lb. | .... | .... | March 31st, 1942. |
| | (c) Other sorts‡ | Protective | 50 per cent. <i>ad valorem</i> plus Rs. 2 per lb. | .... | .... | March 31st, 1942. |

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, noil yarn is exempt from payment of the additional specific duty of 14 annas per lb.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, cotton sewing or darning thread wound on reels, balls, tubes, cards, bobbins, spools, cops, cheeses and cones is liable to duty at 5 per cent. *ad valorem* when the thread is of British manufacture and at 6½ per cent. *ad valorem* when it is of non-British manufacture.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, (1) Chinese silk piecegoods, the following, namely, Ghat-Pote, plain and flower, and Gauze, plain and flower, are liable to duty at 50 per cent. *ad valorem* plus Re. 1 per lb., and (2) Paj, all sorts, are exempt from so much of the duty as is in excess of 75 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|--|---|-----------------|--|---|-------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION XI—<i>contd.</i> | | | | | | |
| TEXTILE MATERIALS AND TEXTILE GOODS—<i>contd.</i> | | | | | | |
| 48(1) | FABRICS, not otherwise specified, containing more than 90 per cent. of artificial silk— | | | | | |
| | (a) of British manufacture | Protective .. | 30 per cent. <i>ad valorem</i> or 2½ annas per square yard, whichever is higher. | .... | .... | March 31st, 1942. |
| | (b) not of British manufacture* .. . | Protective .. | 50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher. | .... | .... | March 31st, 1942. |
| 48(2) | WOOLLEN FABRICS, not otherwise specified, containing more than 90 per cent. of wool, excluding felt and fabrics made of shoddy or waste wool. | Revenue .. | 25 per cent. <i>ad valorem</i> or Re. 1-2 per lb., whichever is higher. | .... | .... | .... |
| 48(3) | COTTON FABRICS, not otherwise specified, containing more than 90 per cent. of cotton— | | | | | |
| | (a) Grey piecegoods (excluding bordered grey chadars, dhuties, saris and scarves)— | | | | | |
| | (i) of British manufacture† .. | Protective .. | 15 per cent. <i>ad valorem</i> or 2½ annas per lb., whichever is higher. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture .. | Protective .. | 50 per cent. <i>ad valorem</i> or 5½ annas per lb., whichever is higher. | .... | .... | March 31st, 1942. |
| | (b) Printed piecegoods and printed fabrics— | | | | | |
| | (i) of British manufacture‡ .. | Protective .. | 17½ per cent. <i>ad valorem</i>. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture .. | Protective .. | 50 per cent. <i>ad valorem</i>. | .... | .... | March 31st, 1942. |
| | (c) Cotton piecegoods and fabrics, not otherwise specified— | | | | | |
| | (i) of British manufacture§ .. | Protective .. | 15 per cent. <i>ad valorem</i>. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture .. | Protective .. | 50 per cent. <i>ad valorem</i>. | .... | .... | March 31st, 1942. |
| 48(4) | FABRICS, not otherwise specified, containing more than 10 per cent. and not more than 90 per cent. silk— | | | | | |
| | (a) containing more than 50 per cent. of silk or artificial silk or of both. | Protective .. | 50 per cent. <i>ad valorem</i> plus Rs. 2 per lb. | .... | .... | March 31st, 1942. |
| | (b) containing not more than 50 per cent. of silk or artificial silk or of both— | | | | | |
| | (i) containing more than 10 per cent. artificial silk‡‡ | Protective .. | 50 per cent. <i>ad valorem</i> or Re. 1-8 per lb., whichever is higher. | .... | .... | March 31st, 1942. |
| | (ii) containing no artificial silk or not more than 10 per cent. artificial silk.‡‡ | Protective .. | 50 per cent. <i>ad valorem</i>. | .... | .... | March 31st, 1942. |
| 48(5) | FABRICS, not otherwise specified, containing not more than 10 per cent. silk but more than 10 per cent. and not more than 90 per cent. artificial silk— | | | | | |
| | (a) containing 50 per cent. or more cotton— | | | | | |
| | (i) of British manufacture | Protective .. | 30 per cent. <i>ad valorem</i> or 2 annas per square yard, whichever is higher. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture§§ .. | Protective .. | 50 per cent. <i>ad valorem</i> or 8½ annas per square yard, whichever is higher. | .... | .... | March 31st, 1942. |

* Under Government of India, Commerce Department, Notification No. 341-T.(5)/37, dated the 1st April, 1937, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 5 annas per square yard, whichever is higher.

† Under Government of India, Commerce Department, Notification No. 20-T.(17)/39, dated the 16th April, 1940, the articles assessable under this sub-item are liable to duty at 12½ per cent. *ad valorem* or 2½ annas per lb. whichever is higher.

‡ Under Government of India, Commerce Department, Notification No. 20-T.(17)/39, dated the 16th April, 1940, the articles assessable under this sub-item are liable to duty at 15 per cent. *ad valorem*.

§ Under Government of India, Commerce Department, Notification No. 20-T.(17)/39, dated the 16th April, 1940, the articles assessable under this sub-item are liable to duty at 12½ per cent. *ad valorem*.

‡‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, woollen all-overs embroidered with artificial silk are exempt from so much of the duty as is in excess of 25 per cent. *ad valorem* or Re. 1-2 per lb., whichever is higher.

§§ Under Government of India, Commerce Department, Notification No. 341-T. (5)/37, dated the 1st April 1937, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 4 annas per square yard, whichever is higher.

SCHEDULE I—IMPORT TARIFF—contd.

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|---|--|-----------------------|---|---|-------------------|--|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION XI—contd. | | | | | | |
| TEXTILE MATERIALS AND TEXTILE GOODS—contd. | | | | | | |
| | (b) containing no cotton or containing less than 50 per cent. cotton— | | | | | |
| | (i) of British manufacture | Protective .. | 30 per cent. <i>ad valorem</i> or 2½ annas per square yard, whichever is higher. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture* | Protective .. | 50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher. | .... | .... | March 31st, 1942. |
| 48(6) | FABRICS, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk, but containing more than 10 per cent. but not more than 90 per cent. wool. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 48(7) | FABRICS, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk or 10 per cent. wool, but containing more than 50 per cent. cotton and not more than 90 per cent. cotton— | | | | | |
| | (a) of British manufacture | Protective .. | 25 per cent. <i>ad valorem</i>. | .... | .... | March 31st, 1942. |
| | (b) not of British manufacture | Protective .. | 50 per cent. <i>ad valorem</i>. | .... | .... | March 31st, 1942. |
| 48(8) | FABRICS, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk or 10 per cent. wool or 50 per cent. cotton. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 48(9) | THE FOLLOWING COTTON FABRICS, namely, Sateens including Italians of Sateen weave, velvets and velveteens and embroidered all-overs— | | | | | |
| | (a) Printed fabrics— | | | | | |
| | (i) of British manufacture† | Protective .. | 17½ per cent. <i>ad valorem</i>. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture .. | Protective .. | 35 per cent. <i>ad valorem</i>. | .... | .... | March 31st, 1942. |
| | (b) Other fabrics— | | | | | |
| | (i) of British manufacture‡ | Protective .. | 15 per cent. <i>ad valorem</i>. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture .. | Protective .. | 35 per cent. <i>ad valorem</i>. | .... | .... | March 31st, 1942. |
| 48(10) | FABRICS containing gold or silver thread .. | Protective .. | 50 per cent. <i>ad valorem</i>. | .... | .... | March 31st, 1942. |
| 49 | TEXTILE MANUFACTURES, the following articles when made wholly or mainly of any of the fabrics specified in Item No. 48, 48(1), 48(3), 48(4), 48(5), 48(7), 48(9) or 48(10):— | Protective .. | The <i>ad valorem</i> rates of duty applicable to the fabric of which the article is wholly or mainly made. | .... | .... | The duration applicable to the fabric of which the article is wholly or mainly made. |
| | Bed sheets. | | | | | |
| | Bed spreads. | | | | | |
| | Bolster cases. | | | | | |
| | Counterpanes. | | | | | |
| | Cloths, table. | | | | | |
| | Cloths, tray. | | | | | |
| | Covers, bed. | | | | | |
| | Covers, table. | | | | | |
| | Dusters. | | | | | |
| | Glass-cloths. | | | | | |
| | Handkerchiefs. | | | | | |
| | Napkins. | | | | | |
| | Pillow cases. | | | | | |
| | Pillow slips. | | | | | |
| | Scarves. | | | | | |
| | Shirts. | | | | | |
| | Shawls. | | | | | |
| | Sacks (cotton). | | | | | |
| | Towels. | | | | | |
| | Umbrella Coverings. | | | | | |
| 49(1) | FRNDS, being <i>bons fide</i> remnants of piecegoods or other fabrics— | | | | | |
| | (a) of materials liable to duty under Item 48(3), not exceeding 4 yards in length. | Preferential revenue. | 35 per cent. <i>ad valorem</i> . | 25 per cent. <i>ad valorem</i>. | .... | .... |
| | (b) of materials liable to duty under Item 48, 48(1), 48(4), or 48(5), not exceeding 2½ yards in length. | Preferential revenue. | 35 per cent. <i>ad valorem</i> . | 25 per cent. <i>ad valorem</i>. | .... | .... |
| | (c) of other materials, not exceeding 4 yards in length | Preferential revenue. | 35 per cent. <i>ad valorem</i> . | 25 per cent. <i>ad valorem</i>. | .... | .... |
| 49(2) | RIBBONS | Revenue .. | 50 per cent. <i>ad valorem</i>. | .... | .... | .... |

* Under Government of India, Commerce Department, Notification No. 341-T. (5)/37, dated the 1st April, 1937, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 5 annas per square yard, whichever is higher.

† Under Government of India, Commerce Department, Notification No. 20-T.(17)/39, dated the 16th April, 1940, the articles assessable under this sub-item are liable to duty at 15 per cent. *ad valorem*.

‡ Under Government of India, Commerce Department, Notification No. 20-T.(17)/39, dated the 16th April, 1940, the articles assessable under this sub-item are liable to duty at 12½ per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|---|---|-----------------------|--|---|----------------------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION XI—<i>concl.</i> | | | | | | |
| TEXTILE MATERIALS AND TEXTILE GOODS—<i>concl.</i> | | | | | | |
| 49(3) | BLANKETS AND RUGS (other than floor rugs), excluding blankets and rugs made wholly or mainly from artificial silk. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 49(4) | WOOLLEN CARPETS, FLOOR RUGS, SHAWLS AND OTHER MANUFACTURES OF WOOL, not otherwise specified, including felt.* | Preferential revenue. | 35 per cent. <i>ad valorem</i> . | 25 per cent. <i>ad valorem</i>. | .... | .... |
| 49(5) | COTTON BRAIDS OR CORDS, the following, namely:— Ghoosis and Muktakasis. | Protective .. | 6½ annas per lb. .. | .... | .... | March 31st, 1942. |
| 50 | JUTE MANUFACTURES not otherwise specified.. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 50(1) | SECOND-HAND OR USED GUNNY BAGS OR CLOTH MADE OF JUTE. | .... | Free .. .. | .... | .... | .... |
| 50(2) | HEMP MANUFACTURES | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 50(3) | COTTON, HAIR AND CANVAS PLY BELTING for machinery. | Revenue .. | 6½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| 50(4) | ROPES, cotton .. .. . | .... | Free .. .. | .... | .... | .... |
| 50(5) | OIL CLOTH AND FLOOR CLOTH | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 50(6) | CORDAGE, ROPE AND TWINE OF VEGETABLE FIBRE OTHER THAN JUTE AND COTTON, not otherwise specified. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 50(7) | MATS AND MATTINGS, not otherwise specified.. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 50(8) | COIR FIBRE, COIR YARN AND COIR MATS AND MATTING. | Preferential revenue. | 30 per cent. <i>ad valorem</i>. | .... | 20 per cent. <i>ad valorem</i>. | .... |
| | <i>Tariff values—</i> | | | | | |
| | | | Per cwt. | | | |
| | | | Ra. a. p. | | | |
| | Coir fibre | | 5 0 0 | | | |
| | Coir yarn | | 10 0 0 | | | |
| 51 | SOCKS AND STOCKINGS made wholly or mainly from silk or artificial silk. | Revenue .. | 50 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 51(1) | WOOLLEN HOSIERY AND WOOLLEN KNITTED APPAREL, that is to say, all hosiery and knitted apparel containing not less than 15 per cent. of wool by weight. | Revenue .. | 25 per cent. <i>ad valorem</i> or Re. 1-2 per lb., whichever is higher. | .... | .... | .... |
| 51(2) | COTTON KNITTED APPAREL, including apparel made of cotton interlocking material, cotton undervests, knitted or woven, and cotton socks and stockings— | | | | | |
| | (a) of a weight not exceeding 4 lbs. per dozen. | Protective .. | 25 per cent. <i>ad valorem</i> or 12 annas per lb., whichever is higher. | .... | .... | March 31st, 1942. |
| | (b) of a weight exceeding 4 lbs. per dozen.. | Protective .. | 25 per cent. <i>ad valorem</i> or 10 annas per lb., whichever is higher. | .... | .... | March 31st, 1942. |
| 51(3) | COTTON KNITTED FABRIC | Protective .. | 50 per cent. <i>ad valorem</i> or 12 annas per lb., whichever is higher. | .... | .... | March 31st, 1942. |
| 52 | APPAREL, HOSIERY, HABERDASHERY, MILLINERY AND DRAPEY, not otherwise specified. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 52(1) | SILK OR ARTIFICIAL SILK GOODS used or required for medical purposes, namely:—silk or artificial silk ligatures; elastic silk or artificial silk hosiery, elbow pieces, thigh pieces, knee caps, leggings, socks, anklets, stockings, suspensory bandages, silk or artificial silk abdominal belts, silk or artificial silk web catheter tubes, and oiled silk or artificial silk. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 52(2) | UNIFORMS AND ACCOUTREMENTS APPERTAINING THERETO, imported by a public servant for his personal use. | .... | Free .. .. | .... | .... | .... |
| 52(3) | INSIGNIA AND BADGES of official British and Foreign Orders. | .... | Free .. .. | .... | .... | .... |
| 53 | TEXTILE MANUFACTURES, not otherwise specified. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 53(1) | RAGS AND OTHER PAPER-MAKING MATERIALS excluding wood pulp. | .... | Free .. .. | .... | .... | .... |
| SECTION XII. | | | | | | |
| FOOTWEAR, HATS, UMBRELLAS AND PARASOLS; ARTICLES OF FASHION. | | | | | | |
| 54 | BOOTS AND SHOES | Revenue .. | 25 per cent. <i>ad valorem</i> or six annas per pair, whichever is higher. | .... | .... | .... |

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, woollen waste and rags are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|--|--|-----------------|---|---|-------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION XII—<i>concl.</i> | | | | | | |
| FOOTWEAR, HATS, UMBRELLAS AND PARASOLS; ARTICLES OF FASHION—<i>concl.</i> | | | | | | |
| 54(1)* | ..... | ..... | ..... | ..... | ..... | ..... |
| 54(2) | UPPERS FOR BOOTS AND SHOES unless entirely made of leather. | Revenue | 25 per cent. <i>ad valorem</i> or three annas per pair, whichever is higher. | ..... | ..... | ..... |
| 55 | HATS, CAPS, BONNETS AND HATTERS' WARE, not otherwise specified. | Revenue | 25 per cent. <i>ad valorem</i>. | ..... | ..... | ..... |
| 56 | PARASOLS AND SUNSHADES AND FITTINGS for umbrellas, parasols and sunshades. | Revenue | 25 per cent. <i>ad valorem</i>. | ..... | ..... | ..... |
| 56(1) | UMBRELLAS | Revenue | 25 per cent. <i>ad valorem</i> or eight annas each, whichever is higher. | ..... | ..... | ..... |
| 57* | ..... | ..... | ..... | ..... | ..... | ..... |
| SECTION XIII. | | | | | | |
| WARES OF STONE AND OF OTHER MINERAL MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE. | | | | | | |
| 58 | ARTICLES MADE OF STONE OR MARBLE .. | Revenue | 25 per cent. <i>ad valorem</i>. | ..... | ..... | ..... |
| 58(1) | ASBESTOS MANUFACTURES, not otherwise specified. | Revenue | 25 per cent. <i>ad valorem</i>. | ..... | ..... | ..... |
| 58(2) | PACKING—ENGINE AND BOILER—all sorts, not otherwise specified. | Revenue | 25 per cent. <i>ad valorem</i>. | ..... | ..... | ..... |
| 59 | BUILDING AND ENGINEERING MATERIALS, all sorts not of iron, steel or wood, not otherwise specified, including tiles other than glass, earthenware or porcelain tiles, and firebricks not being component parts of any articles included in Item No. 72 or No. 74(2).† | Revenue | 25 per cent. <i>ad valorem</i>. | ..... | ..... | ..... |
| 59(1) | BUILDING AND ENGINEERING BRICKS .. | Revenue | 25 per cent. <i>ad valorem</i>. | ..... | ..... | ..... |
| 59(2) | EARTHENWARE, CHINA AND PORCELAIN, all sorts not otherwise specified. | Revenue | 25 per cent. <i>ad valorem</i>. | ..... | ..... | ..... |
| 59(3) | EARTHENWARE PIPES AND SANITARY WARE.. | Revenue | 25 per cent. <i>ad valorem</i>. | ..... | ..... | ..... |
| 59(4) | TILES OF EARTHENWARE AND PORCELAIN .. | Revenue | 25 per cent. <i>ad valorem</i> or two annas per square foot, whichever is higher. | ..... | ..... | ..... |
| 59(5) | DOMESTIC EARTHENWARE, china and porcelain, the following, namely:— | | | | | |
| | (a) Tea cups and coffee cups— | | | | | |
| | (i) having a capacity of more than 7½ ozs. | Revenue | 25 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher. | ..... | ..... | ..... |
| | (ii) having a capacity of not more than 7½ ozs. | Revenue | 25 per cent. <i>ad valorem</i> or four annas per dozen, whichever is higher. | ..... | ..... | ..... |
| | (b) Saucers— | | | | | |
| | (i) for use with tea cups or coffee cups having a capacity of more than 7½ ozs. | Revenue | 25 per cent. <i>ad valorem</i> or five annas per dozen, whichever is higher. | ..... | ..... | ..... |
| | (ii) for use with tea cups or coffee cups having a capacity of not more than 7½ ozs. | Revenue | 25 per cent. <i>ad valorem</i> or two annas per dozen, whichever is higher. | ..... | ..... | ..... |

* There are no entries bearing Item Nos. 54(1) and 57.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, sand is exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|----------|---|-----------------|---|---|-------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| | SECTION XIII—<i>concl.</i> | | | | | |
| | WARES OF STONE AND OF OTHER MINERAL MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE— <i>concl.</i> | | | | | |
| | (c) Tea-pots— | | | | | |
| | (i) having a capacity of more than 20 ozs. | Revenue | 25 per cent. <i>ad valorem</i> or Rs. 3 per dozen, whichever is higher. | .... | .... | .... |
| | (ii) having a capacity of more than 10 ozs. and not more than 20 ozs. | Revenue | 25 per cent. <i>ad valorem</i> or Re. 1-8 per dozen, whichever is higher. | .... | .... | .... |
| | (iii) having a capacity of not more than 10 ozs. | Revenue | 25 per cent. <i>ad valorem</i> or twelve annas per dozen, whichever is higher. | .... | .... | .... |
| | (d) Sugar-bowls | Revenue | 25 per cent. <i>ad valorem</i> or Re. 1-8 per dozen, whichever is higher. | .... | .... | .... |
| | (e) Jugs having a capacity of over 10 ozs. . | Revenue | 25 per cent. <i>ad valorem</i> or twelve annas per dozen, whichever is higher. | .... | .... | .... |
| | (f) Plates over 5½ inches in diameter— | | | | | |
| | (i) over 8½ inches in diameter .. | Revenue | 25 per cent. <i>ad valorem</i> or Re. 1 per dozen, whichever is higher. | .... | .... | .... |
| | (ii) not over 8½ inches in diameter .. | Revenue | 25 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher. | .... | .... | .... |
| 59(6) | COVERED CRUCIBLES FOR GLASS-MAKING .. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 60 | GLASS AND GLASSWARE, not otherwise specified, and lacquered ware. | Revenue | 25 per cent. <i>ad valorem</i> | .... | .... | .... |
| | <i>Tariff values—</i> | | | | | |
| | | Per gross. | | | | |
| | | Rs. a. p. | | | | |
| | Aerated water bottles, empty, from the Far East—Codd's pattern— | | | | | |
| | Under 10 ozs. | 20 | 0 | 0 | | |
| | 10 ozs. | 21 | 0 | 0 | | |
| | Over 10 ozs. | 22 | 0 | 0 | | |
| | Crown cork pattern— | | | | | |
| | 7 ozs. and under | 15 | 0 | 0 | | |
| | Over 7 ozs. up to and including 10 ozs. .. | 16 | 8 | 0 | | |
| | Over 10 ozs. | 18 | 0 | 0 | | |
| 60(1) | GLASS GLOBES AND CHIMNEYS for lamps and lanterns— | | | | | |
| | (a) Globes for hurricane lanterns | Revenue | 25 per cent. <i>ad valorem</i> or four annas and six pies per dozen, whichever is higher. | .... | .... | .... |
| | (b) Other globes and chimneys having an external base diameter of over one inch. | Revenue | 25 per cent. <i>ad valorem</i> or three annas per dozen, whichever is higher. | .... | .... | .... |
| 60(2) | ELECTRIC LIGHTING BULBS | Revenue | 50 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 60(3) | GLASS BANGLES, GLASS BEADS AND FALSE PEARLS. | Revenue | 50 per cent. <i>ad valorem</i>. | .... | .... | .... |
| | <i>Tariff values—</i> | | | | | |
| | Glass bangles— | Per 100 pairs. | | | | |
| | | Rs. a. p. | | | | |
| | <i>China—</i> | | | | | |
| | Nimuchi and pasala | 2 | 0 | 0 | | |
| | Bracelet, Jodi and fancy, all kinds. | 4 | 0 | 0 | | |
| | Rajawarakh, all kinds | 10 | 0 | 0 | | |
| | <i>Japan—</i> | | | | | |
| | Reshmi or lustre, all colours— | | | | | |
| | Fancy (including all kinds of Vankwel or zigzag but excluding hexagonal bangles). | 0 | 1 | 8 | | |
| | Fancy hexagonal | 0 | 0 | 9 | | |
| | All others | 0 | 0 | 11 | | |
| | Hollow or tube, all colours. | 0 | 2 | 0 | | |
| | <i>Sonerkada (golbala)—</i> | | | | | |
| | Containing gold in their composition. | 0 | 13 | 0 | | |
| | All others | 0 | 2 | 3 | | |
| | SECTION XIV. | | | | | |
| | REAL PEARLS, PRECIOUS STONES, PRECIOUS METALS AND WARES OF THOSE MATERIALS; COIN (SPECIE). | | | | | |
| 61 | PRECIOUS STONES, unset and imported uncut, and Pearls, unset. | .... | Free .. .. . | .... | .... | .... |

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|--|---|-----------------|---|---|-------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION XIV—<i>concl.</i> | | | | | | |
| REAL PEARLS, PRECIOUS STONES, PRECIOUS METALS AND WARES OF THOSE MATERIALS; COIN (SPECIE)—<i>concl.</i> | | | | | | |
| 61(1) | PRECIOUS STONES, unset and imported cut* .. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 61(2) | SILVER BULLION AND SILVER SHEETS AND PLATES which have undergone no process of manufacture subsequent to rolling.† | Revenue .. | Three annas per ounce. | .... | .... | .... |
| 61(3) | GOLD BULLION AND GOLD SHEETS AND PLATES which have undergone no process of manufacture subsequent to rolling. | .... | Free .. .. . | .... | .... | .... |
| 61(4) | SILVER PLATE AND SILVER MANUFACTURES, all sorts not otherwise specified. | Revenue .. | 50 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 61(5) | SILVER THREAD AND WIRE (including so-called gold thread and wire mainly made of silver) and silver leaf including also imitation gold and silver thread and wire, lametta and metallic spangles and articles of a like nature, of whatever metal made.‡ | Protective .. | 62½ per cent. <i>ad valorem</i>. | .... | .... | March 31st, 1942. |
| 61(6) | GOLD PLATE, GOLD LEAF AND GOLD MANUFACTURES, all sorts not otherwise specified. | Revenue .. | 50 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 61(7) | GOLD OR GOLD-PLATED PEN NIBS | Revenue .. | 50 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 61(8) | ARTICLES, other than cutlery and surgical instruments, plated with gold or silver.§ | Revenue .. | 50 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 61(9) | CUTLERY, plated with gold or silver | Revenue .. | 50 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 61(10) | JEWELLERY AND JEWELS§ | Revenue .. | 50 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 62 | CURRENT COIN OF THE GOVERNMENT OF INDIA. | .... | Free .. .. . | .... | .... | .... |
| 62(1) | SILVER COIN, not otherwise specified | Revenue .. | Three annas per ounce. | .... | .... | .... |
| 62(2) | GOLD COIN .. .. . | .... | Free .. .. . | .... | .... | .... |
| SECTION XV. | | | | | | |
| BASE METALS AND ARTICLES MADE THEREFROM. | | | | | | |
| 63 | IRON OR STEEL, old | Revenue .. | 15½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| Tariff value— | | | | | | |
| Per cwt. | | | | | | |
| Rs. a. p. | | | | | | |
| Iron or steel, old 2 8 0 | | | | | | |
| 63(1) | IRON ALLOYS, viz., ferro-manganese, ferro-silicon, ferro-chrome, spiegeleisen and the like as commonly used for steel making. | Revenue .. | 15½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| 63(2) | IRON OR STEEL ANGLE, CHANNEL, TEE, FLAT, BEAM, ZED, TROUGH AND PILING— | | | | | |
| (a) not fabricated— | | | | | | |
| (i) of British manufacture— | | | | | | |
| | not coated with other metals.. | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India;¶ or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | coated with other metals .. | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India;¶ or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| (ii) not of British manufacture .. | | | | | | |
| | | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India¶ plus Rs. 43 per ton. | .... | .... | March 31st, 1942. |

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, precious stones imported cut and unset are liable to duty at 5 per cent. *ad valorem*.

† The rate of excise duty on the 1st January, 1941, and until further notice, on all silver produced in silver works in British India, is 3 annas per ounce.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, all the articles included in this item are liable to duty at 50 per cent. *ad valorem*.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, articles of imitation jewellery (including buttons and other fasteners) which consist of, or include, base metal plated with gold or silver or both and in which the proportion of gold or silver or both together to total metallic contents is less than 1.5 per cent., are liable to duty which would have been leviable had they contained no gold or silver.

¶ The rate of excise duty on the 1st January, 1941, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|--|---|-----------------|---|---|-------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION XV—<i>contd.</i> | | | | | | |
| BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i> | | | | | | |
| (b) fabricated— | | | | | | |
| | (i) of British manufacture | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture .. | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton. | .... | .... | March 31st, 1942. |
| 63(3) | IRON OR STEEL BAR AND ROD— | | | | | |
| | (i) of British manufacture | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture .. | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 39 per ton; or 20 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| 63(4) | IRON, pig | Revenue .. | 15½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| 63(5) | IRON RICE BOWLS | Revenue .. | 15½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| 63(6) | CAST IRON PIPES AND TUBES: also cast iron fittings therefor, that is to say, bends, boots, elbows, tees, sockets, flanges, plugs, valves, cocks and the like— | | | | | |
| | (i) of British manufacture† | Protective .. | 10 per cent. <i>ad valorem</i>. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture .. | Protective .. | Rs. 57-8-0 per ton .. | .... | .... | March 31st, 1942. |
| 63(7) | CAST IRON PLATES | Revenue .. | 15½ per cent. <i>ad valorem</i> | .... | .... | .... |
| 63(8) | STEEL INGOTS | Revenue .. | The excise duty leviable for the time being on steel ingots produced in British India*; or 15½ per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | .... |
| | Iron or steel blooms, billets and slabs, provided that no piece less than 1½ inches square or thick shall be included in this item.‡ | | | | | |
| 63(9) | IRON OR STEEL STRUCTURES, fabricated partially or wholly, not otherwise specified, if made mainly or wholly of iron or steel bars, sections, plates or sheets, for the construction of buildings, bridges, tanks, well curbs, trestles, towers and similar structures or for parts thereof, but not including builders' hardware or any of the articles specified in Item Nos. 72, 72(3), 74(1), 75(3), 75(4) or 76(1)— | | | | | |
| | (a) of British manufacture | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton. | .... | .... | March 31st, 1942. |
| | (b) not of British manufacture .. | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton. | .... | .... | March 31st, 1942. |
| 63(10) | STEEL, TINPLATES AND TINNED SHEETS, including tin taggers, and cuttings of such plates, sheets or taggers— | | | | | |
| | (i) of British manufacture | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 38 per ton. | .... | .... | March 31st, 1942. |

* The rate of excise duty on the 1st January, 1941, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, cast iron fittings for cast iron pipes and tubes, that is to say, bends, boots, elbows, tees, sockets, flanges, plugs, valves, cocks and the like of British manufacture are exempt from so much of the duty as is in excess of Rs. 57-8 per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, iron or steel billets are exempt from payment of the alternative *ad valorem* duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|--|--|-----------------------|---|---|-------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION XV—<i>contd.</i> | | | | | | |
| BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i> | | | | | | |
| | (ii) not of British manufacture | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 59 per ton. | .... | .... | March 31st, 1942. |
| 63(11) | IRON OR STEEL ANCHORS AND CABLES | Revenue .. | 15½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| 63(12) | A. IRON OR STEEL BOLTS AND NUTS, including hookbolts and nuts for roofing but excluding fish bolts and nuts— | | | | | |
| | (i) of British manufacture† | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 1-9-0 per cwt. | .... | .... | March 31st, 1942. |
| | B. IRON OR STEEL FISH BOLTS AND NUTS— | | | | | |
| | (i) of British manufacture | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 4-5-0 per cwt. | .... | .... | March 31st, 1942. |
| 63(13) | IRON OR STEEL EXPANDED METAL | Revenue .. | 15½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| 63(14) | IRON OR STEEL HOOPS AND STRIPS | Preferential revenue. | 20 per cent. <i>ad valorem</i> . | 10 per cent. <i>ad valorem</i>. | .... | .... |
| 63(15) | IRON OR STEEL RIVETS— | | | | | |
| | (i) of British manufacture† | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 1-14-0 per cwt. | .... | .... | March 31st, 1942. |
| 63(16) | IRON OR STEEL NAILS AND WASHERS, all sorts not otherwise specified. | Revenue .. | 15½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| 63(17) | IRON OR STEEL PIPES AND TUBES AND FITTINGS THEREFOR, if riveted or otherwise built up of plates or sheets— | | | | | |
| | (i) of British manufacture | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 12 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st 1942. |
| | (ii) not of British manufacture | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 35 per ton. | .... | .... | March 31st, 1942. |

* The rate of excise duty on the 1st January, 1941, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, iron or steel bolts and nuts of British manufacture, including hook-bolts and nuts for roofing but excluding fish bolts and nuts are exempt from so much of the duty as is in excess of Rs. 37-4 per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, iron or steel rivets of British manufacture are exempt from so much of the duty as is in excess of Rs. 43-8 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|--|---|-----------------|--|---|-------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION XV—<i>contd.</i> | | | | | | |
| BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i> | | | | | | |
| 33(18) | IRON OR STEEL PIPES AND TUBES; also fittings therefor, that is to say, bends, bolts, elbows, tees, sockets, flanges, plugs, valves, cocks and the like, excluding pipes, tubes and fittings therefor otherwise specified. | Revenue | 15½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| 63(19) | IRON OR STEEL PLATES EXCLUDING CAST IRON PLATES— | | | | | |
| | (a) not fabricated— | | | | | |
| | (i) of British manufacture*— | | | | | |
| | not coated with other metals. | Protective | 1½ times the excise duty leviable for the time being on steel ingots produced in British India; † or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | coated with other metals | Protective | 1½ times the excise duty leviable for the time being on steel ingots produced in British India; † or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture | Protective | 1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 25 per ton. | .... | .... | March 31st, 1942. |
| | (b) fabricated— | | | | | |
| | (i) of British manufacture | Protective | 1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 40 per ton. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture | Protective | 1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 40 per ton. | .... | .... | March 31st, 1942. |
| 63(20) | IRON OR STEEL SHEETS— | | | | | |
| | (a) not fabricated— | | | | | |
| | (1) not galvanized— | | | | | |
| | (i) of British manufacture ‡ | Protective | 1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 11 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture | Protective | 1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 32 per ton. | .... | .... | March 31st, 1942. |
| | (2) galvanized— | | | | | |
| | (i) of British manufacture ‡ | Protective | 1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture | Protective | 1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 40 per ton. | .... | .... | March 31st, 1942. |

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel plates of British manufacture, assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 30-5-4 per ton.

† The rate of excise duty on the 1st January, 1941, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 37-5-4 per ton.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 45-5-4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|--|---|-----------------|---|---|-------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION XV—<i>contd.</i> | | | | | | |
| BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i> | | | | | | |
| (b) fabricated— | | | | | | |
| (1) not galvanized— | | | | | | |
| | (i) of British manufacture* | Protective | 1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 12 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st 1942. |
| | (ii) not of British manufacture | Protective | 1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 35 per ton. | .... | .... | March 31st 1942. |
| (2) galvanized— | | | | | | |
| | (i) of British manufacture ‡ | Protective | 1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 11 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st 1942. |
| | (ii) not of British manufacture | Protective | 1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 44 per ton. | .... | .... | March 31st 1942. |
| 63(21) | IRON OR STEEL RAILWAY TRACK MATERIAL— | | | | | |
| | A. Rails (including tramway rails the heads of which are not grooved)— | | | | | |
| | (a) 30 lbs. per yard and over, and fish-plates therefor— | | | | | |
| | (i) of British manufacture | Protective | 1½ times the excise duty leviable for the time being on steel ingots produced in British India† or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture | Protective | 1½ times the excise duty leviable for the time being on steel ingots produced in British India† or 20 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | (b) under 30 lbs. per yard and fish-plates therefor— | | | | | |
| | (i) of British manufacture | Protective | 1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture | Protective | 1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 39 per ton. | .... | .... | March 31st, 1942. |
| | B. Switches and crossings including stretcher bars and other component parts, and switches and crossings including stretcher bars and other component parts for tramway rails the heads of which are not grooved— | | | | | |
| | (a) for rails 30 lbs. per yard and over— | | | | | |
| | (i) of British manufacture | Protective | 1½ times the excise duty leviable for the time being on steel ingots produced in British India† or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 41 per ton.

† The rate of excise duty on the 1st January, 1941, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 50 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|--|--|-----------------|---|---|-------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION XV—<i>contd.</i> | | | | | | |
| BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i> | | | | | | |
| | (ii) not of British manufacture .. | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 20 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | (b) for rails under 30 lbs. per yard— | | | | | |
| | (i) of British manufacture .. | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 11 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture .. | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 43 per ton. | .... | .... | March 31st, 1942. |
| | C. Sleepers, and sleeper bars, other than cast iron— | | | | | |
| | (i) of British manufacture† .. | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture .. | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 20 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | D. Spikes (other than dog-spikes) and tie-bars— | | | | | |
| | (i) of British manufacture .. | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture .. | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 39 per ton. | .... | .... | March 31st, 1942. |
| | E. Dog-spikes— | | | | | |
| | (i) of British manufacture .. | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus 7 annas per cwt.; or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture .. | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 2-15-0 per cwt. | .... | .... | March 31st, 1942. |
| | F. Gibs, cotters, keys (including tapered key bars), distance pieces and other fastenings for use with iron or steel sleepers— | | | | | |
| | (i) of British manufacture .. | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus 7 annas per cwt.; or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |

* The rate of excise duty on the 1st January, 1941, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, iron or steel sleeper bars, other than cast iron, are exempt from payment of the alternative *ad valorem* duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|--|--|-----------------------|---|---|-------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION XV—<i>contd.</i> | | | | | | |
| BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i> | | | | | | |
| | (ii) not of British manufacture .. | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 2-15-0 per cwt. | .... | .... | March 31st, 1942. |
| 63(22) | IRON OR STEEL RAILWAY TRACK MATERIALS, not otherwise specified, including bearing plates, cast iron sleepers and lever boxes. | Revenue .. | 15½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| 63(23) | IRON OR STEEL TRAMWAY TRACK MATERIALS, not otherwise specified, including rails, fish-plates, tie-bars, switches, crossings and the like materials of shapes and sizes specially adapted for tramway tracks. | Revenue .. | 15½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| 63(24) | IRON OR STEEL BARBED OR STRANDED WIRE AND WIRE ROPE. | Preferential revenue. | 20 per cent. <i>ad valorem</i> . | 10 per cent. <i>ad valorem</i>. | .... | .... |
| 63(25) | IRON OR STEEL WIRE, other than barbed or stranded wire, wire rope or wire netting; and iron or steel wire nails— | | | | | |
| | (i) of British manufacture | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 25 per ton. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 60 per ton. | .... | .... | March 31st, 1942. |
| 63(26) | IRON OR STEEL (other than bar or rod) specially designed for the reinforcement of concrete. | Revenue .. | 15½ per cent. <i>ad valorem</i>. | .. | .... | .... |
| 63(27) | IRON OR STEEL, the original material (but not including machinery) of any ship or other vessel intended for inland or harbour navigation which has been assembled abroad, taken to pieces and shipped for reassembly in India— | | | | | |
| | (i) of British manufacture | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | (ii) not of British manufacture | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 27-8-0 per ton; or 20 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| Provided that articles dutiable under this item shall not be deemed to be dutiable under any other item. | | | | | | |
| 63(28) | ALL SORTS OF IRON AND STEEL AND MANUFACTURES THEREOF, not otherwise specified. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| <i>Tariff values—</i> | | | | | | |
| Per can. | | | | | | |
| Rs. a. p. | | | | | | |
| Iron and Steel cans or drums— | | | | | | |
| When imported containing kerosene and motor spirit, namely:— | | | | | | |
| Cans, tinned, of four gallons capacity. | | | | | | |
| Per can or drum. | | | | | | |
| Cans or drums, not tinned, of two gallons capacity— | | | | | | |
| (a) with faucet caps | | | | | | |
| (b) ordinary | | | | | | |

* The rate of excise duty on the 1st January, 1941, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|--|---|-----------------------|---|---|-------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION XV—<i>contd.</i> | | | | | | |
| BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i> | | | | | | |
| <i>Tariff values—</i> | | | | | | |
| | Drums of four gallons capacity— | Per drum. | | | | |
| | (a) with faucet caps .. | Rs. a. p. 1 6 0 | | | | |
| | (b) ordinary | 0 13 0 | | | | |
| 63(29) | ENAMELLED IRONWARE, the following, namely:— | | | | | |
| | (a) Sign-boards | Revenue | 25 per cent. <i>ad valorem</i> or four and a half annas per square foot, whichever is higher. | .... | .... | .... |
| | (b) Domestic hollow-ware, the following, namely, basins, bowls, dishes, plates and thalas, including rice-cups, rice-bowls and rice-plates— | | | | | |
| | (i) having no diameter exceeding 19 centimetres. | Revenue | 25 per cent. <i>ad valorem</i> or per dozen four annas plus one anna for every two centimetres or part thereof by which any diameter exceeds 11 centimetres, whichever is higher. | .... | .... | .... |
| | (ii) having any diameter exceeding 19 centimetres. | Revenue | 25 per cent. <i>ad valorem</i> or per dozen eight annas plus two annas for every two centimetres or part thereof by which any diameter exceeds 19 centimetres, whichever is higher. | .... | .... | .... |
| 64 | COPPER, wrought, and manufactures of copper, all sorts, not otherwise specified. | Preferential revenue. | 30 per cent. <i>ad valorem</i> . | 20 per cent. <i>ad valorem</i>. | .... | .... |
| 64(1) | COPPER, scrap | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 65 | GERMAN SILVER including nickel silver .. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 66 | ALUMINIUM—circles, sheets and other manufactures, not otherwise specified. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .. |
| 66(1) | UNWROUGHT INGOTS, BLOCKS AND BARS OF ALUMINIUM. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .. |
| 67 | LEAD, wrought—the following articles, namely, pipes and tubes and sheets other than sheets for tea chests. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .. |
| 67(1) | LEAD SHEETS FOR TEA CHESTS | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .. |
| 68 | ZINC OR SPELTER, wrought or manufactured, not otherwise specified. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 68(1) | ZINC, unwrought, including cakes, ingots, tiles (other than boiler tiles), hard or soft slabs and plates, dust, dross and ashes; and broken zinc. | .... | Free .. .. . | .... | .... | .... |
| 69 | TIN, BLOCK | Revenue | Rs. 312-8 per ton .. | .... | .... | .... |
| 70 | BRASS, BRONZE AND SIMILAR ALLOYS, wrought, and manufactures thereof, not otherwise specified. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 70(1) | ALL SORTS OF METALS OTHER THAN IRON AND STEEL, AND MANUFACTURES THEREOF, not otherwise specified.* | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, radium is exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|----------|---|-----------------|----------------------------------|---|-------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| | SECTION XV—<i>concl.</i> | | | | | |
| | BASE METALS AND ARTICLES MADE THEREFROM—<i>concl.</i> | | | | | |
| 71 | HARDWARE, IRONMONGERY AND TOOLS, all sorts not otherwise specified, including incandescent mantles but excluding machine tools and agricultural implements. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .. |
| | <i>Tariff value—</i> | Per gross. | | | | |
| | Crown corks (except those bearing monogram or trade mark or name of an importer). | Rs. a. p. | 0 10 0 | | | |
| 71(1) | THE FOLLOWING HARDWARE, IRONMONGERY AND TOOLS, namely, agricultural implements not otherwise specified, buckets of tinned or galvanized iron, and pruning-knives. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 71(2) | CUTLERY, all sorts not otherwise specified | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 71(3) | METAL FURNITURE AND CABINETWARE | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 71(4) | PRINTING TYPE | Revenue | One anna and three pies per lb. | .... | .... | .... |
| 71(5) | THE FOLLOWING PRINTING MATERIALS, namely, leads, brass rules, wooden and metal quoins, shooting sticks and galleys and metal furniture. | Revenue | 2½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| 71(6) | RACKS FOR THE WITHERING OF TEA LEAF* | Revenue | 2½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| | SECTION XVI. | | | | | |
| | MACHINERY AND APPARATUS; ELECTRICAL MATERIAL. | | | | | |
| 72 | MACHINERY, namely, such of the following articles as are not otherwise specified†:— | Revenue | 10 per cent. <i>ad valorem</i>. | .... | .... | .... |
| | (a) prime-movers, boilers, locomotive engines and tenders for the same, portable engines (including power-driven road rollers, fire engines and tractors), and other machines in which the prime-mover is not separable from the operative parts; | | | | | |
| | (b) machines and sets of machines to be worked by electric, steam, water, fire or other power, not being manual or animal labour, or which before being brought into use require to be fixed with reference to other moving parts; | | | | | |
| | (c) apparatus and appliances, not to be operated by manual or animal labour, which are designed for use in an industrial system as parts indispensable for its operation and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose; | | | | | |
| | (d) control gear, self-acting or otherwise, and transmission-gear designed for use with any machinery above specified, including belting of all materials (other than cotton, hair and canvas ply) and driving chains, but excluding driving ropes not made of cotton; | | | | | |
| | (e) bare hard-drawn electrolytic copper wires and cables and other electrical wires and cables, insulated or not, and poles, troughs, conduits and insulators designed as parts of a transmission system, and the fittings thereof. | | | | | |
| | <i>Note.</i> —The term 'industrial system' used in sub-item (c) means an installation designed to be employed directly in the performance of any process or series of processes necessary for the manufacture, production or extraction of any commodity. | | | | | |

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, component parts of racks for the withering of tea leaf when proved to have been imported for use in racks for the withering of tea leaf are also liable to duty at 2½ per cent. *ad valorem*.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, coffee pulpers and component parts thereof are exempt from payment of import duty, provided that nothing shall be deemed to be a component part of a coffee pulper for the purpose of this exemption unless it is essential for the working of such machine and has been given for that purpose some special shape or quality that would not be essential for its use for any other purpose.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|---|--|-----------------------|----------------------------------|---|-------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION XVI—<i>contd.</i> | | | | | | |
| MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—<i>contd.</i> | | | | | | |
| 72(1) | THE FOLLOWING TEXTILE MACHINERY AND APPARATUS by whatever power operated, namely, healds; heald cords and heald knitting needles; reeds and shuttles; warp and weft preparation machinery and looms; bobbins and pirns; dobbies; Jacquard machines; Jacquard harness linen cords; Jacquard cards; punching plates for Jacquard cards; warping mills; multiple box sleys; solid border sleys; tape sleys; swivel sleys; tape looms; wool carding machines; wool spinning machines; hosiery machinery; coir mat shearing machines; coir fibre willowing machines; heald knitting machines; 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; cumblis finishing machinery; hank boilers; cotton carding and spinning machines; mail eyes, lingoes, comber boards and comber board frames; take-up motions, temples and pickers; picking bands; picking sticks; printing machines; roller cloth; clearer cloth; sizing flannel; and roller skins.* | Revenue | 10 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 72(2) | PRINTING AND LITHOGRAPHIC MATERIAL, namely, presses, lithographic plates, composing sticks, chases, imposing tables, lithographic stones, stereo-blocks, wood blocks, half-tone blocks, electro-type blocks, process blocks and highly polished copper or zinc sheets specially prepared for making process blocks, roller moulds, roller frames and stocks, roller composition, lithographic nap rollers, standing screw and hot presses, perforating machines, gold blocking presses, galley presses, proof presses, arming presses, copper plate printing presses, rolling presses, ruling machines, ruling pen making machines, lead cutters, rule cutters, slug cutters, type casting machines, type setting and casting machines, paper in rolls with side perforations to be used after further perforation for type-casting, rule bending machines, rule mitreing machines, bronzing machines, stereotyping apparatus, paper folding machines, paging machines but excluding ink and paper.† | Revenue | 10 per cent. <i>ad valorem</i>. | .... | ..... | .... |
| 72(3) | COMPONENT PARTS OF MACHINERY as defined in Items Nos. 72, 72(1) and 72(2), namely, such parts only as are essential for the working of the machine or apparatus and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose: Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the machine to which they belong if they are essential to its operation and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable. | Revenue | 10 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 72(4) | PASSENGER LIFTS AND COMPONENT PARTS AND ACCESSORIES THEREOF. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 72(5) | DOMESTIC REFRIGERATORS | Preferential revenue. | 30 per cent. <i>ad valorem</i> . | 20 per cent. <i>ad valorem</i>. | .... | .... |
| 72(6) | MACHINERY AND COMPONENT PARTS THEREOF, meaning machines or parts of machines to be worked by manual or animal labour, not otherwise specified, and any machines (except such as are designed to be used exclusively in industrial processes) which require for their operation less than one-quarter of one-horse power. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, the following textile machinery and apparatus and component parts thereof, namely, (1) ground stamping machines, (2) automatic hand repeating machines, (3) pattern cutting machines, (4) cloth analysis machines, (5) hand card punches and (6) automatic weaver knotters are also liable to duty at 10 per cent. *ad valorem*, provided that nothing shall be deemed to be a component part of textile machinery and apparatus for the purpose of this exemption unless it is essential for the working of such machinery and apparatus and has been given for that purpose some special shape or quality that would not be essential for its use for any other purpose. Under the same Notification jacquard harness linen cordage is liable to duty at 10 per cent. *ad valorem* or 4 annas per lb. whichever is higher and striking combs used in textile machinery at 10 per cent. *ad valorem*.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, the following printing machinery and apparatus, namely, composing racks and cases, composing cabinets, die-stamping machines, galley racks, embossing machines, graining machines, furniture cases and racks, line-up and register tables, book sewing machines and cloth stripping machines are liable to duty at 10 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|---|---|-----------------------|----------------------------------|---|-------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION XVI—<i>contd.</i> | | | | | | |
| MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—<i>contd.</i> | | | | | | |
| 72(7) | WATER-LIFTS, SUGAR-MILLS, SUGAR CENTRIFUGES, SUGAR PUG-MILLS, OIL-PRESSES, AND PARTS THEREOF, when constructed so that they can be worked by manual or animal power and pans for boiling sugar-cane juice. | .... | Free .. .. . | .... | .... | .... |
| 72(8) | THE FOLLOWING AGRICULTURAL IMPLEMENTS, namely, winnowers, threshers, mowing and reaping machines, binding machines, elevators, seed and corn crushers, chaff-cutters, root-cutters, ensilage-cutters, horse and bullock gear, ploughs, cultivators, scarifiers, harrows, clod-crushers, seed-drills, hay-tedders, hay presses, potato-diggers, latex spouts, spraying machines, powder-blowers, white-ant exterminating machines, beet pullers, broadcast seeders, corn pickers, corn shellers, culti-packers, drag scrapers, stalk cutters, huskers and shredders, potato planters, lime sowers, manure spreaders, listers, soil graders, and rakes; also agricultural tractors, also component parts of these implements, machines or tractors, provided that they can be readily fitted into their proper places in the implements, machines or tractors for which they are imported, and that they cannot ordinarily be used for purposes unconnected with agriculture.* | .... | Free .. .. . | .... | .... | .... |
| 72(9) | THE FOLLOWING DAIRY AND POULTRY FARMING APPLIANCES, namely, cream separators, milking machines, milk sterilizing or pasteurizing plant, milk aerating and cooling apparatus, churns, butter dryers, butter workers, milk-bottle fillers and cappers, apparatus specially designed for testing milk and other dairy produce, and incubators; also component parts of these appliances, provided that they can be readily fitted into their proper places in the appliances for which they are imported, and that they cannot ordinarily be used for other than dairy and poultry farming purposes.† | .... | Free .. .. . | .... | .... | .... |
| 72(10) | SEWING AND KNITTING MACHINES (and parts thereof) to be worked by manual labour or which require for their operation less than one-quarter of one-horse-power. | Preferential revenue. | 30 per cent. <i>ad valorem</i> . | 20 per cent. <i>ad valorem</i>. | .... | .... |
| 73 | ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, not otherwise specified, excluding telegraphic and telephonic. | Preferential revenue. | 30 per cent. <i>ad valorem</i> . | 20 per cent. <i>ad valorem</i>. | .... | .... |
| 73(1) | THE FOLLOWING ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, namely:— Electrical Control Gear and Transmission Gear, namely, switches (excluding switch-boards), fuses and current-breaking devices of all sorts and descriptions, designed for use in circuits of less than ten amperes and at a pressure not exceeding 250 volts; and regulators for use with motors designed to consume less than 187 watts; bare or insulated copper wires and cables, any one core of which, not being one specially designed as a pilot core, has a sectional area of less than one-eightieth part of a square inch, and wires and cables of other metals of not more than equivalent conductivity; and line insulators, including also cleats, connectors, leading-in tubes and the like, of types and sizes such as are ordinarily used in connection with the transmission of power for other than industrial purposes, and the fittings thereof but excluding electrical earthenware and porcelain otherwise specified. | Preferential revenue. | 30 per cent. <i>ad valorem</i> . | 20 per cent. <i>ad valorem</i>. | .... | .... |

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, the following agricultural machines and implements, namely, flame throwers for attachment to spraying machines designed for the extermination of locusts, and latex cups, are exempt from payment of import duty.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, (1) dairy appliances, excluding transport containers and articles included in this item, provided they are specially designed as dairy appliances and for use for milking the cow or for any subsequent process carried out in the dairy in connection with milk, cream, butter or cheese and (2) component parts of such dairy appliances, provided they can be readily fitted into their proper places in the appliances for which they are imported and they cannot ordinarily be used for other than dairy purposes are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|---|--|-----------------------|---|---|-------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION XVI—<i>concl.</i> | | | | | | |
| MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—<i>concl.</i> | | | | | | |
| 73(2) | THE FOLLOWING ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, namely, telegraphic and telephonic instruments, apparatus and appliances not otherwise specified, flash lights, carbons, condensers, and bell apparatus, and switch-boards designed for use in circuits of less than ten amperes and at a pressure not exceeding 250 volts; also accumulators, batteries and electro-medical apparatus.* † ‡ | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 73(3) | TELEGRAPHIC INSTRUMENTS AND APPARATUS AND PARTS THEREOF, imported by, or under the orders of, a Railway Administration. | Revenue | 15½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| 73(4) | WIRELESS RECEPTION INSTRUMENTS AND APPARATUS AND COMPONENT PARTS THEREOF, including all electric valves, amplifiers and loud speakers which are not specially designed for purposes other than wireless reception or are not original parts of and imported along with instruments or apparatus so designed.* | Preferential revenue. | 50 per cent. <i>ad valorem</i> . | 40 per cent. <i>ad valorem</i>. | .... | .... |
| 73(5) | ELECTRICAL EARTHENWARE AND PORCELAIN, the following, namely:— | | | | | |
| | (a) Insulators, Shackle, Sinclair, Cordesaux or Pin-type, not otherwise specified— | | | | | |
| | (i) fitted | Revenue | 25 per cent. <i>ad valorem</i> or Re. 1-2 per dozen, whichever is higher. | .... | .... | .... |
| | (ii) not fitted | Revenue | 25 per cent. <i>ad valorem</i> or fourteen annas per dozen, whichever is higher. | .... | .... | .... |
| | (b) Two-way cleats | Revenue | 25 per cent. <i>ad valorem</i> or four annas per gross of pairs, whichever is higher. | .... | .... | .... |
| | (c) Spacing insulators | Revenue | 25 per cent. <i>ad valorem</i> or two annas per gross, whichever is higher. | .... | .... | .... |
| | (d) Ceiling roses— | | | | | |
| | (i) fitted | Revenue | 25 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher. | .... | .... | .... |
| | (ii) not fitted | Revenue | 25 per cent. <i>ad valorem</i> or eight annas per dozen, whichever is higher. | .... | .... | .... |
| | (e) Joint-box cut-outs— | | | | | |
| | (i) fitted | Revenue | 25 per cent. <i>ad valorem</i> or eight annas per dozen, whichever is higher. | .... | .... | .... |
| | (ii) not fitted | Revenue | 25 per cent. <i>ad valorem</i> or six annas per dozen, whichever is higher. | .... | .... | .... |
| 73(6) | RUBBER-INSULATED COPPER WIRES AND CABLES, no core of which, other than one specially designed as a pilot core, has a sectional area of less than one-eightieth part of a square inch, whether made with any additional insulating or covering material or not. | Revenue | 6½ per cent. <i>ad valorem</i>. | .... | .... | .... |

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, the following wireless apparatus is liable to duty at 2½ per cent. *ad valorem*:—

(i) apparatus for wireless reception [excluding apparatus specially designed for the reception of broadcast wireless and apparatus of the description specified in clause (ii)] and component parts of such apparatus, when imported under cover of (a) a certificate issued by the Director-General of Posts and Telegraphs to the effect that he is satisfied that the apparatus will not be used for the reception of broadcast wireless or (b) a certificate to the same effect issued by the Controller of Broadcasting, if the apparatus is imported for the All-India Radio, by the Officer Commanding, Aircraft Depot, Royal Air Force (India), if the apparatus is imported by the Royal Air Force, by the following officers, if the apparatus is imported by the Royal Indian Navy, namely—at Bombay, by the Naval Store Officer; at Karachi, by the Sea-Transport Officer; and at Calcutta and Madras, by the Agent for Government Consignments concerned, and by the following officers, if imported for the Army, namely—at Karachi, by the Embarkation Supply and Stores Officer, Kiamari; at Bombay, by the Ordnance Officer, Bombay Depot, at Calcutta, by the Embarkation Supply and Stores Officer at that port, and at other ports, by the Agent for Government Consignments concerned;

(ii) apparatus for wireless reception incorporated in a single unit with transmitting apparatus;

(iii) wireless transmission apparatus and component parts thereof;

Provided that nothing shall be deemed to be a component part of apparatus for wireless telegraphy or telephony for the purpose of this exemption unless it is essential for the working of such apparatus and has been given for that purpose some special shape or quality that would not be essential for its use for any other purpose.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated 22nd June, 1935, telegraphic instruments and apparatus and parts thereof imported for supply from bond for use of a Railway Administration are liable to duty at 15½ per cent. *ad valorem*, provided that, (i) at the time of delivering the bill-of-entry for warehousing a declaration is made thereon by the importer to the effect that the goods have been imported for supply from bond for the use of a Railway Administration; and (ii) a certificate from an Officer of the Railway Administration, duly empowered in that behalf by the Agent, is produced along with the application for clearance out of bond that the goods in question are not merely guaranteed stock, but will be definitely appropriated for the use of such Railway on clearance from bond.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, carbon blocks such as are ordinarily used for the manufacture of carbon brushes for electrical motors and generators are liable to duty at 15 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|----------------------------|--|-----------------------|---|---|-------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION XVII. | | | | | | |
| TRANSPORT MATERIAL. | | | | | | |
| 74 | COAL TUBS, TIPPING WAGONS AND THE LIKE CONVEYANCES, designed for use on light rail track, if adapted to be worked by manual or animal labour and if made mainly of iron or steel; and component parts thereof made of iron or steel— | | | | | |
| | (a) of British manufacture | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| | (b) not of British manufacture | Protective .. | 1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton; or 20 per cent. <i>ad valorem</i> , whichever is higher. | .... | .... | March 31st, 1942. |
| 74(1) | TRAMCARS AND COMPONENT PARTS AND ACCESSORIES THEREOF. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 74(2) | RAILWAY MATERIALS FOR PERMANENT-WAY AND ROLLING-STOCK, namely, sleepers, other than iron and steel, and fastenings therefor; bearing plates, chairs, interlocking apparatus, brake-gear, shunting skids, couplings and springs, signals, turn-tables, weigh-bridges, carriages, wagons, traversers, rail removers, scooters, trolleys, trucks; also cranes, water-cranes and water-tanks when imported by or under the orders of a railway administration: | Revenue .. | 15½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| | Provided that for the purpose of this entry 'railway' means a line of railway subject to the provisions of the Indian Railways Act, 1890, and includes a railway constructed in a State in India and also such tramways as the Central Government may, by notification in the <i>Official Gazette</i> specifically include therein: | | | | | |
| | Provided also that articles of machinery as defined in Item No. 72 or No. 72(3) shall not be deemed to be included hereunder. | | | | | |
| 74(3) | COMPONENT PARTS OF RAILWAY MATERIALS, as defined in Item No. 74(2), namely, such parts only as are essential for the working of railways and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose: | Revenue .. | 15½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| | Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the railway material to which they belong, if they are essential to its operation and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable. | | | | | |
| 75 | CONVEYANCES, not otherwise specified, and component parts and accessories thereof; also motor vans and motor lorries imported complete. | Revenue .. | 25 per cent. <i>ad valorem</i>. | ..... | .... | .... |
| 75(1) | MOTOR CARS INCLUDING TAXI CABS AND ARTICLES (other than rubber tyres and tubes) adapted for use as parts and accessories thereof, provided that such articles as are ordinarily also used for other purposes than as parts and accessories of motor vehicles included in this Item or in Items Nos. 75(2) and 75(3) shall be dutiable at the rate of duty specified for such articles. | Preferential revenue. | 37½ per cent. <i>ad valorem</i> . | 30 per cent. <i>ad valorem</i>. | .... | .... |
| 75(2) | MOTOR CYCLES AND MOTOR SCOOTERS AND ARTICLES (other than rubber tyres and tubes) adapted for use as parts and accessories thereof except such articles as are also adapted for use as parts and accessories of motor cars. | Preferential revenue. | 37½ per cent. <i>ad valorem</i> . | 30 per cent. <i>ad valorem</i>. | .... | .... |
| 75(3) | MOTOR OMNIBUSES; chassis of motor omnibuses, motor vans and motor lorries; and parts of mechanically propelled vehicles and accessories not otherwise specified, excluding rubber tyres and tubes and such parts and accessories of motor vehicles included in this Item as are also adapted for use as parts and accessories of motor cars. | Preferential revenue. | 25 per cent. <i>ad valorem</i> . | 17½ per cent. <i>ad valorem</i>. | .... | .... |
| 75(4) | CARRIAGES AND CARTS which are not mechanically propelled, not otherwise specified, and parts and accessories thereof; excluding rubber tyres and tubes. | Revenue .. | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |

* The rate of excise duty on the 1st January, 1941, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|---|---|-----------------------|---|---|----------------------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION XVII—<i>concl.</i> | | | | | | |
| TRANSPORT MATERIAL—<i>concl.</i> | | | | | | |
| 75(5) | CYCLES (other than motor cycles) imported entire or in sections, and parts and accessories thereof; excluding rubber tyres and tubes. | Preferential revenue. | 30 per cent. <i>ad valorem</i> . | 20 per cent. <i>ad valorem</i>. | .... | .... |
| 76 | AEROPLANES, aeroplane parts, aeroplane engines, aeroplane engine parts and rubber tyres and tubes used exclusively for aeroplanes.* | Revenue | 2½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| 76(1) | SHIPS AND OTHER VESSELS† FOR INLAND AND HARBOUR NAVIGATION, including steamers, launches, boats and barges imported entire or in sections: Provided that articles of machinery as defined in Item No. 72 or No. 72(3) shall, when separately imported, not be deemed to be included hereunder. | Revenue | 15½ per cent. <i>ad valorem</i>. | .... | .... | .... |
| 76(2) | LIGHT SHIPS .. .. . | .... | Free .. .. . | .... | .... | .... |
| 76(3) | FURNITURE TACKLE AND APPAREL, not otherwise described, for steam-sailing, rowing and other vessels. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| SECTION XVIII. | | | | | | |
| SCIENTIFIC AND PRECISION INSTRUMENTS AND APPARATUS; WATCH-MAKERS' AND CLOCKMAKERS' WARES; MUSICAL INSTRUMENTS. | | | | | | |
| 77 | INSTRUMENTS, APPARATUS AND APPLIANCES, other than electrical, all sorts not otherwise specified, including photographic.‡ | Preferential revenue. | 30 per cent. <i>ad valorem</i> . | 20 per cent. <i>ad valorem</i>. | .... | .... |
| 77(1) | INSTRUMENTS, APPARATUS AND APPLIANCES, imported by a passenger as part of his personal baggage and in actual use by him in the exercise of his profession or calling. | .... | Free .. .. . | .... | .... | .... |
| 77(2) | OPTICAL, SCIENTIFIC, PHILOSOPHICAL AND SURGICAL INSTRUMENTS, APPARATUS AND APPLIANCES. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 77(3) | ARTIFICIAL TERTH | Preferential revenue. | 25 per cent. <i>ad valorem</i>. | .... | 15 per cent. <i>ad valorem</i>. | .... |
| 78 | CLOCKS AND WATCHES AND PARTS THEREOF .. | Revenue | 50 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 79 | MUSICAL INSTRUMENTS AND PARTS THEREOF, all sorts and records for talking machines. | Revenue | 50 per cent. <i>ad valorem</i>. | .... | .... | .... |
| SECTION XIX. | | | | | | |
| ARMS AND AMMUNITION. | | | | | | |
| | SAVE WHERE OTHERWISE SPECIFIED, all articles which are arms or parts of arms within the meaning of the Indian Arms Act, 1878 (excluding springs used for air guns), all tools used for cleaning or putting together the same, all machines for making, loading, closing or capping cartridges for arms other than rifled arms and all other sorts of ammunition and military stores, and any articles which the Central Government may, by notification in the <i>Official Gazette</i> , declare to be ammunition or military stores for the purposes of this Act.§ | Revenue | 50 per cent. <i>ad valorem</i> | .... | .... | .... |
| 80(1) | SUBJECT TO THE EXEMPTIONS specified in Item No. 80(3)—Firearms, including gas and air guns, gas and air rifles and gas and air pistols not otherwise specified, but excluding parts and accessories thereof.§ | Revenue | Rs. 18-12 each or 37½ per cent. <i>ad valorem</i> , whichever is higher, plus 12½ per cent. <i>ad valorem</i>. | .... | .... | .... |

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, (1) aircraft (other than aeroplanes) such as autogyros, airships, and the like; their parts, their engines, and parts of such engines and (2) aircraft materials, such as dope, 3-ply wood, duralumin sheets and fabric which have been given for use as aircraft materials some special shape or quality which would not be essential for their use for any other purpose are liable to duty at 2½ per cent. *ad valorem*.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, (a) ocean-going vessels, imported to be broken up, and (b) parts of vessels under repair removed for replacement are liable to duty at 15½ per cent. *ad valorem*, provided that articles contained in any such vessel not forming part of her necessary tackle, apparel or furniture (e.g., pianos, crockery, cutlery) shall be assessed to duty separately under the appropriate items of the Tariff.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, photo-litho films are liable to duty at 10 per cent. *ad valorem*.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, arms forming part of military equipment of officers and non-commissioned officers of foreign armies detailed for training at Army Schools of Instruction in India are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|----------|---|-----------------|----------------------------------|---|-------------------|---------------------------------------|
| | | | | The United Kingdom | A British Colony. | |
| | SECTION XIX—<i>concl.</i> | | | | | |
| | ARMS AND AMMUNITION—<i>concl.</i> | | | | | |
| 80(2) | SUBJECT TO THE EXEMPTIONS specified in Item No. 80(3)— | | | | | |
| | (a) Barrels, whether single or double, for firearms, including gas and air guns, gas and air rifles, and gas and air pistols, not otherwise specified. | Revenue | Rs. 18-12 each. | } or 3½ per cent. <i>ad valorem</i> , whichever is higher, plus 12½ per cent. <i>ad valorem</i>. | .... | .... |
| | (b) Main springs and magazine springs for firearms, including gas guns, gas rifles and gas pistols. | Revenue | Rs. 6-4 each. |  | .... | .... |
| | (c) Gun stocks and breech blocks | Revenue | Rs. 3-12 each. |  | .... | .... |
| | (d) Revolver cylinders, for each cartridge they will carry. | Revenue | Rs. 2-8 each. |  | .... | .... |
| | (e) Actions (including skeleton and waster), breech bolts and their heads, cocking pieces, and locks for muzzle loading arms. | Revenue | Rs. 1-4 each. |  | .... | .... |
| | (f) Machines for making, loading, or closing cartridges for rifled arms. | Revenue | 50 per cent. <i>ad valorem</i>. |  | .... | .... |
| | (g) Machines for capping cartridges for rifled arms. | Revenue | 50 per cent. <i>ad valorem</i>. |  | .... | .... |
| 80(3) | THE FOLLOWING ARMS, AMMUNITIONS AND MILITARY STORES:— | | | | | |
| | (a) Arms forming part of the regular equipment of a commissioned or gazetted officer in His Majesty's Service entitled to wear diplomatic, military, naval, Royal Air Force or police uniform. | .... | Free .. .. | .... | .... |  |
| | (b) A revolver and an automatic pistol and ammunition for such revolver and pistol up to a maximum of 100 rounds per revolver or pistol, (i) when accompanying a commissioned officer of His Majesty's regular forces, or of the Indian Auxiliary Force or the Indian Territorial Force or a gazetted police officer, or (ii) certified by the commandant of the corps to which such officer belongs, or, in the case of an officer not attached to any corps, by the officer commanding the station or district in which such officer is serving or, in the case of a police officer, by an Inspector-General or Commissioner of Police, to be imported by the officer for the purpose of his equipment. | .... | Free .. .. | .... | .... |  |
| | (c) Swords for presentation as army or volunteer prizes. | .... | Free .. .. | .... | .... |  |
| | (d) Arms, ammunition and military stores imported with the sanction of the Central Government for the use of any portion of the military forces of a State in India being a unit notified in pursuance of the First Schedule to the Indian Extradition Act, 1903. | .... | Free .. .. | .... | .... |  |
| | (e) Morris tubes and patent ammunition imported by officers commanding British and Indian regiments or volunteer corps for the instruction of their men.* | .... | Free .. .. | .... | .... |  |
| 80(4) | ORNAMENTAL ARMS OF AN OBSOLETE PATTERN possessing only an antiquarian value; masonic and theatrical and fancy dress swords, provided they are virtually useless for offensive or defensive purposes; and dahs intended exclusively for domestic, agricultural and industrial purposes. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... |  |
| 81 | CARTRIDGE CASES, filled and empty | Revenue | 50 per cent. <i>ad valorem</i>. | .... | .... |  |
| | SECTION XX. | | | | | |
| | MISCELLANEOUS GOODS AND PRODUCTS NOT ELSEWHERE INCLUDED. | | | | | |
| 82 | CORAL, prepared | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... |  |
| 82(1) | IVORY, manufactured, not otherwise specified.. | Revenue | 50 per cent. <i>ad valorem</i>. | .... | .... |  |

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, .22 inch Adapters, aim teachers and aperture sights for service rifles imported by officers commanding a unit of the Army in India for the instruction of their men are also exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—concl.

| Item No. | Name of article. | Nature of duty. | Standard rate of duty. | Preferential rate of duty if the article is the produce or manufacture of | | Duration of protective rates of duty. |
|---|--|-----------------|----------------------------------|---|-------------------|---------------------------------------|
| | | | | The United Kingdom. | A British Colony. | |
| SECTION XX—concl. | | | | | | |
| MISCELLANEOUS GOODS AND PRODUCTS NOT ELSEWHERE INCLUDED—concl. | | | | | | |
| 82(2) | BANGLES AND BEADS, not otherwise specified.. | Revenue | 50 per cent. <i>ad valorem</i>. | .. | .... | .... |
| | <i>Tariff values—</i> | | | | | |
| | | | | | | |
| | I. Celluloid bangles, viz. :— | | | | | |
| | (1) All plain, flat, bangles without border or groove of width not over $\frac{1}{2}$ inch but not under $\frac{1}{4}$ inch. | | | | | |
| | (2) All plain, flat, bangles with border or groove of width not over $\frac{1}{2}$ inch but not under $\frac{1}{4}$ inch, excluding bangles with multiple borders or grooves. | | | | | |
| | II. Celluloid fancy bangles, viz. :— | | | | | |
| | (1) Patla bangles, all colours, including zigzag patla bangles, of width under $\frac{1}{2}$ inch but not under $\frac{1}{4}$ inch. | | | | | |
| | (2) Rubber rings, passa, vavto, zigzag all colours and rainbow designs but excluding Coils, Dantia, and Coral roote. | | | | | |
| 83 | BRUSHES, all sorts | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 84 | Toys, games, playing cards and requisites for games and sports, bird shot, toy cannons, air guns and air pistols for the time being excluded in any part of British India from the operation of all the prohibitions and directions contained in the Indian Arms Act, 1878, and bows and arrows. | Revenue | 50 per cent. <i>ad valorem</i>. | .... | .... | .... |
| | <i>Tariff values—</i> | | | | | |
| | | | | | | |
| | | | | | | |
| | Bird shot | | | | | |
| | Tennis balls | | | | | |
| 85 | BUTTONS, metal | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 85(1) | SMOKERS' REQUISITES, excluding tobacco and matches : | Revenue | 50 per cent. <i>ad valorem</i>. | .... | .... | .... |
| | Provided that mechanical lighters as defined in the Mechanical Lighters (Excise Duty) Act, 1934, shall be liable in addition to a duty equal to the amount of the excise duty imposed by that Act, on mechanical lighters manufactured in British India.* | | | | | |
| SECTION XXI. | | | | | | |
| WORKS OF ART AND ARTICLES FOR COLLECTIONS. | | | | | | |
| 86 | PRINTS, ENGRAVINGS AND PICTURES (including photographs and picture post cards), not otherwise specified.† | Revenue | 50 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 86(1) | ART, works of, not otherwise specified .. | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |
| 86(2) | ART, the following works of :—(1) statuary and pictures intended to be put up for the public benefit in a public place, and (2) memorials of a public character intended to be put up in a public place, including the materials used, or to be used in their construction, whether worked or not. | .... | Free .. .. . | .... | .... | .... |
| 86(3) | SPECIMENS, MODELS AND WALL DIAGRAMS, illustrative of natural science, and medals and antique coins.† | .... | Free .. .. . | .... | .... | .... |
| 86(4) | POSTAGE STAMPS, whether used or unused .. | .... | Free .. .. . | .... | .... | .... |
| SECTION XXII. | | | | | | |
| ARTICLES NOT OTHERWISE SPECIFIED. | | | | | | |
| 87 | ALL OTHER ARTICLES not otherwise specified, including articles imported by post.† | Revenue | 25 per cent. <i>ad valorem</i>. | .... | .... | .... |

* The rate of excise duty on the 1st January, 1941, and until further notice is Re. 1-8 per lighter.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, wall pictures and diagrams such as are ordinarily used for instructional purposes are exempt from payment of import duty.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, unmanufactured mica and wreaths imported for being placed on graves are exempt from payment of import duty and stereo-filing is liable to duty at 10 per cent. *ad valorem*.

SCHEDULE II—EXPORT TARIFF.

| No. | Names of articles. | Per | Rate of duty. |
|-----|---|---|---------------------------|
| | JUTE, OTHER THAN BIMLIPATAM JUTE. | | Rs. a. |
| 1 | RAW JUTE— | | |
| | (1) Cuttings | Bale of 400 lbs. | 1 4 |
| | (2) All other descriptions | Bale of 400 lbs. | 4 8 |
| 2 | JUTE MANUFACTURES, when not in actual use as coverings, receptacles or bindings, for other goods— | | |
| | (1) Sacking (cloth, bags, twine, yarn, rope and twine)* | Ton of 2,240 lbs. | 20 0 |
| | (2) Hessians and all other descriptions of Jute Manufactures not otherwise specified.† | Ton of 2,240 lbs. | 32 0 |
| 3 | | | |
| | RICE. | | |
| 4 | RICE, HUSKED OR UNHUSKED, including rice flour but excluding rice bran and rice dust, which are free. | Indian maund of 82 2/7 lbs. avoirdupois weight. | Two annas and three pies. |

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, bagging for raw cotton made from cadis rove or from rove containing, in addition to cadis or other material not subject to export duty, not more than 15 per cent. jute weighing not less than 1½ lbs. per square yard and having a total of not more than 140 single or double warp and weft threads per square yard, is exempt from payment of export duty and bagging for raw cotton made from jute rove (excluding bagging specified above as exempt from payment of export duty), weighing not less than .75 lbs. per square yard and having not more than 360 warp and weft threads per square yard, is liable to export duty at Rs. 5-8 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, jute rags such as are used for paper making are exempt from payment of export duty provided that the Customs Collector is satisfied that they are useless for any purpose to which cloth or rope is ordinarily put.

‡ There is no entry bearing Item No. 3.

Report for the Year 1940.

Section IV.

SPEECH OF THE FINANCE MEMBER

ON

INTRODUCTION OF BUDGET FOR 1941-42.

**SPEECH BY THE HONOURABLE THE FINANCE MEMBER ON INTRODUCING
THE BUDGET PROPOSALS FOR 1941-42.**

THE task which falls to me of placing before this House an account of the main developments since the last annual budget was discussed, has on the present occasion been somewhat lightened by the fact that I made a financial statement during the last session in November 1940, in the course of which I drew the picture of our finances as it then presented itself. As the facts then brought out will be relatively fresh in the minds of Hon'ble Members, I shall to-day devote myself largely to bringing that account up to date, and in particular to a description of the progress of India's war effort in the field of the Defence Services and of supply. This course, in addition to meeting what I am sure is the desire of this House, will also furnish the most suitable basis for an understanding of our financial position. I shall also take this opportunity of furnishing a fuller explanation of the operations recently announced in connection with the repatriation of a large part of our sterling debt.

2. When speaking of the Indian economic situation in my first Budget Speech, I qualified my reference to the favourable features which were then manifest by emphasising the extent to which the continuance of prosperity was dependent on our ability to export freely overseas. The events of last spring and summer deprived us of our markets on the European Continent and caused a serious deterioration in the volume and facility of the shipping services available for our use. These factors, together with a temporary decline in confidence, which reduced the willingness to hold stocks, resulted in a marked fall of prices in the summer of 1940. This recession has, however, been magnified in some quarters to undue proportions, and it is well to view the facts in proper perspective. In the first nine months of the fiscal year 1938-39, our exports to all destinations amounted to 122 crores; in the first nine months of the present fiscal year they amounted to 144 crores. Thus the development of new export markets very largely compensated for the loss of old ones. In the second place, prices as a whole are still some 15 per cent. higher than they were at the beginning of September 1939 and those of certain commodities, e.g., raw materials, are considerably higher. Thirdly, such indices as are available of general economic conditions in India, such as railway traffic and postal receipts, continue to reflect an improvement over pre-war conditions.

3. To this improvement the steadily growing war effort most powerfully contributes. Last year that effort, on the side of the production of stores and of commodities required in connection with the war had barely begun; the tide of production is now rising rapidly and may be expected to exercise a generally beneficial effect upon the volume of employment and therefore upon the size of the national income. The holding of the Eastern Group Conference in this country and the establishment, consequent upon the deliberations of that Conference, of an inter-Imperial Supply Council at Delhi, illustrate in striking manner the position of India in the present war. No one would wish to see repeated the period of hectically inflated prices which ruled towards the end of the last war, but we can rely upon steadily increasing industrial effort during the present one, with consequences which seem likely permanently to affect India's position among the industrial nations of the world. The expansion in the demand for the products of Indian industry and the organized efforts which Government are making to increase the supply of trained workers must create an enhanced productive power which will be available in the period after the war, to improve the standard of life in India and to help to lessen the dependence of its growing population upon agriculture and secondary employment.

FINANCIAL YEAR, 1939-40.

4. I will now recapitulate briefly the results of the financial year 1939-40. As I explained in the course of my statement last November, the surplus of that year which in our revised estimates we had taken at Rs. 91 lakhs, actually increased to Rs. 7.77 lakhs and the amount transferred to the Revenue Reserve Fund was thus augmented by as much as Rs. 6.86 lakhs. This was the result of an improvement of Rs. 6.81 lakhs in revenue and a reduction of Rs. 5 lakhs in expenditure.

On the revenue side Customs receipts, after the sharp drop that had occurred at the outbreak of war, not only recovered to their previous level but during the closing months of the last financial year, were abnormally high. This was in large part due to the laying in of stocks, the effect of which is seen in corresponding decreases in the receipts of the following year, so that for a fair comparison the estimates and returns of both years should be considered together. In the same way the very large receipts from the abnormal Salt clearances of last winter were offset by a corresponding reduction in receipts in the current year; the actual receipts last year exceeded our revised estimate by Rs. 1,86 lakhs while those for the current year are likely to be half a crore below the budget estimate based on the normal annual consumption.

The profits from small coin increased by a further Rs. 37 lakhs. Railway earnings also recorded a further improvement so that the surplus payable to general revenues, though still short of the full contribution, increased by Rs. 72 lakhs.

In addition there were increases of Rs. 21 lakhs under Corporation Tax and Rs. 1,07 lakhs under Income-tax over our revised estimates, which themselves allowed for an appreciable rise over the new high level established by the actuals for the previous years. To some extent this increase may be taken to reflect the additional revenue due to the provisions of the Income-tax Amendment Act, the yield from which was bound to be a matter of conjecture.

This increase in Income-tax raised the divisible pool of the total taxes on income other than Corporation Tax from Rs. 13,76 lakhs to Rs. 14,66 lakhs. While we had expected that Rs. 2,38 lakhs would be payable to the Provinces from 1939-40, the amount turned out to be Rs. 2,83 lakhs. In addition to this the arrears due on account of 1938-39 were finally certified as Rs. 39 lakhs instead of Rs. 41 lakhs as provisionally reported. As the sum distributed to the Provinces in March 1940 was Rs. 2,79 lakhs, there is a balance of Rs. 43 lakhs to be paid to them along with their share for the current year.

• FINANCIAL YEAR, 1940-41.

5. I come now to the current year 1940-41. Our revised estimates for revenue, excluding the additional Rs. 6,86 lakhs available in the Revenue Reserve Fund show a net improvement of Rs. 4,21 lakhs compared with the budget estimates. Against this, however, our revised estimates for expenditure show a net increase of no less than Rs. 19,54 lakhs, of which Rs. 18½ crores are on account of the Defence Services and Rs. 1,04 lakhs are for expenditure borne by the Civil Estimates, mainly on account of schemes connected with the war. Thus while the budget estimates provided for a nominal surplus of Rs. 5 lakhs and last November I put the estimated deficit, before taking into account the revenue from the fresh taxation then imposed, at about Rs. 13 crores, we now estimate that the deficit on the current year will be Rs. 8,42 lakhs. The improvement is due to the additional revenue that has since accrued, including the further payment of Rs. 2,81 lakhs from the Railways as a refund of arrears of contribution, which has already been explained to the House in the speech of the Railway Member.

Revenue.

6. War-time conditions are naturally reflected in our reduced receipts from Customs. Against actuals of Rs. 45,88 lakhs for 1939-40, we had estimated for 1940-41 a total of Rs. 39,16 lakhs, while we now estimate this year's receipts at only Rs. 37,75 lakhs. Our receipts under this head are of course affected not only by the cessation of trade with enemy countries but also by the interruption and deflection of shipping. In addition we have had to conserve our resources by restricting imports of many commodities in order that the foreign exchange so saved may be available for the more urgent requirements of the war. Under Excise there is a drop of Rs. 2,10 lakhs from sugar. As the House is aware, the sugar industry in the main producing areas of the United Provinces and Bihar has during the present year been beset with difficulties. The maintenance in the previous season of artificially high prices for cane together with over-production led during the summer months to a situation in which large stocks were held up in the factories. The industry accordingly found itself in difficulties in

the matter of finance and revenue was slow to come in. As a remedy for this it was urged upon us that there should be either a reduction in the duty or that collection of a portion of it should be postponed. After negotiations with the two Provincial Governments a scheme was finally adopted under which the Government of India undertook to lend to the Provincial Governments funds sufficient to enable them to advance to the industry a sum equal to Re. 1 per maund on existing stocks, to be used in part payment of duty. This, combined with some lowering of prices, helped to alleviate the position, though the industry in those two Provinces continues, for reasons unconnected with the Central Excise, to be faced with problems of great difficulty. In consequence we do not now expect that the collections of sugar excise duty in the current year will exceed Rs. 3,15 lakhs as compared with our budget estimate of Rs. 5,25 lakhs.

7. I have already mentioned that our revenue from salt in the current year is expected to be Rs. 50 lakhs less than the budget estimate. Railway earnings have, however, come to our assistance and the sum they are now expected to pay to Central Revenues under the Railway convention is Rs. 7,15 lakhs, which with the additional refund of Rs. 2,81 lakhs is Rs. 4,65 lakhs more than was provided in the budget estimates. The sum of Rs. 7,15 lakhs is made up of the full contribution of Rs. 4,63 lakhs, which is 1 per cent. of the capital at charge less the loss on strategic railways, Rs. 30 lakhs as arrears of contribution from the previous year, and a further Rs. 2,22 lakhs as one-third of the excess over the first Rs. 3 crores of the remainder which would normally be transferred to the Railway Reserve Fund. Other increases are Rs. 92 lakhs under Currency and Mint mainly from the larger circulation of small coin and Rs. 65 lakhs in the surplus of the Posts and Telegraphs Department; while Taxes on Income other than Corporation Tax, including Excess Profits Tax and the Central surcharge imposed during the year show a rise of Rs. 3,30 lakhs, a part of which goes to increase the share of the Provinces from the budgetted sum of Rs. 3,00 lakhs to Rs. 3,73 lakhs.

As regards Excess Profits Tax the extent of the preliminary work proved even greater than had been expected with the result that returns were not due from assesses before the end of November. The subsequent stages of the assessment proceedings bristle with practical difficulties owing to the complexity of the computations. And to the difficulties ordinarily associated with E. P. T. there is the added difficulty of a separate depreciation computation owing to the change over in the Income-tax law to the written down value basis for depreciation. For these reasons the progress of E. P. T. assessment work has been, and is, very slow and therefore the actual receipts in the current financial year are not expected to exceed Rs. 2 crores. A substantial portion of the original estimated receipts for 1940-41 will accordingly go to swell the collections of 1941-42. This sum may be taken as of the order of Rs. 1 crore.

Expenditure.

8. *Defence Services.*—Turning to the expenditure side of the current year, I will now deal with the aspect which overshadows all others, namely, the Defence Services. In my speech introducing the Supplementary Finance Bill last November I gave the House an indication of the extent to which our budget estimate of defence expenditure for 1940-41 was likely to be upset as a result of the momentous developments in the war situation during the early months of that year. I described in some detail the various activities in which India was engaging to meet the direct and indirect threats to her security arising out of the changed conditions. At that time it was estimated that India's share of the financial commitments involved in those activities would amount eventually to roughly Rs. 33 crores on account of initial outlay and Rs. 16 crores per annum on account of recurring charges, while the budget estimate of Rs. 53½ crores for defence expenditure during 1940-41 would be exceeded by at least Rs. 14½ crores. The three months that have passed since then have been a period of steady and rapid progress in the development of India's war effort and I propose at this stage to give the House some particulars of this progress and the achievements already secured or in prospect.

In the interests of security it is not possible for me to bring the figures in every case up to date but what I am going to say will, I hope, show clearly enough that the immensely complicated business of producing efficient modern forces is going forward with speed and energy. In some directions we are, it is true, still held back by the difficulty in obtaining

materials which we cannot as yet produce in India and also by the shortage of skilled personnel of various categories. Subject, however, to these limitations, the resources of India are being intensively utilised and developed.

9. The total strength of our armed forces is now well over half a million men of all arms and further expansion is proceeding. Provision has been made for the raising of new armoured and mechanised cavalry regiments; new Indian field artillery regiments, regular infantry battalions, engineer units, more M. T. Sections and all the highly trained and specialised ancillary troops required for modern warfare. The Fighting Vehicles School has continued to expand; a new Cadet Wing has been opened at the Artillery School and an anti-aircraft training centre has been established which is designed to train several hundred students a month. The R. I. A. S. C. Officers' Technical School has been further expanded and its output is now seven times what it was at the outbreak of war. Mechanical transport training establishments have still further increased and apart from mechanised cavalry, artillery and infantry, who train their own men, the output of trained drivers has grown to 40 times what it was in August 1939. Two new Signal Training Centres have been opened and the training establishments of Sapper and Miner Units have more than doubled since November last.

10. It is impossible to exaggerate the importance of adequate training establishments in an expansion of the scale of that which we are now carrying out. Troops may be gallant and well equipped but they are not likely to succeed in modern war unless their standard of training is very high indeed. The training of the Indian Army has, it is admitted on all sides, been shown to be excellent. This has been proved beyond question by the part which they have played in the recent great victories, where they overcame a well armed and numerically far stronger enemy at surprisingly small cost to themselves. I have dwelt at some length upon this aspect of our war efforts as it is upon this that the pace of our expansion depends. We have no intention of sacrificing efficiency for mere numbers but are determined to follow as closely as possible the high standards which have been set and which have so dramatically and decisively proved their value in the past few weeks.

11. Many of the new units we have raised are now completing their training and a number have already taken up active roles. When the expansion of the army in India began, owing to difficulties in obtaining equipment, the number of armoured units and artillery regiments included was less than we would have desired. Improvements in the supply situation, however, both in India and the United Kingdom, have now made it possible to remedy this deficiency and our plans include the transformation into armoured and light-armoured regiments of the whole of the existing cavalry and the raising of additional regiments of this kind. With regard to artillery, increasing assistance from His Majesty's Government, both in personnel and equipment, has made it possible to ensure that we do not fall short in this component.

12. With regard to equipment generally His Majesty's Government have recently agreed to a standing arrangement under which India will receive a substantial fixed proportion of the output of the United Kingdom. As a result of this arrangement, steady supplies of all kinds of equipment unobtainable in India, such as guns, machine tools, optical instruments, wireless and other signalling equipment and anti-gas equipment are now forthcoming and will enable us to push forward with the modernisation of our normal defence garrison, and with the equipment of the forces now being raised on a scale adapted to the requirements of modern war.

13. The growth of the Royal Indian Navy which I summarised last November, has continued unchecked; the programme of ship-building in India has been further expanded and the recruiting and training of officers and men to man the new construction is proceeding apace. All instructional establishments have been greatly increased in capacity; a new Signal School is being built and a start has been made with a large new Gunnery School. Other new naval establishments are in process of development. Some idea of the increase in work being carried out in the Government Dockyard may be gathered from the figures of workmen of all classes and trades employed there. Before the war, the figure was 1,168; it has now risen to nearly 5,000. In addition to meeting our own requirements, a great deal of work has been carried out on behalf of His Majesty's Government in connection with the arming and

protection of both British and Indian merchant shipping, and also in the provision of repair facilities to ships of the Royal Navy.

14. As regards the Air Force the difficulties arising from deficiencies of equipment and experienced technical personnel which I mentioned on the last occasion as holding up the expansion of this arm have recently been considerably lessened. A number of modern aircraft and connected equipment are in sight from American sources and further supplies are expected which will go a considerable way towards completing and modernising the equipment of the squadrons now in India, as well as setting free machines for the training of new squadrons. The arrangements for training personnel have also been considerably improved. Close liaison between the civil and air force training schemes has been established and a proposed amalgamation and reorganization of all available facilities will provide Air Force elementary flying training schools formed around existing flying clubs and an expanded service flying training school. All these institutions will be operating to full capacity in the near future. A start has been made with the formation of the reserve to which I alluded and the training both of officers and airmen is being pushed forward as rapidly as the capacity of the schools permit and as fast as instructional and maintenance personnel and equipment become available. The scheme for establishing aeroplane manufacture in India has reached a new stage and there is now little doubt that the year 1941 will witness the appearance of the first aeroplanes to be produced in India. This achievement, memorable in itself, should prove of great value in speeding up the expansion of India's air force—a development to which we attach supreme importance.

15. The position in regard to the vital matter of supplies has, I am glad to say, substantially improved since I last addressed the House. The Government Ordnance and Clothing factories have been working at the highest pressure for some time past and an indication of what this means can be gathered from the fact that whereas before the war the average number of workmen employed in those factories was under 17,000, the number has now risen to over 45,000 and the curve of production is still rising. Steps have recently been taken to supplement the output of these factories by taking over railway and private workshops and utilising their resources for the production of munitions of war. The Roger Mission, which has been investigating the possibilities of expanding India's output of war supplies has now submitted its reports to His Majesty's Government who are giving them their urgent consideration. We hope that the result will be that India will before long be able substantially to increase her output of munitions.

With a view to stimulating private enterprise and co-ordinating the resources of the country to the fullest extent possible a thorough reorganisation of the Supply Department has been carried out during the last few months and this is already resulting in an increasingly close liaison and co-operation between that Department, other Departments of Government and Indian industry.

16. Mention may also be made here of another important development which is likely to lead to a great improvement in the supply field. Until recently the work of the Supply Department, in so far as it related to compliance with overseas demands was seriously hampered by the fact that the placing of orders in this country to meet such demands was dependent on the receipt of firm indents. Owing to the enormous fluctuations in the demands so placed on the Supply Department and the immediate urgency attaching to most of them it was found impossible to ensure prompt compliance or to make forward arrangements in such a manner as to prevent dislocation of the productive activities of the country and ensure that supplies were obtained at reasonable prices. These difficulties were presented to His Majesty's Government who have now agreed to a forward programme of supply covering the estimated requirements over a period of about two years ahead. The Department of Supply is thus able to enter into forward commitments within the limits of this programme and so maintain an even flow of production.

17. A further improvement in the supply position has been rendered possible by the receipt of authority from His Majesty's Government to purchase vehicles, machine tools and other essential war requirements in the United States and Canada, to the extent necessary to meet our needs for a considerable period ahead. The restrictions previously placed on such

purchases owing to the difficulties regarding dollar exchange had been seriously hampering the process of modernising our Army in India and equipping the newly raised units. An officer has been placed on special duty in America with the object of discovering and effecting purchases of such supplies as are available to India from this source.

Last, but certainly not least in this tale of progress, the deliberations of the Eastern Group Conference will shortly bear fruit in the shape of the institution of an Eastern Group Supply Council to be located in India which will in due course co-ordinate the requirements of various Empire countries and forces operating east of Suez and will ensure that the resources of the participating countries are utilised to the fullest advantage for the successful prosecution of the war.

18. These tremendous developments in the supply field must necessarily give a great stimulus to Indian industries. One of the most important results has been the investigation of the possibilities of establishing new industries in India for the production of stores that have hitherto been imported. The list of stores required both in India and to meet overseas demands is constantly under review and items formerly placed in the category of imported stores are continually being transferred to the indigenous category, a result of the discovery either of methods of producing them in India or of suitable domestic substitutes. As typical examples of this I may mention web equipment, and lubricating oil, bichromates, and acetic acid, which formerly imported, are now being produced in India, while the substitution of cotton canvas for flax canvas, fish oil for codliver oil, and various Indian varieties of drugs for those previously imported has enabled us to transfer their source of supply from abroad to India. This process has been particularly marked in the case of medical stores and whereas prior to September 1939, 77 per cent. of the items included in the priced vocabulary of medical stores were imported the corresponding percentage after 18 months of war is only 46.

From this brief review it will, I think, be realised that India has in addition to providing for her own local defence been able to make a noteworthy contribution to the success of the common cause in the provision both of highly trained troops and high grade material. That contribution is increasing rapidly in quantity and is not diminishing in quality.

19. I must now revert to the purely financial aspect of this remarkable picture of India's war activities. As a result of the further measures which I have just described coupled with the general improvement in the supply position, the estimates of extra cost that were given to the House last November are out of date. Our latest assessment of the cost of all measures to which we are now committed and which were not envisaged at the time of preparing the defence budget for 1940-41, indicates that they will ultimately involve initial outlay of approximately Rs. 52 crores and Rs. 19 crores additional recurring expenditure per annum. The initial outlay and full recurring cost will not of course all come forward in the first year but it is estimated that during 1940-41 the increase in India's defence expenditure on account of these measures will amount to roughly Rs. 17½ crores.

20. I may perhaps remind the House here that the allocation of war expenditure between India and His Majesty's Government is still governed by the settlement arrived at between the two Governments which was fully explained in my budget speech of a year ago. In accordance with the principles underlying this settlement any forces now being raised that India may agree to send for service overseas cease to be an Indian liability on leaving India and the whole initial cost of raising, training, and equipping such forces as well as the subsequent recurring charges are borne by His Majesty's Government. The details of the revised estimate of defence expenditure for 1940-41 amounting to Rs. 72,02 lakhs are as follows :—

| | | | | | |
|-------------------------------------|----|----|----|----|------------------|
| (1) Basic normal budget | .. | .. | .. | .. | Rs. 36,77 lakhs. |
| (2) Effect of rise in prices on (1) | .. | .. | .. | .. | .. 2,53 .. |
| (3) India's war measures | .. | .. | .. | .. | .. 24,31 .. |
| (4) Non-effective charges | .. | .. | .. | .. | .. 8,41 .. |
| | | | | | Rs. 72,02 lakhs. |

The increase of Rs. 53 lakhs in item (2) over the corresponding budget figure is mainly due to the increases of emoluments granted during 1940-41 to British and Indian troops as a war concession. In so far as these increases would have raised the cost of India's normal garrison the extra cost is included under this head. The increase of Rs. 17½ crores in item (3) has already been explained. Out of the total provision of Rs. 24.34 crores for India's war measures approximately Rs. 15 crores represents the initial cost of such measures; the balance consists of recurring expenditure. The revised estimate for non-effective charges—item (4)—has for the present been fixed at the normal budget level of 1939-40 but discussions are in progress with His Majesty's Government with a view to reaching a settlement that will regulate the allocation of these charges as has already been done for effective charges. The effect of the war on these charges obviously cannot be foreseen though happily there has so far been no appreciable increase owing to the absence of heavy casualties. I should here point out that the increase of Rs. 24.31 crores shown against item (3) over our normal defence expenditure by no means reflects the full magnitude of India's war effort since it excludes the cost of supplies and services rendered by India to His Majesty's Government, which is substantially greater than this amount.

I should also mention here that His Majesty's Government besides paying in full for all such supplies and services are providing free of charge much of the equipment needed for the modernisation of the Army in India and for the initial equipment of units now being raised in pursuance of our expansion scheme.

Civil Estimates.

21. The principal items mainly responsible for the increase in Civil expenditure, such as the schemes for the training of the Air Force Reserve and that for war technicians, were explained in some detail in my Statement last November and I will not repeat the account which I then gave to the House. Though the additional civil expenditure then accounted for was approximately Rs. 2,30 lakhs, the actual net increase in civil expenditure works out at only Rs. 1,04 lakhs. In the first place there is a reduction of Rs. 71 lakhs in Interest charges. This is mainly due to smaller payments on account of Post Office Cash Certificates and Savings Bank Deposits and to lower interest rates on our short-term debt, the volume of which has also been reduced in recent months by the success of the Indian Defence Loans. Again, on account of a change of accounting procedure, which also brings about a corresponding reduction on the revenue side, the amount of Rs. 67 lakhs received from Burma as her share of pensionary charges is now to be taken in reduction of expenditure instead of as a revenue receipt under Payments by Burma.

22. Thus our Revised Civil Estimates for the current year are expected to amount to Rs. 40,11 lakhs as compared with the Budget Estimate of Rs. 39,07 lakhs. With the net Defence Expenditure placed at Rs. 72,02 lakhs our total expenditure is estimated at Rs. 112,13 lakhs as against our total revenue of Rs. 103,71 lakhs. We are therefore left with a deficit of Rs. 8,42 lakhs in the current year. As, however, the amount provided for the reduction or avoidance of debt was Rs. 3 crores, the net addition to our indebtedness is only of the order of 5½ crores.

FINANCIAL YEAR, 1941-42.

23. I now come to the financial year, 1941-42. Our total revenue estimates amount to Rs. 106,39 lakhs as compared to Rs. 103,71 lakhs in the revised estimates of this year. Though there is no further balance available in the Revenue Reserve Fund, which provided Rs. 7,77 lakhs in the current year, this is more than made up by the first full year's receipts from the Excess Profits Tax and the Central Surcharge imposed last November. We have to allow for a further drop of 3 crores under Customs, but larger receipts are anticipated from Central Excise Duties and Salt. Also the contributions to be paid to General Revenues by the Posts and Telegraphs Department and Railways are estimated at Rs. 38 lakhs and Rs. 22 lakhs respectively higher than their increased contributions in the current year.

Revenue.

24. Against our current year's estimate of the yield from Customs duties of Rs. 37,75 lakhs, we have taken for 1941-42 the still lower figure of Rs. 34,75 lakhs. War time

factors already described in connection with the current year's receipts must be expected to continue to affect our revenue from Customs adversely, and under present conditions no one can foresee when the process will end, or the extent to which these factors may operate in the coming year. I can only say that our estimates are based on the assumption that present tendencies will continue and that there will be no violent change.

25. Our total estimates for Central Excise Duties show an increase of Rs. 1,75 lakhs almost entirely on account of sugar. We have raised our next year's estimate of the total yield from ordinary Corporation Tax and Income-Tax by approximately half a crore to Rs. 21½ crores taking account of the fact that the assessments will be based on incomes derived from a full year of war profits. At the same time the surcharge imposed for Central purposes is expected to produce Rs. 5,68 lakhs. In the light of general trading conditions during the current year the yield from Excess Profits Tax for the year 1941-42 is estimated at Rs. 7½ crores, which with the carry-over of Rs. 1 crore from the current year gives a total estimate of Rs. 8½ crores. Though Excess Profits Tax receipts are included in the total Taxes on Income, the share payable by Companies, which is roughly estimated at five-sixths, falls under Corporation Tax and thus goes in full to Central Revenues. The Excess Profits Tax on incomes other than those of Companies is expected to yield Rs. 1,42 lakhs and the divisible pool of Income Tax to increase on account of this from Rs. 16,47 lakhs to Rs. 17,93 lakhs. The share of the Provinces is thus expected to reach the figure of Rs. 4,46 lakhs as compared with Rs. 3,73 lakhs this year.

26. There is also an increase of Rs. 60 lakhs under Salt as compared with the Revised. With the utilisation of the large stocks carried over from last year, we count on the usual demand for fresh supplies next year and in consequence take our estimate of Salt revenue at the average figure of Rs. 8,30 lakhs. We are allowing for a decrease of Rs. 1,21 lakhs in Mint receipts as compared with our revised estimates for 1940-41. We have now decided that from next year an average figure of Rs. 45 lakhs from the profits from the circulation of small coin is to be taken to Revenue and any balance over this figure credited to a Suspense Account which will be available to even out the receipts over a series of years. For in years when there is a large demand for small coin the profits are abnormally high, while in others when there is a net return from circulation there is a loss to Government. The new procedure will tend to keep the revenue receipts from this source stable from year to year and will mitigate instead of aggravating the difficulties experienced in years of depression on this account. Under Currency however there is an increase of Rs. 1,25 lakhs. We are taking the Government's share of the Reserve Bank's profits, Rs. 1,17 lakhs higher on account of the higher interest which will be earned on the rupee securities held by the Bank in place of their sterling balances, and the receipts from the Currency Note Press are expected to improve by Rs. 8 lakhs. Included under Other Sources of Revenue are Rs. 63 lakhs on account of War Risk Insurance premia, the payment of which into the Fund created for this purpose is provided under expenditure.

27. *Posts and Telegraphs*.—For next year the revenue of the Posts and Telegraphs Department is expected to be Rs. 13,49 lakhs and expenditure Rs. 12,09 lakhs. The larger revenue is almost wholly due to the effect of the increases in rates. The expenditure reflects the normal growth of pay and pensionary charges in an expanding service, with some additions to maintenance charges and to the contribution to the Renewals Reserve Fund due to the rise in the prices of stores and in the value of the assets.

In my last Budget Speech I reminded Hon'ble Members that under the system of commercialisation of accounts of the Posts and Telegraphs Department the surplus of the Department forms a reserve for it on which interest has to be paid by General Revenues. I also indicated that the procedure by which the general tax-payer obtains immediate relief by incurring a future liability could not be extended indefinitely. The recent increase in rates being a measure of taxation the Posts and Telegraphs Department cannot claim the extra revenue on this account as part of its ordinary surplus. The estimated extra revenue due to this factor, namely, Rs. 33 lakhs in 1940-41 and Rs. 1,00 lakhs in 1941-42, will therefore be transferred outright to general revenues. Further the recent surpluses of the Department are due largely to war conditions, and Government traffic has contributed substantially to them. It has been decided that on the accumulated surplus beyond Rs. 1,00 lakhs the Department

will not be credited with any interest. For the present this change in the former procedure is considered a sufficient adjustment to war circumstances.

The licences of the Bengal, Bombay and Madras Telephone Companies expire in 1943. It has been decided not to renew the licences and negotiations are in progress to acquire by purchase the shares of the companies in order that the change-over may be effected smoothly. A "Government Telephone Board" has been formed to run the business in the interim period. The new arrangement is expected to start functioning about the beginning of the next financial year. An addition of Rs. 4,75 lakhs to the Telephone Development Fund will be necessary to finance the "Government Telephone Board." A proposal for a supplementary grant for this purpose will be brought forward later in this session.

Expenditure.

28. *Defence Services.*—The Defence Budget for 1941-42 amounts to Rs. 84,13 lakhs made up as follows :—

| | (Rs. in lakhs.) |
|---|-----------------|
| (1) Basic normal budget | 36,77 |
| (2) Effect of rise in prices on (1) | 3,55 |
| (3) India's war measures | 35,40 |
| (4) Non-effective charges | 8,41 |
| | 84,13 |

The increase over the revised indicated at item (2) is due to the fact that the increases in emoluments granted as a war concession to British and Indian troops took effect from various dates in 1940-41 whereas they will be in force throughout 1941-42.

The growth of expenditure on India's war measures has already been explained at length. The effect of this growth on the defence budget for 1941-42 is shown at item (3) the increase over the revised being Rs. 11,09 lakhs. Approximately half the total amount of Rs. 35,40 lakhs provided for India's war measures represents the initial cost of these measures, the balance consisting of recurring charges. I should like here to impress upon the House the fact that in these estimates of Defence Expenditure only such specific schemes and measures as are definitely under way or in sight have been provided for. Our Defence plans have to be adapted from time to time to meet the ever changing war situation, which means that additional projects are constantly being undertaken, and it is clearly impossible to make any forecast of the cost of such unforeseeable items. The provision for non-effective charges has been retained at the normal figure for 1939-40 for the reasons already given. Here too as I have remarked in connexion with the revised estimates the figures exclude the value of supplies and services rendered by India to H. M.'s Government. The charges borne by that Government on this account during 1941-42 are expected to be more than double the amount of India's war expenditure.

Civil Estimates.

29. Our Civil expenditure estimates show increases amounting to Rs. 2,61 lakhs in all as compared with the current year's revised estimates. There are first the additional sums on account of the full year's working of the various schemes arising out of the war which were started in the course of the current year. Thus next year the training of the Air Force Reserve is expected to cost Rs. 33 lakhs and the Scheme of Technical Training to provide the needs of skilled labour of the technical branches of the Defence Services and Ordnance and munitions factories a further Rs. 93 lakhs. Under this scheme, which provides for the training of 15,000 men by the end of March 1942, nearly 2,000 men are already being trained at different training centres and their number is increasing every day. Of the total cost of Rs. 1 crore, over 85 per cent. of which is for stipends to trainees and their training fees, it is now estimated that Rs. 7 lakhs will be spent in the current year and the remainder next year. Then there are a number of new items of essential expenditure which the Standing Finance Committee

have approved for inclusion in the budget. These include the share of the subsidy to this year's Haj pilgrimage to be paid by the Government of India to meet the extra cost attributable to war conditions, the establishment of a new Broadcasting station at Karachi, and a further programme of Civil Aviation Works. Rs. 5 lakhs are to be spent in the course of next year on the new Broadcasting House to be built at Delhi. Rs. 9 lakhs are being provided for a new high power transmitter for broadcasts to countries outside India, intended for the benefit of Indian nationals abroad and to enable India to present her point of view, as well as to counteract enemy broadcasts in those countries. A third Mint is to be constructed to cope with the present large coinage demand, which has increased so enormously as the result of the war. As soon however as the situation returns to normal, it is proposed to close down the existing Calcutta Mint and to transfer all serviceable plant to the new Mint so that the present valuable but congested site can be sold to defray a large part of the cost of the scheme. A substantial share of the new expenditure included in the Budget is on account of the Department of Supply which has continued to expand throughout the year to meet the ever growing demands. The great developments in the production of war materials, as well as the re-organisation of the Department carried out last December have already been described in connection with Defence. As regards the effect on industry of the orders placed on behalf of overseas Governments it may be mentioned that these have included 2½ million yards of jute canvas, 3½ million yards of a new jute and cotton fabric, 12 million yards of khaki materials, as well as 14 million yards of canvas valued at over Rs. 1,40 lakhs. At the same time the woollen industry's whole production has been absorbed to meet war demands. The production of army boots, harness, saddlery, and leather equipment which is now 30 times the pre-war average, has resulted in large orders for the tanning industry and increased demands for hides. New manufacturing plant to meet the requirements of chemicals formerly drawn from Europe are under construction. 400,000 tons of timber and over a million railway sleepers have been purchased for military requirements while wooden articles like tent poles, camp furniture and packing cases to the value of Rs. 60 lakhs have been made by Indian workmen from timber grown in the country. The total value of all these orders placed on behalf of His Majesty's Government and other allied Governments up to the middle of January exceeded Rs. 82 crores. This gives some indication of the necessity for the expansion of the Department's purchasing organisations. The expenditure on this account has increased from the figure of Rs. 23 lakhs originally provided in the budget for the current year to Rs. 58 lakhs as now estimated for next year.

SUMMARY.

30. I can now summarise the figures for 1941-42. The expenditure detailed in the civil estimates comes to Rs. 42,72 lakhs as compared with Rs. 40,11 lakhs for the current year, and with the provision for the Defence Services placed at Rs. 84,13 lakhs, our total expenditure estimates amount to Rs. 126,85 lakhs. The figures are therefore—

| | |
|-----------------------------|-------------------|
| Revenue | Rs. 106,39 lakhs. |
| Expenditure | „ 126,85 „ |
| Prospective Deficit | Rs. 20,46 lakhs. |

WAYS AND MEANS.

At this stage I propose to deal with the Ways and Means position as it has developed in the course of the last twelve months, when despite the grave repercussions of the war the credit of the country has been fully maintained at its previous high level.

31. *Defence Loans.*—Our loan programme for the year was merged in the Indian Defence Savings Movement which was launched early in June with the issue of Six Year Defence Bonds, Ten Year Defence Savings Certificates and Interest-free Bonds. From the 1st August we made these Six Year Defence Bonds the mainstay of our loan programme and removed the previous maximum on individual holdings. These Defence Bonds met with a ready and increasingly popular reception, and when we closed them on the 25th January subscriptions totalled nearly 45 crores, 31½ crores having been tendered in cash and the

balance by conversion of the 5 per cent. Loan, 1940-43. As from 1st February we issued on terms slightly more favourable to the tax-payer a second 3 per cent. Defence Loan with a longer currency and repayable at par. The results of these Defence Loans, the total receipts from which in a period of eight months have amounted to over Rs. 50 crores, testify to the strength of India's financial credit and are a good augury for the future. But I must take this opportunity of emphasizing the desirability of an even more intensive mobilisation of the country's savings if India's war effort is to continue to be financed in the most satisfactory way. However generous the donations for war purposes may be—and no one can fail to be impressed with the response so far made—it is obvious that the total of the sums received as donations can only form a very modest fraction of the amount required to finance the war effort. The fulfilment of that requirement calls for the efforts of every individual to save to the best of his capacity and to invest his savings in one or other of the different types of Defence Loan, which we have instituted to serve different needs. In addition to the Loans already described, we have started a Defence Savings Provident Fund for all Government servants which makes it easy for these classes to make regular investments. Subscriptions to this are already approaching the scale of half a crore a year. We shall shortly have in operation a simple system of facilitating popular-saving by means of a new scheme of Post Office Savings Bank Accounts, the amounts in which will be repayable not on demand but a year after the end of the war. This will afford further facilities to those of limited means who desire to invest their savings so as to assist the war effort. In order to encourage deposits of this kind, the rate of interest has been fixed at 1 per cent. higher than the existing rate on ordinary Postal Savings Banks Accounts.

During the current year Government exercised their option of repaying the 5 per cent. Loan, 1940-43 and thereby effected an appreciable saving in our interest charges. Next year we are making provisions for the repayment of the 3 per cent. Bonds, 1941, the outstanding balance of which, about Rs. 10½ crores, falls due for payment on the 15th September next.

32. *Sterling Position.*—Owing to the continued improvement in the country's balance of trade, the Reserve Bank have been able to purchase large amounts of sterling which in the first ten months of the current year aggregated approximately £47 millions. At the same time with large payments being received in the United Kingdom on account of recoverable war expenditure and the cost of supplies made to His Majesty's Government the amount of remittance required by Government has diminished to vanishing point. For our ordinary sterling requirements, excluding the amount that will be required to finance the debt redemption operation now pending, are now expected to amount to no more than £1 million in the current year, while next year instead of having to remit funds to the Secretary of State we actually expect a refund of £26 million.

33. *Repatriation of Sterling Debt.*—As I explained in my Budget Speech last year, these acquisitions of sterling continued to enable the Reserve Bank to put large amounts at our disposal for the repatriation of our sterling debt. Considerable open market purchases were made in London, particularly in the early months of the year and the total acquired in this way now stands at approximately £28½ million. As the securities market improved, however, and as the floating stock was removed, it became increasingly obvious that purchases on this scale would no longer be possible except at a cost of pushing prices up beyond a reasonable level. In these circumstances, the British Government came to our help by issuing orders under their special war powers compelling holders resident in the United Kingdom to sell their stocks to them for delivery to us at the market prices prevailing at the time of the order. The Reserve Bank agreed to provide the sterling and to guarantee the immediate financing of a scheme framed on these lines to cover all our terminable obligations, that is to say, all our sterling debt which has to be repaid on fixed dates, amounting to a total which at the prices of acquisition may be taken as approximately £90 million or Rs. 120 crores. The whole of this will, of course, not have to be paid in sterling because a certain amount, though how much we do not know yet, is held by persons who are not legally considered as resident within the United Kingdom and to whom, therefore, the order does not apply. These may be residents either in India or elsewhere. As regards the latter, the Reserve Bank has made arrangements with the Bank of England that, subject to the English regulations regarding export of capital abroad they will make an offer to non-resident holders to sell

their securities on the basis of the prices fixed for their compulsory acquisition. I anticipate that many of the holders will avail themselves of this offer because once the bulk of the debt has been paid off the remaining stocks will not be easily marketable in London and it would therefore be to the advantage of the holders to dispose of them and choose some other investment. We had also to decide what terms should be given to these stocks when held by residents in this country and we decided that we would pass a corresponding compulsory order of acquisition at the same price as those fixed in London. To avoid disturbing the portfolios of insurance companies and other investors, however, we decided that we would elaborate the scheme which I mentioned to you last year of creating rupee counterparts so as to give Indian holders the option of taking over such counterparts to the extent of the nominal value of their holdings worked out at the rate of 1s. 6d. to the rupee. I hope that this offer will be largely accepted as it will be both to the holders' advantage and ours: It will be to our advantage as it naturally lessens the immediate payments which we have to make and it will be to theirs, because the sterling prices of these loans were slightly lower than those of corresponding rupee securities, so that they should gain to a slight extent on the change.

34. This brings me to the machinery for financing the operation. There are clearly two stages: first, we buy the sterling from the Reserve Bank and secondly, we have to obtain rupees to pay for that sterling. It would be obviously quite impossible to attempt to borrow this immediately from the market even apart from our Defence borrowing requirements, and it would be inconsistent with the policy which we are following with the co-operation of the Reserve Bank of maintaining money at as cheap a level as is possible without inflation so as to minimise the burden of the war. We have found it impossible, within the limited time at our disposal and in the absence of more definite information than is available at present of the amounts held by investors in the United Kingdom, in India and elsewhere to decide on the permanent arrangements for this purpose, but for budgetary purposes and as an interim measure pending more detailed consideration, we are adopting the procedure of maintaining the *status quo*, and of issuing in lieu of these sterling loans rupee counterparts which will bear the same rate of interest and be payable on the same dates, the only difference being that, in future, they will be payable in rupees and not in sterling. Later we shall have to determine, in consultation with the Reserve Bank, a procedure which will be simple and fair both to the general tax-payer and to the Bank, which has co-operated so readily and promptly with the Government in financing this important transaction, and which will at the same time avoid any necessity for an automatic increase in our short-term debt which might entail dangerous inflationary consequences later.

35. The proportion in which the Reserve Bank will distribute the securities taken up by it between its Issue and Banking Departments as a longer range holding is for that bank to determine in the light of circumstances as they develop and in co-operation with Government. It is obvious, however, that the cancellation of this large block of sterling liabilities with its reduction in our overseas obligations to the extent of well over £3 million a year does permanently strengthen our external position and consequently makes it reasonable for the Reserve Bank to hold a somewhat lower proportion of external assets than previously. There is, of course, no necessity or intention of reducing the minimum percentage of the external assets which they must hold under the Act, that is to say, 40 per cent. of their note liabilities, nor is there any necessity, as has been suggested in some quarters, to effect a statutory revision of the prices at which they hold their gold. All that was necessary was to remove the restriction on the maximum amount of Government securities which the Reserve Bank can hold in their Issue Department and that has been effected by the abolition of the proviso to Section 33 (3) of their Act. This does not in any way affect their statutory responsibilities under the Act. It merely gives them a freedom of choice which they did not have in the past, as to the proportions in which they should hold Government securities or internal trade bills. It is also unnecessary, and we do not propose, to alter the limits on the Government securities which they can hold in the Banking Department.

I am afraid that it will not be possible to give precise figures until the 10th March when the returns asked for by the Bank of England and ourselves will have been received, but we are confident that the Indian securities market is so healthy that the finance of this

large operation can be effected without detriment to Indian security prices and that, on the contrary, the effect on them is more likely to be stimulating.

36. The House will no doubt appreciate fully to what extent this single operation, which is the largest of its kind ever carried out in this country, will improve the financial position of India. When it is complete, we shall not only have reduced the Government of India's external debt by about Rs. 120 crores, by replacing the sterling liabilities thus cancelled with corresponding rupee liabilities, but shall also have reduced such of our interest charges as are payable in sterling by as much as 50 per cent. over the last six years. Taking the whole period since 1935, and including the amounts of sterling Railway annuities and debentures discharged each year and the transfer of our liabilities in respect of sterling family pensions, we shall have reduced our sterling obligations by over Rs. 220 crores, of which about Rs. 145 crores will have been repatriated since the beginning of the war.

37. In the past, Indian opinion has been much pre-occupied, perhaps unduly so, by the so-called "drain", that is, the sum-total of the external obligations, on capital and interest account, which had of course to be met by providing sterling in London—the counterpart of the physical exports out of the sale proceeds of which these amounts were raised. It will be obvious to the House that the conversion of external into internal debt will diminish the strain upon the ultimate cash-reserves of the country—our holdings of gold and other external assets—which tends to manifest itself when, in consequence of world-events over which we have no control, the value of our overseas trade declines. There has been in certain quarters a disposition to doubt the value of these conversion operations, since they have involved a reduction for the time being, at least, in the size of the sterling holdings of the Reserve Bank. These holdings have risen greatly since the outbreak of the war, an increase which has given rise to much criticism. Even after the reduction involved in the present operations, our sterling reserves will still be in the neighbourhood of Rs. 80 crores, a figure almost exactly the same as the average sterling holdings during the last full pre-war year. But, in fact, it is not the absolute size of the reserve which matters, but the size of the reserve in relation to the magnitude of the most pressing liabilities against which it is held. Our cash reserves are held in the first instance as a protection against external liabilities, failure to meet which would instantly react upon India's financial credit. By these operations we reduce the size of our external obligations and therefore permanently strengthen our position. I may emphasize again that these operations do not affect the size of our gold reserves in the least and do not involve any change either in monetary policy or in the day-to-day operations of the currency system.

38. The immediate object of the transactions was the replacement of sterling by rupee obligations and the real gain to the country lies in the liquidation of external obligations which might prove an embarrassment in future. Even otherwise Government are likely to be immediate gainers though at present it is not possible to estimate with any approach to accuracy the immediate effect on our revenue position. The profit due to the difference between the rate of interest earned by the Reserve Bank on its sterling investments and the redemption yield of the securities acquired at the prices paid must ultimately accrue, practically entirely, to Government either through the increase in the profits of the Reserve Bank, to the extent to which these securities are held by it, or directly to the extent to which Government hold these in their own portfolio, or cancel them from the funds which they borrow from the market. Later as the market gradually absorbs these liabilities in whatever form they will ultimately take, whether as rupee counterparts of the sterling loans they replace, or in the form of a simpler scheme of converted loans of suitable maturity, the gain may be reduced but against such reduction will, of course, be set off the increased receipts from income-tax.

39. In my judgment these operations cannot fail greatly to strengthen India's credit. There can be few countries in the world to-day fortunate enough to possess sufficient liquid resources to repatriate a large portion of their external debt, whilst leaving their Central Bank in a position of unchallengable strength. In relation to the growing resources of India our external debt will now be of remarkably modest proportions. Should a situation ever arise in which India were required to raise capital abroad—a contingency which I for one do not foresee—the fact that our existing external liabilities are so small would obviously

be of the greatest importance in determining the rate of interest which we would be required to pay.

40. There is of course another aspect of our repatriation operations at the present time and that is the manner in which they assist His Majesty's Government to finance the prosecution of the war. It is obvious that if India repays her creditors in London, then particularly at the present time and in the present conditions of the London money market the greater part of the sums so disbursed will be re-lent to His Majesty's Government probably in the form of investment in the Defence loans and will thus become available for Britain's use in a more permanent form than when they formed part of the balances of the Reserve Bank and were invested in sterling Treasury Bills. To this extent we may well feel gratified that India in improving her own position has also contributed to facilitating the war-time problems of Britain.

41. *Treasury Bills.*—Apart from financing these repatriation operations, we would have reduced the value of treasury bills outstanding by about eight crores in the current year, despite the large expansion in Defence expenditure and the heavy outgo from Postal Savings Banks and Cash Certificates which would ordinarily have necessitated a large increase in our floating debt. For these factors have been largely offset by the favourable response given to our Defence Loans, the capital receipt of Rs. 12 crores from the Reserve Bank on account of the Re. 1 notes and silver rupees issued to them and the fact that the payment of five crores to the Reserve Bank provided for against a return of surplus rupee coin was not required. For the moment we are reckoning on a decrease in Treasury Bills of Rs. 3½ crores during the two years taken together.

42. *Post Office Cash Certificates and Savings Banks.*—It will be observed from the Ways and Means statement, which is printed with the Explanatory Memorandum on the Budget, that the figure for net repayments of Post Office Cash Certificates has been increased in the revised estimate for the current year from Rs. 1½ crores to Rs. 10 crores, while for Postal Savings Banks deposits we are providing for a net outgo of Rs. 19 crores against the receipt of Rs. 2 crores taken in the budget. For during the period of uncertainty following the fall of France last summer there were large withdrawals from Postal Savings Banks and heavy discharges of Cash Certificates, coupled with a tendency to hoard savings in the unproductive form of silver rupees. Since then however there has been a marked and progressive improvement and for next year we are assuming a net deposit of Rs. 2 crores in Postal Savings Banks and a net repayment of Rs. 6 crores of Cash Certificates, the popularity of which has naturally been affected by the issue of Defence Savings Certificates, which provide a very similar and in some ways more attractive form of investment.

43. I return now to the estimated revenue position for next financial year, which as I indicated a few minutes ago reveals a prospective deficit of Rs. 20,46 lakhs. I would at this point remind Honourable Members of the extent to which the railway contribution has come to our assistance and how greatly it has mitigated our difficulties. It remains for me to place before the House the proposals which I have formulated in regard to the deficit.

44. I deal first with direct taxation, namely, the Excess Profits Tax and the Income-tax. It is true on the whole that at the present moment the main economic advantage which is derived from India's war supply activities accrues to the industrial and commercial sections of the country, and the direct tax-payer may fairly be called on to shoulder the larger share of any further burdens which are to be imposed. I propose that the profits of a further period of one year shall now be subjected to the Excess Profits Tax, and that the rate applicable to such profits shall be 66½ per cent. I think it relevant to remind the House of the remarks which I made regarding the effect on the incidence of this tax of the important modifications which were made in the clauses of the E. P. T. Bill dealing with the optional standard periods, and also the special provisions for new industries and for such matters as abnormal depreciation. I have little doubt that with these features of our system the new level of the tax will neither cause substantial hardship to existing industries nor operate to impede the growth of new ones. The change in the percentage will however introduce a complication where adjustments have to be made for the assessment of the previous year, and to regulate this aspect a small amending Bill will be brought forward. The yield of this enhancement of the

Excess Profits Tax is estimated at 2½ crores. As regards income-tax and super-tax, I propose that the present Central surcharge of 25 per cent. should for the year 1941-42 be raised to 33½ per cent. This is expected to yield an additional Rs. 1,90 lakhs.

45. In the field of indirect taxes, my main proposal is to double the excise duty on matches. I may observe here that the present duty was fixed in relation to a certain retail price, and that changes in that price must be in terms of the lowest unit of currency in common use and are thus not susceptible of fine gradation. Over large parts of the country the retail price has already advanced to the next higher point, yielding a large uncovenanted profit to the trade. The increase in duty now proposed will appropriate for the Exchequer a due share of the enhanced retail price which the consumer has to pay. A corresponding increase will automatically ensue in the duty on imported matches, and a similar increase will be made in the duty on mechanical lighters. The yield of the additional duty on matches is estimated at Rs. 150 lakhs.

I have two other smaller proposals. One is to increase the import duty now leviable on artificial silk yarn and thread, an item in our import trade which, unlike most others, appears to offer, even in war time conditions, the possibility of higher revenue. The duty on artificial silk yarn and thread stands at 25 per cent. *ad valorem* or 3 annas per pound whichever is higher, and I propose to increase the alternative specific duty to 5 annas per pound. The yield of the increased tax on these yarns and thread is taken at Rs. 36 lakhs.

The second of my smaller proposals is to introduce a new excise duty of 10 per cent. *ad valorem* on pneumatic tyres and tubes. The manufacture of these tyres and tubes in India was set up a few years ago, and the domestic supply now fills a large proportion of the demand which formerly was met by imports on which a revenue duty of 25 per cent. *ad valorem* is levied. The yield of this new duty for the imposition of which a separate Bill will be introduced, is estimated at Rs. 35 lakhs.

The new duties on matches and on artificial silk yarn and thread will take immediate effect, by virtue of a certificate under the Provisional Collection of Taxes Act.

46. The total estimated yield of this new taxation is Rs. 6,61 lakhs, which brings the estimated revenue for 1941-42 to Rs. 113,00 lakhs and reduces the prospective deficit to Rs. 13,85 lakhs. This is still a formidable gap in relation to the scale of Indian finances, and I must confess that I shall be more sensitive to the criticism of that smaller and less vocal body who may feel that the contemporary contribution by taxation to the cost of the war is too little than of the doubtless large multitude who would say it is too great. It is not merely that the estimated gap is large, but that the unforeseen contingencies of the year ahead are obviously far more likely to widen than to narrow it. On the other hand it must be remembered that our expenditure estimates still contain a provision of Rs. 3 crores for the reduction and avoidance of debt. Again, there is a factor at present incalculable which may emerge from the Indo-Burma trade negotiations now proceeding, since any modification of the existing free trade regime must result in some increase of revenue. In any case it is not the proportion of next year's deficit to be met by taxation which is important, but the share of the whole additional cost of our war measures which is so provided. Judged by that criterion, I feel that the position is fully defensible. The uncovered revenue deficit will of course be met by borrowing which will be part of the larger programme, the necessity of which I have explained at an earlier stage.

I have little doubt that greater sacrifices await us but it is indisputable that the inherent soundness of India's financial position entitles her to face the future with courage and confidence. This is no time for complacency, but whatever may be in store in the weeks and months that lie ahead, there is reason for satisfaction in the way in which the financial and economic structure of India has withstood the strains and stresses of one and a half years of war, while enabling her to play a part, of which she may be justly proud, in this mortal struggle for the ideals of enlightened humanity.

NEW DELHI,
28th February, 1941.

JEREMY RAISMAN.

Report for the Year 1940.

Section V.

DOCUMENTS AND STATISTICS.

NOTE.—In order to prevent detailed information relating to the movements of Indian trade and shipping from reaching the enemy, the Government of India decided, as a temporary measure, to suspend, with effect from February 1940, the publication of the Monthly Accounts relating to the Sea-borne Trade and Navigation of British India. It has, therefore, become necessary temporarily to suspend the publication of the Statistical Section to the Annual Report of the Association.

Report for the year 1940.

Section VI.

RULES AND REGULATIONS.

**Rules for the Registration of Trade Marks, Trade Numbers,
Trade Names, Rules for Arbitration on Piecegoods, Standard
Contract Form, Etc., Etc.**

RULES AND REGULATIONS.

*Revised and adopted down to the Special General Meeting held on
7th August, 1939.*

1. The Association shall be called the Bombay Millowners' Association. Name.
2. The Office of the Association will be situate in Bombay.
3. The objects of the Association are :— Objects of the Association.
 - (a) To encourage friendly feeling and unanimity amongst Millowners and users of steam, water and/or electric power on all subjects connected with their common good.
 - (b) To secure good relations between members of the Association.
 - (c) To promote and protect the trade, commerce and manufactures of India in general and of the cotton trade in particular.
 - (d) To consider questions connected with the trade, commerce and manufactures of its members.
 - (e) To collect and circulate statistics and to collect, classify and circulate information relating to the trade, commerce and manufactures of its members.
 - (f) To take all steps which may be necessary for promoting, supporting or opposing legislative and other measures affecting the trade, commerce or manufactures of its members.
 - (g) To make representations to Local, Central and Imperial authorities on any matter connected with the trade, commerce and manufactures of its members.
 - (h) To arbitrate in the settlement of disputes arising out of transactions in piece-goods and yarn between parties willing or agreeing to submit to arbitration in accordance with the arbitration rules of the Association.
 - (i) To advance and promote commercial and technical education connected with the trade and commerce of its members.
 - (j) To undertake special inquiries and initiate or support any action for securing the redress of legitimate grievances connected with the trade or commerce of its members.
 - (k) To take any action which may be conducive to the extension of the trade and commerce of its members or incidental to the attainment of this object.
 - (l) To subscribe, to become a member of and co-operate with any other Association whether incorporated or not whose objects are altogether or in part similar to those of this Association and to procure from or communicate to any such Association such information as may be likely to forward the objects of this Association.
 - (m) To establish or aid in the establishment of funds to benefit employees of the Association or the dependents of such persons and to subscribe, donate or guarantee money for charitable or benevolent purposes at the discretion of the Association.
 - (n) To regulate conditions of employment in the industry conducted, or carried on by its members.
 - (o) And generally to do all that may be necessary in the interests of the realisation of the above objects of the Association directly or indirectly.

Persons eligible for membership.

4. Any individual, firm or Company owning one or more mill or mills or one or more press or presses or one or more ginning or other factory or factories actuated by steam, water, electric and/or other power shall be eligible for membership of the Association.

Definition of the term "member."

5. The expression "Member" in these rules shall ordinarily mean the person, firm or Company, as the case may be, by whom or by which any such mill or mills; press or presses, or factory or factories as last aforesaid is or are actually owned, but shall where the context so requires or permits also mean and include the person or persons for the time being entitled or empowered in accordance with these rules to act and vote on behalf of any member of the Association.

Voting power of members.

6. At any General Meeting of members of the Association every member shall be entitled to one vote for every complete sum of Rs. 50 paid by him as annual subscription under Rule 35 hereof.

7. Each individual, who, as an individual, shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled either to act and vote on his own behalf or to empower, subject as hereinafter mentioned, any one or more persons, who shall have been duly authorized to sign his name per procuracy, to act and vote on his behalf.

8. Every partner in any firm, which shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled to act and vote on behalf of his firm, and the firm may also empower, subject as hereinafter mentioned, any one or more persons, who shall have been duly authorized to sign the name of the firm per procuracy, to act and vote on behalf of the firm.

9. Every Director of a Joint Stock Company, which shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled to act and vote on behalf of such Company, and the Agent, Secretary or Manager, as the case may be, of such Company, and every partner in any firm, which shall be Agents, Secretaries or Managers, as the case may be, of such Company, and likewise any one or more persons, who shall have been duly authorized by the Agent, Secretary or Manager, as the case may be, of such Company, or by the firm, which shall be Agents, Secretaries or Managers, as the case may be, of such Company, to sign either the name of such Agent, Secretary or Manager or the name of such firm, per procuracy, shall also, subject as hereinafter mentioned, be entitled to act and vote on behalf of such Company.

10. The name of every person entitled or empowered to act and vote on behalf of any member of the Association; whether such person be the member himself or any other person, shall be notified in writing by such member to the Secretary of the Association to be entered by the Secretary of the Association as hereinafter provided in the register hereinafter mentioned, and if more than one person shall be entitled or empowered to act and vote on behalf of any member, such member shall notify in writing to the Secretary of the Association to be entered by the Secretary of the Association as hereinafter provided in the register hereinafter mentioned, the order of precedence in which such persons shall be entitled to act and vote on behalf of such member.

11. When any member shall notify to the Secretary of the Association that any one or more persons, other than the member himself, is entitled or empowered to act and vote on behalf of such member, such member shall, in such notification, state the capacity in which such person or each of such persons is so entitled or empowered to vote, that is to say, either as a member of a firm or as a Director or Agent or Secretary or Manager of a Company or as the holder of a power to sign per procuracy or otherwise as the case may be.

12. If the name of any person shall be notified as a person empowered to act and vote, on behalf of a member by virtue of being the holder of a power to sign per procuracy the notification shall be accompanied by the document authorizing such person to sign per

procuration, in order that the same may be registered by the Secretary, and the Secretary shall, after registering the document, return it to the person who sent it.

13. The Association shall provide a Register, to be called "Register of members and of persons entitled to act and vote for members" (hereinafter in these rules referred to as "the said Register"), and the names of all members of the Association shall be entered in the said Register together with the name of each person entitled or empowered, in accordance with these rules, to act and vote for such members, so soon as the name of such persons and all particulars regarding him and all formalities shall have been duly notified and observed in accordance with these rules, and when the name of more than one person shall have been notified as entitled to act and vote for any one member of the Association, the names of such persons shall be numbered in the order of precedence in which such persons are entitled to act and vote for such member.

14. No person shall be entitled to act or vote on behalf of any member of the Association unless and until his name shall have been entered in the said Register as a person entitled to act and vote for such member.

15. If two or more persons, who shall be entitled to act and vote on behalf of one and the same member of the Association, shall be present at any meeting of the Association, that one, who takes priority in the order of precedence in the said Register, shall alone be entitled to vote at such meeting.

16. If any one person shall, according to these rules, be entitled to act and vote for more than one member of the Association, such person shall be entitled to act and to exercise the right of voting, according to these rules, for each member, on whose behalf he is entitled to act and vote.

17. Members of the Association shall be elected by ballot in the manner hereinafter mentioned. Mode of electing members.

18. Every candidate for election as a member of the Association must be proposed by one member of the Association and seconded by another, and a letter of proposal signed by the proposer and seconder must be sent to the Managing Committee of the Association (hereinafter called "the Committee").

19. After the receipt by them of a proposal duly made and seconded according to these rules of a candidate for election as member of the Association, the Committee shall fix a day for the commencement of the ballot for the election of such candidate.

20. Not less than seven days before the day so fixed as aforesaid for the commencement of the ballot for the election of any candidate, notice in writing shall be given by the Committee to all members of the Association of the name of the candidate and of his proposer and seconder and of the date so fixed as aforesaid for the commencement of the ballot for the election of such candidate.

21. The Committee shall, before the day appointed for the commencement of the ballot for the election of a candidate for membership of the Association, appoint a scrutineer for such election.

22. The Association shall, for the purposes of all elections by ballot, provide a ballot-box with a lock and key and with an aperture sufficiently large to admit of the deposit therein of voting papers.

23. Before the time appointed under these rules for the commencement of the ballot for the election of any candidate for membership of the Association, the Secretary of the Association shall satisfy himself that the ballot-box is empty and shall lock the same, and the same shall not be opened until after the expiration of the full time appointed for such ballot.

24. The Committee shall provide voting papers for the election of a member of the Association in such form as they shall, from time to time, think fit and shall send one of such voting papers to each member of the Association, not less than seven days before the day fixed according to these rules for the commencement of the ballot for the election of any candidate for membership of the Association.

25. If any person entitled or empowered to vote concerning the election of a candidate for membership of the Association shall desire to exercise his right of voting he shall fill up a voting paper in accordance with the directions contained therein stating whether he votes for or against the election of such candidate and shall sign the paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover.

26. Voting papers may be deposited in the ballot-box in accordance with these rules at any time between the hours of 10-30 a.m. and 4 p.m. on the day appointed for the commencement of the ballot or on any one of the six succeeding days, exclusive of Sundays or Gazetted Holidays.

27. The ballot-box shall, at 4 p.m. on the seventh of the days appointed for the election of any candidate for membership, be opened by the Secretary in the presence of the scrutineer, and the votes shall be counted and scrutinized by the scrutineer, and the scrutineer shall report to the Committee in writing under his hand the result of the election according to his counting and scrutiny.

28. No candidate for election as a member shall be deemed to have been elected unless the number of votes recorded is greater than one-fourth of the total number of the votes which would have been recorded if all members had voted. One adverse vote in every six votes recorded shall exclude. The result of every election shall be recorded in the Minutes of the Proceedings of the Committee.

29. If any candidate for election as a member of the Association shall not be elected, his proposer shall be informed of his non-election by the Secretary.

30. Particulars of the voting for the election of any candidate for election as a member of the Association shall be confidential and shall not be disclosed by the scrutineer or by the Secretary to anyone whomsoever.

31. A candidate, who shall have been proposed for election as a member of the Association and shall not have been elected, shall not be again eligible for election as a member of the Association until after the expiration of six months from the date of the election at which he shall not have been elected.

32. If a candidate for election as a member of the Association be elected, his election shall be notified in writing by the Secretary to his proposer and likewise to the candidate himself, and a copy of the last annual report of the Association and also a copy of the Rules of the Association, together with a bill for the entrance fee payable by such member on election and the amount of the annual subscription payable in accordance with these rules shall be sent to him by the Secretary.

Membership sub-
scription.

33. Every member who shall after the date on which these rules shall come into force be elected a member of the Association shall pay on election an entrance fee of Rs. 100.

34. Every member who shall after the date on which these rules shall come into force be elected a member of the Association after the 1st January but before the 1st October in any year shall in addition to the entrance fee pay such proportion of the annual subscription for that year as shall be attributable to the period between the date of election and the 31st December of that year. Every member similarly elected after the 30th September in any year shall pay in addition to the entrance fee one-quarter of the annual subscription for that year.

35. Each member of the Association shall pay the annual subscription to the Association which may from time to time be determined by the Committee. Provided that the resolution of the Committee determining such annual subscription shall be passed by a majority of not less than two-thirds of the members of the Committee present at a special meeting called for the purpose of determining such subscription.

36. Annual subscriptions shall be payable in advance on the 1st January in each year in respect of the period from the 1st January to the 31st December in that year, and a member shall not be entitled to exercise any of the privileges of membership if his subscription is more than two calendar months in arrear.

37. The Committee of the Association shall, in the case of mills which remain entirely closed for one calendar year or more for causes not due to a strike or a lock-out, be empowered to remit the ordinary membership subscription, and to substitute therefor a subscription of Rs. 100 only for each calendar year during which the mills remain entirely closed.

38. A member who shall fail to pay his subscription for a period of three calendar months after it has become payable shall, *ipso facto*, cease to be a member of the Association and his name shall forthwith be removed from the said Register. Provided that the Committee may, for good cause shown for such non-payment of the subscription as to which the decision of the Committee shall be final and binding upon the member in default, and upon payment of the subscription in arrear, revoke the cancellation of membership and order the name of such member to be reinstated in the said Register. Subscriptions in arrear shall be treated as a debt due to and recoverable by the Association.

39. Each member shall, on election to the Association, sign a form of adherence to the rules of the Association in the form from time to time approved by the Committee and until such form shall have been signed a member shall not be entitled to exercise any of the privileges of membership. Form of adherence to be signed by members.

40. Every member of the Association shall have power to terminate his membership thereof by giving not less than three calendar months' previous notice in writing (expiring at any time) to the Secretary of the Association of his desire to terminate such membership and upon the expiration of any such notice such member shall cease to be a member of the Association and his name shall forthwith be removed from the said Register. Mode of resigning from membership.

41. The affairs and funds of the Association shall be managed by a Managing Committee hereinbefore and hereinafter called "the Committee" to be constituted as hereinafter mentioned. The Committee, its constitution and mode of election.

42. The members of the Association shall, in each year between the 1st and the 31st day of January, elect the Committee from amongst the list of persons whose names appear in the said Register as persons entitled to act and vote for members.

43. The Committee shall consist of a Chairman, a Deputy Chairman and not more than eighteen ordinary members, making a maximum of twenty members in all.

44. The Committee, holding office for the time being, shall appoint a day between the 1st and the 31st day of January in each year for the election of the Chairman, the Deputy Chairman and the eighteen ordinary members of the Committee for the ensuing year, and shall cause notice of the day so appointed for such election as aforesaid to be advertised in at least one English and one Vernacular newspaper published in Bombay.

45. The Secretary of the Association shall also give to each member of the Association not less than seven days' notice in writing of the day appointed for the said elections and of the names of all authorized representatives of members who are eligible for election as members of the Committee.

46. The members of the Committee shall be elected by ballot.

47. The Committee shall, before the day appointed for the said election, appoint a scrutineer for each of the said elections.

48. Before the time appointed under these rules for the commencement of the ballot upon the day appointed for the said elections the Secretary of the Association shall satisfy himself that the ballot-box is empty and shall lock the same and the same shall not be opened until 4 p.m. upon that day.

49. The Committee shall provide separate voting papers for

- (a) the election of a Chairman of the Committee,
- (b) the election of a Deputy Chairman of the Committee,
- (c) the election of eighteen ordinary members of the Committee,

in such form as they shall, from time to time, think fit and shall send to each member of the Association not less than seven days before the day fixed for the said elections, one voting paper in respect of the election of the Chairman, one voting paper in respect of the election of the Deputy Chairman and one voting paper in respect of the election of the ordinary members of the Committee.

50. On the day appointed for the said elections voting shall commence at 10-30 a.m. and terminate at 4 p.m.

51. If any person entitled or empowered to vote concerning the election of the members of the Committee shall desire to exercise his right of voting, he shall, in the case of the election of a Chairman, write on a voting paper relative to the election of a Chairman the name of the person representing a member of the Association who he desires should be appointed such Chairman and shall sign the said voting paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover and he shall, in the case of the election of a Deputy Chairman, write on a voting paper relative to the election of a Deputy Chairman the name of the person representing a member of the Association who he desires should be appointed such Deputy Chairman and shall sign the said voting paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover and he shall, in the case of the election of the eighteen ordinary members of the Committee, write on a voting paper relative to the election of the ordinary members of the Committee, the names of the eighteen persons representing members of the Association who he desires should be appointed as ordinary members of the Committee as aforesaid and shall sign the said voting paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover.

52. Voting papers regarding the elections of a Chairman, Deputy Chairman and the ordinary members of the Committee may be deposited in the ballot-box in accordance with these rules between the hours of 10-30 a.m. and 4 p.m. on the day which shall have been appointed under these rules for such elections.

53. At 4 p.m. on the day appointed for the said elections the ballot-box shall be opened by the Secretary of the Association in the presence of the scrutineer and the votes shall be counted and scrutinized by the scrutineer, who shall report to the Committee in writing under his hand the result of the election according to his counting and scrutiny.

54. Particulars of the voting for the election of the members of the Committee shall be confidential and shall not be disclosed by the scrutineer or by the Secretary to anyone whomsoever.

55. Those persons in whose favour the largest number of votes shall have been cast for the respective appointments of Chairman, Deputy Chairman and ordinary members of the Committee shall be deemed to have been appointed Chairman, Deputy Chairman and ordinary members of the Committee respectively.

56. Two representatives of any one member entitled under Rule 6 to ten votes or less shall not be on the Committee at the same time, and if two representatives of any one such member shall be elected to serve on the Committee at the same time, the election of that representative who obtains the lesser number of votes shall be void. In case of an equality of votes, the Chairman of the retiring Committee shall have a casting vote.

57. No member of the Association shall vote for more than one Chairman, one Deputy Chairman and eighteen ordinary members of the Committee.

58. If any person who shall have been elected according to these rules either as Chairman of the Committee or as Deputy Chairman of the Committee shall decline to accept the appointment there shall be a fresh election by the members of the Association for the appointment of a Chairman or Deputy Chairman as the case may be.

59. If any person who shall have been elected in accordance with these rules as an ordinary member of the Committee shall decline to accept the appointment the person who shall have received the next largest number of votes shall be considered to have been elected, and if there shall be no such person then the vacancy shall be filled by the retiring Committee.

60. If in any ballot for a Chairman or Deputy Chairman of the Committee there shall be an equality of votes for the appointment, there shall be a fresh election by the members of the Association for the appointment of a Chairman or Deputy Chairman as the case may be. If in any ballot for the election of the eighteen ordinary members of the Committee there shall be an equality of votes for the eighteenth appointment, the Chairman of the retiring Committee shall have a casting vote.

61. The new Committee shall take office upon the conclusion of the first Annual General Meeting of the members of the Association held after their election, and shall continue to hold office until the conclusion of the next Annual General Meeting of the members of the Association, when they shall retire but shall be eligible for re-election.

62. If any member of the Committee shall be absent from the regular meetings of the Committee for more than three consecutive months he shall, unless he shall have previously obtained leave of absence from the Committee, be deemed to have vacated his office.

63. When any vacancy other than a vacancy in the office of Chairman or Deputy Chairman shall occur in the Committee, the members of the Committee shall have power to appoint any duly qualified person to fill such vacancy who shall hold office until the conclusion of the next Annual General Meeting of the members of the Association when he shall retire but shall be eligible for re-election. Similarly if any member of the Committee shall have previously obtained leave of absence from the General Meetings of the Committee, the members of the Committee shall have power to appoint any duly qualified person to act as a member of the Committee during the absence of such member.

64. If any vacancy other than a temporary vacancy shall occur in the office of Chairman or Deputy Chairman of the Committee, such vacancy shall be filled by the election according to these rules by the members of the Association of any duly qualified person. A temporary vacancy may be filled by the members of the Committee from their own number.

65. The Chairman of the Committee shall, if present, preside at all meetings of the Committee held during his term of office. In the absence of the Chairman, the Deputy Chairman shall preside, and failing both, the chair shall be taken by one of the members of the Committee who shall be appointed by the other members of the Committee present at such meeting. The procedure to be adopted by the Committee in conducting business.

66. In case of a tie in voting in Committee the Chairman for the time being shall have a casting vote in addition to his own vote.

67. Five members of the Committee shall constitute a quorum.

68. The Committee shall meet at least once in every month.

Power of the
Committee.

69. The Committee shall have power to require from any member an explanation as to any act done or conduct pursued by such member which in the opinion of the Committee shall be in contravention of the rules of the Association or to the detriment or discredit of the Association or shall be injurious to the welfare and interests of the Association. If any such explanation shall be refused or having been given shall be deemed unsatisfactory, the Committee shall cause a Special General Meeting of the Association to be convened to consider the acts and conduct of such member, and the Association shall have power if a quorum be present at such Special General Meeting to resolve by a majority of not less than two-thirds of the votes cast at the meeting to declare that such member is expelled from the Association.

70. Whenever a resolution shall have been passed as in the last preceding rule mentioned such resolution shall be final and conclusive and the member thereby declared to be expelled shall thenceforth cease to be a member of the Association and shall not be entitled to claim any refund on account of subscription which may have already been paid.

71. Previous to each Annual General Meeting of the members of the Association, the Committee shall prepare a report of the proceedings of the Association during the year prior to such General Meeting and shall cause the same to be printed and shall send at least one printed copy thereof to each member of the Association not less than seven days prior to the date fixed for the said Annual General Meeting. The Committee may also, if they see fit to do so, send any one or more copies of the said report to any individual or Corporation or Association to whom or to which they may think it desirable in the interests of the Association to send the same.

72. The Committee shall have authority to appoint Solicitors to the Association and the Committee may consult them whenever they deem it expedient to do so.

73. The Committee shall have authority at any time and from time to time, if for any reason they shall consider it advisable to do so, to attach to the office of the Chairman of the Committee a remuneration or honorarium of such amount, and to operate from such date and for such period as the Committee may determine, and such remuneration or honorarium shall be met from the revenues of the Association.

74. At the first meeting of the Committee held after the holding of the Annual General Meeting of the members of the Association in each year, the Committee shall appoint three or more of their number to form a Sub-Committee for the purpose of deciding questions other than arbitrations, arising under the rules of the Association relating to the registration of trade marks, and the decision of such Sub-Committee on such questions shall have the same effect as if given by the entire Committee. Any vacancy which may from time to time occur in any such Sub-Committee shall be filled by the Committee by the appointment thereto of another member of the Committee.

75. The Committee may from time to time appoint a Sub-Committee to investigate and to report upon any matter whatsoever and may invite any member of the Association not being a member of the Committee to serve on any such Sub-Committee, or may consult any outside authority if for any special reason such a course may seem to them advisable.

76. Sub-Committees other than a Sub-Committee appointed under Rule 74 shall have no executive or substantive power or authority, and the duty of every Sub-Committee shall be to report to the Committee the result of its investigations, deliberations or other proceedings.

Duties of Secretary and Assistant Secretary.

77. A Secretary of the Association shall be appointed and his remuneration shall be fixed by the Committee. The Secretary shall devote himself entirely to the business and affairs of the Association except in cases where he has received the special permission of the Committee. He shall have charge of all correspondence and shall keep an account of the funds of the Association and of funds connected with or in any way controlled by the

Association. He shall have the care of the rooms, furniture, library, pictures and of all documents belonging to the Association. He shall give notice as desired by the Chairman or Deputy Chairman of all meetings of the Association, of the Committee, of the Departmental Committees and Sub-Committees of the Association and of all Associations working in connection with the Association. He shall duly notify members of their election, collect all dues from members of the Association or from any Committee or any Association working in connection with the Association. He shall prepare the Annual Report of the Association and the reports of all Committees and of all Associations connected with the Association under the guidance of the Chairman and the Committee and generally shall perform all such duties as are incidental to his office and generally act under the orders of the Chairman or in his absence of the Deputy Chairman and the Committee. In all matters appertaining to the detailed duties of his office as above enumerated he shall follow the policy and instructions laid down by the Chairman or in the absence of the Chairman by the Deputy Chairman.

78. An Assistant Secretary of the Association may be appointed, and if so appointed, his remuneration shall be fixed by the Committee. The Assistant Secretary shall during any temporary absence of the Secretary owing to sickness or any other cause or during the absence of the Secretary on leave perform all or any of the duties of the Secretary as may be assigned to him.

79. Minutes of all proceedings of the Committee shall be made and shall be entered or caused to be entered regularly by the Secretary in a Minute Book to be kept by him. This book shall be open to the inspection of any member of the Association at any reasonable time. Minutes Book of the Committee.

80. A general meeting of the Members of the Association to be called the Annual General Meeting shall be held in each year at such time as the Committee may appoint. General Meetings of Members.

81. The Committee may also at any time call a General Meeting should it seem to them expedient to do so.

82. If any four members of the Association shall by a requisition in writing signed by the said four members respectively addressed to the Committee and containing a statement of their reasons for the requisition request the Committee to call a General Meeting of the members of the Association the Committee shall call such General Meeting to be held within fourteen days after the receipt by the Committee of the said requisition, and if the Committee shall refuse or neglect to call such General Meeting to be held within the time aforesaid, the said four members who shall have signed the said requisition, shall have power themselves to call such General Meeting to be held on such day as they themselves shall appoint.

83. Seven clear days' notice of every Annual General Meeting shall be given by advertisement in at least one English and one Vernacular newspaper published in Bombay and seven clear days' notice shall also be given to members of every Special General Meeting, except Urgent General Meetings specially convened by the Chairman or the Committee.

84. No business shall be transacted at any General Meeting unless a quorum according to these rules shall be present at such meeting.

85. At any General Meeting a quorum shall be constituted if the number of votes of the members represented at the meeting shall exceed 25 per cent. of the total number of votes of all the members for the time being of the Association.

86. If on the day originally appointed for holding a General Meeting a quorum according to these rules shall not, within thirty minutes of the time appointed for the commencement of the meeting, be present, the meeting shall be adjourned to such time on such day not being less than 10 days thereafter as the Committee may determine and if a quorum shall not, within fifteen minutes after the time appointed for the commencement of such adjourned meeting, be present, the members then present shall constitute a quorum and may transact the business for which the meeting was convened.

87. Whenever any meeting shall be adjourned under Rule 86 on the ground that a quorum was not present within the prescribed time, seven clear days' notice shall be given by the Committee by advertisement in, at least one English and one Vernacular newspaper published in Bombay of the day and time to which such meeting shall have been adjourned.

88. The Chairman of the Committee shall, if present, preside at all General Meetings of the members of the Association held during his term of office. In the absence of the Chairman, the Deputy Chairman shall preside, and, failing both of these, the chair shall be taken by one of the members of the Committee, who shall be appointed by the other members of the Committee, present at such meeting.

89. The voting at any General Meeting shall be in the first instance, by show of hands, but this shall not preclude any member present from demanding a poll. If a poll is demanded the number of votes to which each member shall be entitled shall be calculated in accordance with Rule 6. The result of a poll shall supersede a vote taken by show of hands. In the case of a tie in voting at any General Meeting the Chairman for the time being of the meeting shall have a casting vote.

90. Minutes of all proceedings at every General Meeting of the members of the Association shall be made and shall be entered or caused to be entered regularly by the Secretary in a Minute Book to be kept by him. This book shall be open to the inspection of any member of the Association at any reasonable time.

91. Every resolution which shall have been duly passed according to these rules at any General Meeting of the members of the Association shall be binding upon all the members of the Association.

Special General Meeting for concerted general action.

92. All proposals or recommendations for concerted general action respecting the mills which the Committee of the Association may consider to be concerned in respect to a strike, lockout, short-time working or organized lessening of production, payment of bonus, increases or reductions in wages, or any other matter whatsoever, shall only be adopted if passed by a majority of not less than 85 per cent. of the votes cast at a Special General Meeting duly called for the purpose of considering such proposals or recommendations.

Expulsion of members for contravening resolutions adopted at the General Meeting.

93. Any member of the Association who shall contravene the terms of any proposal which has been approved and adopted by the members of the Association under Rule 92 hereof shall be liable to be summarily expelled from the Association by a resolution of the Committee declaring that such member is expelled; provided that such resolution shall be passed by a majority of not less than three-fourths of the members of the Committee present at a Special Meeting called for the purpose of considering such contravention.

94. Whenever a resolution shall have been passed as in the last preceding rule mentioned such resolution shall be final and conclusive and the member thereby declared to be expelled shall thenceforth cease to be a member of the Association, and shall not be entitled to claim from the Association any refund on account of subscription which may have already been paid.

95. A firm or Joint Stock Company or other Corporation which shall be expelled under the last preceding rule shall be eligible for re-election after the expiry of six months from the date of expulsion provided not less than three members in addition to the proposer and seconder concur in the proposal for re-election.

Funds and properties of the Association.

96. The control of the funds of the Association shall be vested in the Committee, who in addition to the powers expressly conferred on them by these rules may exercise all such powers, and do all such acts and things as may be exercised or done by the Association and are not hereby or by law expressly directed or required to be exercised or done by the Association in General Meeting, and in particular may from time to time at their discretion raise or borrow or secure the repayment of any sum or sums of money in all respects as they think fit.

97. If at any time during the year the funds at the disposal of the Committee are insufficient or are likely to be insufficient to defray the estimated expenditure for the remaining portion of the year, then the Committee shall, in such case, call a General Meeting of the members of the Association and lay the accounts of the Association before such meeting.

98. The Committee shall cause proper books of account to be kept of the transactions of the Association and of the assets, credits and liabilities thereof, which books of account shall be kept at the office of the Association or at such place or places, and in the charge of such person or persons as the Committee may from time to time direct.

99. At least seven days previous to each Annual General Meeting of members of the Association the Committee shall send to each member of the Association a duly audited income and expenditure account, and a balance sheet, containing a summary of the property and liabilities of the Association and made up to the 31st December of the year immediately preceding the meeting, and such account and balance sheet shall be laid before the members at the Annual General Meeting of the Association in each year.

100. The Committee for the time being shall have power to invest and deal with any of the moneys of the Association not immediately required for the purposes thereof in such securities and in such manner as they may think fit and from time to time to vary or realize such investments.

101. 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.

102. There shall be two Trustees of the Association and the first Trustees shall be Mr. H. P. (now Sir H. P.) Mody and Mr. Ratansi D. Morarji. Subsequent Trustees shall be appointed by resolution of the Committee. Any person for the time being entitled to act and vote for a member shall be eligible as a Trustee. Any Trustee who shall cease to be entitled to act and vote for a member shall *ipso facto* cease to be a Trustee. Any Trustee may be removed by a majority of three-fourths of the members of the Association present at a meeting duly convened for the purpose of considering such removal.

103. All the funds and properties of the Association shall be vested in the Trustees who shall have the custody of all securities and documents of title relating thereto and shall deal with and dispose of the same and the income thereof in accordance with the written directions from time to time given to them by the Committee for the time being.

104. Neither the Chairman, Deputy Chairman, nor any ordinary member of the Committee nor the Secretary nor any Trustee shall be answerable for anything other than his own acts or defaults, nor shall he be answerable for any act done by him for the sake of conformity only, nor for any moneys of the Association other than such as shall come into his own hands, nor for any collector or receiver of moneys appointed by the Committee, nor for any misfortune, loss or damage, happening to the Association by reason of any deed done or executed by him as a Chairman, Deputy Chairman or ordinary member of the Committee or as Secretary or Trustee, nor by reason of any error in judgment or mere indiscretion on his part in the performance of his duties, nor otherwise on any account, except for wilful negligence or fraud. Every person being Chairman, Deputy Chairman, or an ordinary member of the Committee or Secretary or Trustee of the Association, 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 power or duties, and every person having been or being a Chairman, Deputy Chairman, or ordinary member of Committee or Secretary or Trustee 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.

Responsibility of
the Chairman,
Deputy Chairman,
Secretary and
members of the
Committee.

The date when
the rules come into
force and the mode
of altering the
rules.

105. These rules shall come into force on the First day of March 1925 on which date the present rules shall stand cancelled. No alterations in these rules shall be made save and except by a majority of not less than three-fourths of the votes cast at a General Meeting of the members of the Association duly convened and held for the purpose of considering such alteration, the terms of which shall have been fully set forth in the notice convening the meeting.

RULES FOR THE REGISTRATION OF TRADE MARKS.

Revised and adopted down to the Annual General Meeting of the Association held on 3rd March 1927.

1. Throughout all these rules the following words shall bear and include the following meanings :— Interpretation.

- (a) 'The Association' means the Millowners' Association, Bombay.
- (b) 'Member' means a member of the Millowners' Association, Bombay.
- (c) 'The Secretary' means the Secretary of the Millowners' Association, Bombay.
- (d) 'The Managing Committee' means the Managing Committee of the Millowners' Association, Bombay.
- (e) 'Trade mark' includes 'ticket' and 'stamp.'
- (f) 'Colourable imitation' includes a trade mark, which is likely to become known by or to acquire the same name as that by which another trade mark is already known or which such other trade mark has already acquired.

2. For the purposes of these rules a registrable trade mark must consist of a distinctive mark device or design not being a name, signature or word or words (invented or otherwise) either alone or in combination with one or more of the following :— Essentials of a registrable trade mark.

- (a) The name of a Company, individual or firm represented in a special or particular manner.
- (b) An invented word or invented words.
- (c) A word or words having no direct reference to the character or quality of the goods and not being according to its ordinary signification a geographical name or surname.

Provided—

- (1) that any trade mark registered in the Permanent Register of the Association prior to the 31st March 1924 shall be registrable as a trade mark under this rule;
- (2) that no trade mark shall be accepted for registration which contains or consists of any scandalous design, or any matter the use of which would by reason of its being calculated to deceive or otherwise be disentitled to protection in a Court of Justice, or would be contrary to law or morality ;
- (3) that no trade mark shall be accepted for registration which contains or consists of a representation of the Royal Arms (or Arms so closely resembling the Royal Arms as to be calculated to deceive), or of a photograph or photographs of any member or members of the Royal Family.

3. All goods to which these rules apply shall be divided into the following classes :— Classification of goods.

Class 1.—Cotton yarns and threads being either grey or bleached.

Class 2.—Cotton yarns and threads being coloured either in whole or in part.

Class 3.—Cotton piecegoods of all kinds.

Registers.

4. The Association shall keep two registers, one of which shall be called 'The Permanent Register' and the other 'The Suspense Register.'

Duty of members to register trade marks and mode of applying to register same.

5. Every member shall send to the Secretary an application in writing addressed to the Secretary and signed by the member or by some person duly authorized to sign the same on behalf of the member, to register with the Association every trade mark, not already registered by such member with the Association, which is or is to be the property of such member and which such member desires to apply to any produce of the mill or mills, factory or factories, owned by such member.

6. Every such application shall specify the name by which the trade mark to which the application relates is intended to be known and the class or classes of goods to which the trade mark is intended to be applied and shall be accompanied by one copy of the trade mark for the use of the Association and also by such further number of copies thereof as the Managing Committee may from time to time prescribe in that behalf, regard being had to the total number of members.

7. Every member shall send to the Secretary such number of copies of every trade mark which is the property of a dealer dealing with such member, and which such member intends to apply to any produce of the mill or mills, factory or factories, owned by such member as the Managing Committee may from time to time prescribe in that behalf, regard being had to the total number of members, accompanied by a statement in writing specifying the name by which any such trade mark is intended to be known, and the class or classes of goods to which the trade mark is intended to be applied. The Secretary shall so soon as may be after the receipt thereof send to every member a copy of such trade mark together with a copy of such statement.

Secretary to enter every trade mark which a member shall apply to register in the Suspense Register.

8. The Secretary shall forthwith on receipt of an application for registration of a trade mark with the Association made in conformity with these rules enter the said trade mark in the 'Suspense Register' for use on goods of the class or classes specified in the application.

Notice of every application to register a trade mark to be sent to every member.

9. The Secretary shall so soon as may be after any application shall have been made for the registration of any trade mark with the Association, send to every member a copy of such application with an intimation of the date when it was made and that such trade mark has been entered in the Suspense Register and shall also send with such intimation one copy of such trade mark, and also if the application shall have been accompanied by a notification in conformity with Rule 21 that the member, who shall have made the application, is not willing to refer to arbitration any matter relating to the application, one copy of such notification and shall after the expiration of three weeks from the date of the despatch of such intimation send a reminder to each member who shall not in the interval have acknowledged the receipt of such intimation or otherwise intimated that such intimation has been received by such member.

Effect of entry of trade mark in Suspense Register.

10. The entry of a trade mark in the Suspense Register shall not confer upon the member upon whose application the same shall have been so entered any right against any other member in respect of the trade mark so entered save and except a right to apply for the removal of any other trade mark from the Suspense Register as in Rule 11 hereinafter set forth.

Applications for removal of trade mark from the Suspense Register.

11. Any member may apply that any trade mark which has been entered in the Suspense Register may be removed therefrom on the ground that it is an imitation colourable or otherwise of another trade mark which at the time of the entry of the trade mark objected to was then already in the Suspense Register and had been entered therein on application of the member applying for such removal and was intended to be applied to the same class or classes of goods as the class or classes to which the trade mark objected to is intended to be applied.

12. Every application for removal of a trade mark from the Suspense Register shall be made in writing addressed to the Secretary and signed by the applicant or by some person duly authorized to sign on behalf of the applicant and shall set forth the ground on which the same is made.

13. Every application for removal of a trade mark from the Suspense Register shall be determined in the manner hereinafter prescribed; and if, when the same shall have been so determined, the application shall be upheld, the trade mark for the removal of which the application shall have been made, shall forthwith be removed from the Suspense Register.

14. Any member may object to any trade mark being entered in the Permanent Register on the ground that such trade mark is an imitation colourable or otherwise of a trade mark which has already, on the application of such objecting member, been entered in the Permanent Register for use on goods of a class or classes similar to the class or classes of goods to which the trade mark, in respect of which an application has been made, is intended to be applied, and that such trade mark so already entered, is habitually applied by such objecting member to such class or classes of goods. Objections to entry of a trade mark in the Permanent Register.

15. Every such objection shall be made within one month after the application to register the trade mark objected to shall have been made and shall be in writing addressed to the Secretary and signed by the objecting member or by some person duly authorized to sign on behalf of the objecting member and shall set forth the grounds of objection.

16. Any member may within three calendar months from the date of his becoming a member for the first time apply that any trade mark which shall have been registered in the Permanent Register, at any time before the expiration of the said period of three months, shall be removed therefrom on the ground—

That the trade mark so already registered in the Permanent Register is an imitation colourable or otherwise of a trade mark for the registration of which such member has applied for use on goods of a class or classes similar to the class or classes of goods to which the trade mark so already registered in the Permanent Register is applied, and that such trade mark for the registration of which such newly joined member has so applied as aforesaid has been habitually applied by such newly joined member to the said class or classes of goods.

17. When any member being the owner of a mill shall have ceased to be a member for any reason, other than expulsion, and shall subsequently again become a member by virtue of the ownership of the same mill, or, when any mill, being the property of a member, shall have passed to a new owner and such new owner shall become a member by virtue of the ownership of the said mill, such member, who shall have again become a member, may at any time, within one month from the date of his having so again become a member or such new owner, who shall have become a member, may at any time within one month from the date of his becoming a member apply—

(a) That a trade mark which shall have been entered in the Permanent Register subsequent to the date on which such member shall have ceased as aforesaid to be a member but prior to the date of the application under this rule or subsequent to the date when such mill as aforesaid passed to such new owner as aforesaid but prior to the date of the application under this rule, as the case may be, shall be removed from the Permanent Register; or

(b) That if any trade mark shall have been or shall be entered in the Permanent Register in compliance with an application for the registration of the same which has been made subsequent to the date on which such member shall have ceased as aforesaid to be a member but prior to the date of the application under this rule, or subsequent to the date when such mill as aforesaid passed to such new owner as aforesaid but prior to the date of the application under this rule, as the case may be, the said trade mark shall be removed from the Permanent Register, on the ground either in the case (a) or in the case (b)—

That the said trade mark is an imitation colourable or otherwise of a trade mark previously registered with the Association by the member who shall have so ceased to be a member as aforesaid or by the member who was for the time being the owner of the mill which has so passed to a new owner as aforesaid for use on goods of a class or classes similar to the class or classes of goods for use on which the trade mark so objected to shall have been registered and that a fresh application for the registration of the mark so previously registered as aforesaid has been made by the applicant.

18. Every application for removal of a trade mark from the Permanent Register shall be made in writing addressed to the Secretary and signed by the applicant or by some person duly authorized to sign on behalf of the applicant and shall set forth the grounds on which the same is made.

19. Every application under Rules 16 and 17 for removal of a trade mark from the Permanent Register shall be accompanied by twelve or such other number of copies as the Managing Committee may from time to time prescribe of the trade mark said by the applicant to have been previously registered with the Association.

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

to refer to arbitra-
tion in certain
cases.

21. Notwithstanding anything contained in these rules or in the Form of Adherence prescribed under Rule 39 of the Rules and Regulations of the Association any member who shall have become a member for the first time may send a notification in writing addressed to the Secretary with any application, made by such member, to register a trade mark, which shall be sent to the Secretary within one month from the date when such member shall have become a member notifying that he is not willing to refer to arbitration any matter relating to the application with which the notification is sent; and whenever any such notification is sent as aforesaid no member shall in the matter to which the notification relates be bound by the rules relating to arbitration.

22. In like manner, notwithstanding anything contained in these rules or in the Form of Adherence in Rule 39 mentioned, if any member who shall have received notice of any application to register a trade mark, which shall have been sent to the Secretary, by a member who shall have become a member for the first time, within one month from the date when such member shall have become a member shall object, in the manner prescribed by these rules, to the said trade mark being entered in the Permanent Register on the ground specified in Rule 14, such objecting member may send with such objection, a notification in writing addressed to the Secretary notifying that he is not willing to refer to arbitration any matter relating to such objection to the application of which he shall have so received notice as aforesaid and specifying such application and objection; and whenever any such notification is sent no member shall in the matter to which such notification relates be bound by the rules relating to arbitration.

Provided always that if a member who shall have become a member for the first time shall prove to the satisfaction of the Managing Committee that for a period of not less than five consecutive years immediately preceding the date when such member shall have become a member he has habitually applied the said trade mark to goods of a class or classes similar to the class or classes of goods to which such objecting member shall have habitually applied the trade mark of which the said trade mark is alleged by such objecting member to be an imitation colourable or otherwise, then such objecting member shall be deemed to have

sent to the Secretary such a notification in writing as above mentioned, and the provisions of Rules 37 to 43 (inclusive) so far as the same are applicable shall forthwith operate and have effect.

23. All questions in dispute between two members arising out of or incidental to any
- (a) application to register a trade mark,
 - (b) application to remove a trade mark from the Suspense Register,
 - (c) application to remove a trade mark from the Permanent Register,

Determination of questions relating to any application to register a trade mark or to any application to remove a trade mark from the Suspense Register or from the Permanent Register, as to which notice of refusal to refer to arbitration has not been given.

shall, if no such notice, as is permitted by these rules, of unwillingness to refer to arbitration shall have been given in connection with the same, be determined by arbitration in the manner prescribed by the following rules.

24. Either member may give the other member notice of the appointment of an arbitrator on behalf of the member giving such notice and may call upon such other member to appoint and to notify to the member who shall give the notice of the appointment of an arbitrator within seven days from the date of the giving of the notice; and on receipt of such notice such other member must, if he should desire to appoint an arbitrator, appoint him within seven days from the receipt of such notice and notify such appointment within the same time to the member from whom he shall have received the notice to appoint an arbitrator.

25. If the member to whom such notice as in Rule 24 mentioned shall have been given fail to appoint and to notify to the member who shall have given the notice of the appointment of an arbitrator within seven days from the service of the notice upon him the matter in dispute shall stand referred to the arbitrator already appointed as sole arbitrator.

26. If a matter in dispute shall stand referred to an arbitrator as sole arbitrator he shall make his award within fourteen days from the date when the matter in dispute shall first stand referred to him.

27. If two arbitrators shall be duly appointed in accordance with these rules, they shall within 3 days from the date when such one of them as was last appointed shall have been appointed and before proceeding with the reference appoint an umpire.

28. If two arbitrators and an umpire shall have been duly appointed, the two arbitrators shall, if they can agree upon their award, make their award within fourteen days after the appointment of the umpire.

29. If two arbitrators and an umpire shall have been duly appointed but the two arbitrators shall either fail to agree upon their award or fail to make it within fourteen days from the appointment of the umpire, the matter in dispute shall stand referred to the umpire.

30. When a matter in dispute shall stand referred to an umpire he shall make his award within fourteen days from the date when the matter in dispute shall stand referred to him.

31. If

(a) a matter in dispute shall stand referred to a sole arbitrator but such arbitrator shall fail, from any cause whatever, to make his award within fourteen days from the date when the matter in dispute shall first stand referred to him;

or

(b) two arbitrators shall have been duly appointed but shall fail, from any cause whatever, to appoint an umpire within three days from the date of the appointment of such one of the arbitrators as shall have been last appointed;

or

- (c) a matter in dispute shall stand referred to an umpire but such umpire shall fail from any cause whatever, to make his award within fourteen days from the date when the matter in dispute shall first stand referred to him ;

the matter in dispute shall in any of such cases stand referred to a referee who shall be appointed by the Managing Committee.

32. When a matter in dispute shall stand referred to a referee he shall make his award within fourteen days from the date when the matter in dispute shall first stand referred to him and it shall be deemed to stand referred to him so soon as he shall have been informed of his appointment by the Managing Committee.

33. The sole arbitrator, two arbitrators, umpire or referee, as the case may be, shall, when he or they make an award, reduce it into writing, sign it and forward it to the Managing Committee who shall file it in a separate file, in which such awards shall alone be filed.

34. Every award, whether made by a sole arbitrator, two arbitrators, an umpire or a referee, which shall be duly made under the authority of and in conformity with these rules, shall be conclusive and binding upon the parties to the arbitration in which the award was made and the Association shall give effect to it.

(a) No person shall be appointed an arbitrator, umpire or referee, under the foregoing rules, who shall not be either a member of the Association or a person entitled to act and vote on behalf of a member of the Association, and any appointment made in contravention of this rule shall be null and void.

Fees on arbitrations.

35. The following fees on arbitrations shall be chargeable by the Association to members :—

- (a) In cases where there is a sole arbitrator, Rs. 15, which shall be paid by the member who has failed to appoint an arbitrator within the time prescribed by these rules.
- (b) In cases where each party has appointed one arbitrator, the sum of Rs. 30, whereof each member, a party to the arbitration, shall pay Rs. 15.
- (c) In cases where an umpire is appointed, Rs. 15, whereof each member, a party to the arbitration, shall pay Rs. 7-8-0.
- (d) In cases where a referee is appointed Rs. 15 whereof each member, a party to the arbitration, shall pay Rs. 7-8-0.

The sole arbitrator, two arbitrators, umpire or referee, as the case may be, shall have power to direct by any award made by him or them under these rules that any fee paid by any member, a party to the arbitration in which such award shall have been made, shall be refunded to him by the other member, a party to the said arbitration.

36. The Association shall, whether the fees payable under these rules in connection with any arbitration shall have been duly paid to it or not, pay to each arbitrator, umpire and referee who shall have acted in such arbitration a fee of Rs. 15.

Procedure when any application made to register a trade mark, or any objection made to register a trade mark as to which notice of refusal to refer to arbitration has been given.

37. If, in any case permitted by these rules, any member shall, in the manner prescribed by these rules, make

- (a) any application to register a trade mark,
or
(b) any objection to a trade mark being entered in the Permanent Register,

accompanied by a notification that the member is not willing to refer to arbitration any matter relating to the application or objection, as the case may be, with which the notifica-

tion is sent, no steps shall be taken by the Association in the matter of the application or objection specified in such notification for a period of two months from the receipt by the Secretary of such notification.

38. Any member, who shall have made any such application or objection as in Rule 37 mentioned, accompanied by such a notification as in the said Rule 37 mentioned, may, at any time during the said period of two months in the said Rule 37 mentioned, institute legal proceedings either to establish the right of such member to the trade mark to which such application or objection relates or to restrain any other member from using such trade mark or to procure the punishment of such member for using the same and such proceedings may be taken either in a Civil or a Criminal Court.

39. If, in any case permitted by these rules, any member shall, in the manner prescribed by these rules, have made any such application as in Rule 37 mentioned, accompanied by such a notification as in the said Rule 37 mentioned, and at the expiration of the said period of two months in the said Rule 37 mentioned, no such legal proceedings as in Rule 38 mentioned shall have been instituted in connection with the trade mark to which the application relates, the said application shall be rejected and the said trade mark be removed from the Suspense Register and shall not be entered in the Permanent Register,

40. If, in any case permitted by these rules, any member shall, in the manner prescribed by these rules, have made any such objection as in Rule 37 mentioned, accompanied by such a notification as in the said Rule 37 mentioned, and at the expiration of the said period of two months in the said Rule 37 mentioned, no such legal proceedings as in Rule 38 mentioned shall have been instituted in connection with the trade mark to which the objection relates, the said objection shall be rejected, and the application to register the trade mark, to which such objection relates, shall be dealt with under these rules, as if no such notification had been given.

41. If, within the said period of two months in Rule 37 mentioned, such legal proceedings as in Rule 38 mentioned shall have been instituted, no steps shall be taken in the matter of the application or objection concerning the trade mark to which such legal proceedings relate until such legal proceedings shall have been finally determined.

42. When such legal proceedings as in Rule 38 mentioned shall have been finally determined, if it shall have been held by the Court—

- (a) That a trade mark, to register which an application shall have been made, or in respect of which an objection to the same being entered in the Permanent Register shall have been made, is an imitation colourable or otherwise of another trade mark, the trade mark so held to be an imitation colourable or otherwise shall not be registered ;

or, if it shall have been held by the Court—

- (b) That a trade mark, to register which an application shall have been made, or in respect of which an objection to the same being entered in the Permanent Register shall have been made, is not an imitation colourable or otherwise of another trade mark, the same shall, if it be in the opinion of the Managing Committee a proper mark to be registered as a trade mark, be entered therein.

43. The production to the Managing Committee of a certified copy of a decree passed by a Civil Court of competent jurisdiction in British India from which no appeal lies or in respect of which the time for appealing has expired or the production of a certified copy of a judgment of a Criminal Court from which no appeal lies, or in respect of which the time for appealing has expired, shall be conclusive evidence of everything therein appearing to have been held, decided or found, and the Managing Committee shall act in accordance therewith.

All trade marks registered with the Association on or before the First day of April 1912 to be entered in the Permanent Register.

44. All trade marks which shall have been registered with the Association on or before the First day of April 1912 either under the Rules for Primary Registration or under the Rules for Secondary Registration, which were in force prior and down to the said First day of April 1912, shall be entered in the Permanent Register and shall be deemed respectively to have been entered therein as of the respective dates on which the same were originally registered with the Association.

Effect of entry of trade mark in Permanent Register.

45. Registration of a trade mark in the Permanent Register under these rules for use on goods of the class or classes specified in the entry in such register shall, *prima facie*, be held to secure to the said member an exclusive right as against all other members to the use of the said trade mark on goods of the class or classes so specified.

46. These rules shall come into force on the First day of April 1924 on which date they shall supersede all other rules relating to the Registration of Trade Marks.

“ SUPPLEMENTARY ” PROVISIONS FOR DEALING WITH DISPUTES
IN CONNEXION WITH DEALERS’ TRADE MARKS CIRCULATED
UNDER RULE 7 OF THE ASSOCIATION’S RULES FOR THE
REGISTRATION OF TRADE MARKS.

*Revised and adopted down to the Annual General Meeting of the Association
held on Wednesday, the 5th March, 1941.*

Rule 1.—These Rules shall be called “The Supplementary Provisions relating to Dealers’ Trade Marks.”

Rule 2.—These provisions shall unless rescinded be in force up to March 31st, 1940,* and might be renewed or extended and confirmed before that date by a resolution duly passed at a General Meeting of all members of the Association.

Rule 3.—These rules shall take effect as and from the date following this resolution.

Rule 4.—These provisions shall only apply to disputes arising from dealers’ trade marks circulated on or after the date of commencement of these provisions.

If these provisions are not extended, renewed or confirmed before March 31st, 1940, they shall continue to apply till all disputes relating to dealers’ trade marks circulated on or before March 31st, 1940, have been disposed of.

Rule 5.—Every member shall send to the Secretary such number of copies of every trade mark which is the property of a dealer dealing with such member and which such member intends to apply to any produce of the mill or mills, factory or factories owned by such member (hereinafter called “a dealer’s trade mark”) as the Managing Committee may from time to time prescribe in that behalf regard being had to the total number of members accompanied by a statement in writing specifying the name by which any such trade mark is intended to be known and the class or classes of goods to which the trade mark is intended to be applied. The Secretary shall so soon as may be after the receipt thereof send to every member a copy of such trade mark together with a copy of such statement.

Rule 6.—Any member may object to any such dealer’s trade mark on the ground that such dealer’s trade mark is an imitation, colourable or otherwise, of a trade mark which has already on the application of such objecting member been entered in the permanent register for use on goods of a class or classes similar to the class or classes of goods to which such dealer’s trade mark is intended to be applied and that such trade mark so already entered has habitually been applied by such objecting member to such class or classes of goods.

Rule 7.—Every such objection shall be made within seven days after the Secretary shall have sent to every member a copy of such dealer’s trade mark and shall be in writing addressed to the Secretary and signed by the objecting member or by some person duly authorized to sign on behalf of the objecting member and shall set forth the grounds of objection.

Rule 8.—If any member shall object to a dealer’s trade mark on the ground set out in Rule 6, then unless the two members can come to an agreement with each other the difference between them shall be determined by arbitration in the manner prescribed by the rules for the determination of questions relating to any application to register the trade mark or to an application to remove a trade mark from the Suspense Register or from the Permanent Register as to which notice of refusal to refer to arbitration has not been given. The sole arbitrator, two arbitrators, umpire or referee as the case may be, shall award either that the member may or may not apply such dealer’s trade mark to any produce of the mill

* Since extended to March 31st, 1942.

or mills, factory or factories owned by such member, and subject to the provisions of Rule 9 both members shall abide by such award.

Rule 9.—Should the objecting member establish in a suit filed in the High Court of Judicature at Bombay in which the objecting member is the Plaintiff and the dealer is the Defendant that the dealer's trade mark is an imitation colourable or otherwise of a mark which has already on the application of such member been entered on the Permanent Register then notwithstanding that an award may have been made permitting a member to apply such dealer's trade mark to any produce of the mill or mills, factory or factories owned by such member, the other member shall forthwith cease to apply such dealer's trade mark to any produce of the mill or mills, factory or factories owned by him.

Rule 10.—The objecting member shall not make the other member a party to such suit.

Rule 11.—If the objecting member files a suit against the dealer before an award shall have been made then the arbitrators shall not make their award.

Rule 12.—The provisions of Rules 2 to 7 shall apply also to a dealer's trade mark which it is intended to apply to the produce of a mill for export from India to particular and specified markets only. Rules 8 to 11 shall not apply to such trade marks, but the following rules shall apply in addition to Rules 2 to 7.

Rule 13.—Every member shall send to the Secretary, with the copies of the trade mark sent to him under Rule 5, a certificate signed by him or by some person duly authorised to sign the same on behalf of the member that the produce to which the said mark is to be applied will not be sold in India but will be exported from India to particular and specified markets only.

Rule 14.—The Secretary shall, when sending copies of the trade mark to members under Rule 5, also send to them copies of the said certificate.

Rule 15.—If any member shall object to such dealer's trade mark on the ground set out in Rule 6, the Secretary shall notify the member of such objection but the Association shall not thereafter take any part in the said objection.

RULES FOR THE REGISTRATION OF TRADE NUMBERS.

Adopted at the Special General Meeting of the Members of the Association held on 10th October 1932.

THE object of these Rules is to protect quality numbers used on cloth by member mills and registered with the Association, against all possible imitations and infringements. It has been recognised that this object can only be achieved by exercising systematic control over numbers introduced in future by members. The Rules will provide mills with a ready guide, which they can always consult before introducing a number, as to the minimum difference which has to be maintained between a number already registered and a number proposed for registration. It should be clearly understood, however, that the maintenance of the differences referred to in Rule 16 will not necessarily result in a member obtaining a certificate of registration from the Association. The real test of registrability will be whether a number is likely to become known by or acquire the same name, or be passed off as another number already registered with the Association.

1. These Rules shall be called the "Rules for the Registration of Trade Numbers" and shall come into force on the 1st day of January 1933.

2. Throughout these Rules, the following words shall bear and include the following meanings, namely:— Definitions.

- (a) "The Association" means "The Millowners' Association, Bombay."
- (b) "Member" means a member of the Millowners' Association, Bombay.
- (c) "The Secretary" means "The Secretary of the Millowners' Association, Bombay."
- (d) "Number" means and includes:—
 - (i) ANY COMBINATION OF NUMBERS of not less than two nor more than six digits.
 - (ii) ANY COMBINATION OF LETTERS of not less than two nor more than six letters.
 - (iii) ANY COMBINATION OF NUMBERS AND LETTERS of not more than eight digits, a letter representing a digit.
 - (iv) ANY NUMBER FRACTION of not more than eight digits in the numerator and denominator together.
 - (v) ANY LETTER FRACTION of not more than eight letters in the numerator and denominator together.
 - (vi) ANY COMBINED LETTER AND NUMBER FRACTION of not more than eight digits (each letter representing a digit) in the numerator and denominator together.
 - (vii) ANY COMBINATION OF NUMBERS AND FRACTIONS of not more than six digits, each fraction representing a digit.
 - (viii) ANY COMBINATION OF NUMBERS, LETTERS AND FRACTIONS of not more than eight digits, each letter and fraction representing a digit.

3. The following combinations shall not be capable of registration, namely:—

- (a) A combination of numbers and letters ending with a fraction of more than one digit in the numerator and the denominator;

Unregistrable Numbers.

(b) A combination of numbers and/or letters representing cloth dimensions ;

(c) A combination of letters making a word.

Portion of Number relating to design, etc.

4. Where a portion of a number submitted for registration relates to the design, colour or border of the cloth on which it is used, or indicates that the cloth on which it is used is dyed, bleached, calendered, etc., that portion of the number shall not be capable of registration, but will be recorded against the number in the Exclusive Register.

Registers.

5. The Association shall keep two Registers, one of which shall be called the "Exclusive Register" and the other the "Suspense Register."

Suspense Register.

6. There shall forthwith be entered in the Suspense Register all numbers which prior to the 1st April 1930, were being used by more than one member on the same class or classes of goods, together with the names of the members by whom and the class or classes of goods on which such numbers were being so used.

Effect of entry in Suspense Register.

7. The entry of a number in the Suspense Register shall not confer upon the members whose names shall be entered therein as the users of such number prior to the 1st April 1930, any right against any other member in respect of the number so entered.

Agreement as to user of numbers in Suspense Register.

8. If and when the members whose names shall be entered in the Suspense Register as the users of a number on the same class or classes of goods prior to the 1st April 1930, shall agree that the number in question shall henceforth be the exclusive property of one of them for use on a particular class of goods, and shall signify such agreement in writing to the Secretary signed by all of them, the Secretary shall forthwith enter the number in the Exclusive Register together with the name of the member entitled under such agreement to the exclusive use of the number on the particular class of goods on which it is to be used.

Exclusive Register (Old Numbers)

9. There shall forthwith be entered in the Exclusive Register every number which, prior to the 1st April 1930, was being used exclusively by a member on a particular class or particular classes of goods together with the name of the member by whom and the class or classes of goods on which such number was being used.

Exclusive Register (Intermediate Numbers).

10. Every number introduced by a member for use on any class of goods after the 1st April 1930, but before the date on which these Rules shall come into force, shall, provided such number differs in any respect from any number, already registered in the Suspense Register or the Exclusive Register, forthwith be entered in the Exclusive Register together with the name of the member by whom and the class or classes of goods on which such number is entitled to be exclusively used.

Exclusive Register (New Numbers).

11. Every number which shall, after the date on which these Rules shall come into force, be certified for registration under these Rules shall forthwith be entered in the Exclusive Register together with the name of the member by whom and the class or classes of goods on which such number is entitled to be exclusively used.

Effect of entry in Exclusive Register.

12. Registration of an old or new number in the Exclusive Register under these Rules for use on goods of the class or classes specified in the entry in such register shall *prima facie* be held to secure to the said member an exclusive right as against all other members to the use of the said number on goods of the class or classes so specified.

Use of New Number.

13. A new number shall not be used by any member after the date on which these Rules shall come into force until he shall have obtained from the Secretary a certificate of registration of the number under these Rules.

Form of Application for Registration.

14. An application for the registration of a new number shall be signed by a Director, or the Secretary or other principal officer of the applicant member, and shall be addressed and

sent to the Secretary at the office of the Association for the time being, accompanied by a sample of the cloth upon which the number is intended to be used. The application shall specify :—

- (i) The number to be registered :
- (ii) The class of cloth on which the number is intended to be used ;
- (iii) The dimensional particulars of the cloth on which the number is intended to be used ; and
- (iv) Whether any, and if so, which portion of the number submitted for registration refers to the design, border or width of the cloth, or indicates that it is bleached, dyed or calendered.

A separate application must be made for each class of goods.

15. Upon receipt of an application for registration of a new number, the Secretary, Search by Secretary. if satisfied that the number is capable of registration under these Rules, shall cause a search to be made amongst the numbers registered in the Suspense Register and the Exclusive Register for the purpose of ascertaining whether there are on record any numbers for the same goods or description of goods identical with the number applied for or so nearly resembling it as to be calculated to deceive.

16. A number shall be deemed to be so nearly resembling a registered number as to be calculated to deceive if it does not differ from the registered number :— What is calculated to deceive.

- (i) in the case of a number not exceeding four digits, in at least one corresponding digit ;
- (ii) in the case of a number of five digits, in at least two corresponding digits ;
- (iii) in the case of a number of six digits, in at least three corresponding digits ;
- (iv) in the case of a letter number of two letter digits, in at least one corresponding letter digit ;
- (v) in the case of a letter number of three or four letter digits, in at least two corresponding letter digits ;
- (vi) in the case of a letter number of five or six letter digits, in at least three corresponding letter digits ;
- (vii) in the case of a number consisting of one letter digit and one number digit, in at least one corresponding digit ;
- (viii) in the case of a number consisting of one letter digit and two or three number digits, in at least one corresponding number digit ;
- (ix) in the case of a number consisting of one letter digit and four or more number digits, in at least two corresponding digits ;
- (x) in the case of a number consisting of two or more letter digits and one or more number digits, in at least one corresponding letter digit and one corresponding number digit ;
- (xi) in the case of a number fraction, in which the total number of digits in the numerator and denominator is three or four, in at least one digit from either the numerator or denominator :

- (xii) in the case of a number fraction in which the total number of digits in the numerator and denominator is five or more, in at least one corresponding digit in the numerator and one corresponding digit in the denominator, or two corresponding digits in either the numerator or the denominator ;

PROVIDED that no fractions of less than three digits in the numerator and denominator together will be accepted for registration.

Sub-rule (xi) applies also to letter fractions and letter and number fractions where the total number of letters is three or four ; and sub-rule (xii) applies where the total number of digits in the numerator and denominator is five or more.

- (xiii) in the case of a combination consisting of a number and fraction :—

- (a) where the number portion consists of not more than four digits, in at least one corresponding digit ;
- (b) where the number portion consists of five or more digits, in at least two corresponding digits ;

PROVIDED always that a combination of a number and a fraction shall not be capable of registration if the number portion is already registered.

- (xiv) in combinations of letters, numbers and fractions :—

- (a) where the total number of digits, excluding the fractional digit, is not more than three, in one corresponding digit ;
- (b) where the total number of digits excluding the fractional digit is four or more, in at least two corresponding digits ;

PROVIDED that the restrictions mentioned in this rule are not applicable to "BALANCED NUMBERS."

17. *The standards set forth in Rule 16 shall constitute the minimum requirements in each case, and the Trade Marks Sub-Committee or the Arbitrators as the case may be, shall, in the event of an appeal or arbitration, take into consideration such other factors or possibilities directly bearing on the question as may appear to them feasible. They shall in all cases consider whether the number which forms the subject of appeal or arbitration is likely to become known by or acquire the same name, or is likely to be passed off as another number already registered with the Association.*

Temporary
certificate.

18. (a) After such search as aforesaid, the Secretary shall either reject the application, if he shall be satisfied that the number in question is not capable of registration under these Rules, or, if he shall be satisfied that the number in question is capable of registration under these Rules, he shall issue to the applicant a Temporary Certificate intimating that the number has been accepted by the Association as registrable under these Rules.

(b) The Secretary shall publish at the end of every week a list of the numbers in respect of which temporary certificates have been issued since the last publication together with the names of the members to whom such certificates have been issued and the classes of cloth on which it is intended that such numbers shall be used.

Certificate
registration.

of (c) If no objection to the registration of any such number on the ground that apart from these Rules, the number is likely to lead to deception in the market shall be received by the Secretary in writing within ten days after such publication, the Secretary shall forthwith thereafter issue to the applicant in exchange for the Temporary Certificate previously issued to him a certificate of registration which shall be conclusive evidence of the fact that the use of the number in question has been authorised. If any such objection as aforesaid shall be received by the Secretary within the prescribed period, he shall reject the application.

19. If as the result of such search or any objection as aforesaid an application is rejected, the Secretary shall send to the applicant a statement in writing of the reasons for such rejection, and if within two weeks from the date of the communication notifying such rejection, the applicant does not give notice of appeal he shall be deemed to have withdrawn his application.

Notice of rejection to be given to applicant.

20. (a) An appeal against the rejection of an application by the Secretary of the Association on the ground that the use of the number has been objected to by another member of the Association shall be dealt with by arbitration in accordance with the procedure laid down in the rules for the registration of Trade Marks.

Appeal.

(b) An appeal against the rejection of an application by the Secretary of the Association on the ground that the number is likely to be passed off as a number already registered by another member shall lie to the Trade Marks Sub-Committee of the Association.

21. The Committee of the Association shall from time to time prescribe such fees as they consider necessary for temporary certificates and certificates of registration.

Fees for Registration.

22. A "Balanced Number" means a number consisting of not less than three nor more than seven identical digits (numbers or letters). A "Balanced Number" shall not be capable of registration under these Rules unless it comprises at least 2 more or 2 less digits than a "Balanced Number" of the same series already registered either in the Suspense Register or the Exclusive Register.

Balanced Numbers.

23. It shall be lawful for the Secretary, subject to appeal to the Trade Marks Sub-Committee, to reject an application for registration of a number which would otherwise be capable of registration under these Rules, if, in his opinion, it is likely to lead to deception in the market in regard to a number already registered.

Rejection of Number likely to bear same name as a registered number.

24. (a) These Rules shall not apply to numbers introduced by members prior to their becoming members, if they shall become members for the first time after the date on which these Rules shall come into force. Such numbers shall be capable of registration provided they differ from numbers already registered and are submitted for registration within one month after the date on which the member became a member.

Numbers excluded from operation of Rules.

(b) Where a number submitted by a member within one month after the date on which he became a member corresponds exactly with a number already registered in the Exclusive Register or the Suspense Register, the fact will be communicated to such member with a request to settle the rights in respect of that number by direct negotiation with the member or members interested in the registered number.

(c) An application for the registration of a number submitted more than one month after the date on which the applicant became a member will be governed by these Rules.

(l) Monograms.

(m) Names or colourable imitations of names of Indian Mills.

(n) Colourable imitations of letter combinations already registered with the Association as trade numbers.

5. These Rules shall be applicable only to cotton mill members of the Association. Application.

6. On and after the introduction of these Rules, the Association shall keep two Registers, one of which shall be called the " Exclusive Register " and the other the " Suspense Register."

7. There shall forthwith be entered in the Exclusive Register all trade names which comply with the requirements set forth in Rules 3 and 4, and which on the date of the introduction of these Rules are being used exclusively by one member together with the names of the members by whom such trade names are being used.

8. There shall forthwith be entered in the Suspense Register all trade names which comply with the requirements set forth in Rules 3 and 4 together with the names of the members by whom such trade names are used and which on the date of the introduction of these Rules are being used by two or more members.

9. If and when the members whose names shall be entered in the Suspense Register as the users of a trade name prior to the introduction of these Rules, shall agree that the trade name in question shall henceforth be the exclusive property of one of them, and shall signify such agreement in writing to the Secretary signed by all of them, the Secretary shall forthwith enter the trade name in the Exclusive Register together with the name of the member entitled under such agreement to the exclusive use of the trade name. Agreement as to user of names in Suspense Register.

10. A trade name entered in the Exclusive Register shall preclude any member other than the member whose name is set opposite such trade name and a trade name entered in the Suspense Register shall preclude any member other than those whose names are set opposite such trade names from using such trade name. Effect of an entry in the Suspense Register or Exclusive Register.

11. Every trade name which shall after the date of the introduction of these Rules be certified for registration under these Rules, shall forthwith be entered in the Exclusive Register together with the name of the member by whom such trade name is entitled to be exclusively used. Exclusive Register (New Trade Names).

12. A trade name which is registrable under these Rules shall not be used by any member until he shall have obtained from the Secretary a certificate of registration of the trade name as provided in these Rules. Use of a new Trade Name.

13. An application for the registration of a new trade name shall be made in writing and shall be signed by a Director or the Secretary or other principal officer of the applicant member, and shall be sent to the Secretary at the office of the Association for the time being. Form of application for Registration.

The applicant shall write in his application in English characters the trade name for which registration has been applied and shall state whether it falls under Rule 3(a), 3(b) or 3(c).

In case the trade name applied for registration falls under Rule 3(c), the applicant shall clearly state the Indian vernacular or vernaculars from which the word has been taken, the Indian vernacular or vernaculars in which it is to be used and its English meaning.

14. A separate application shall be sent in respect of each trade name.

15. Upon receipt of an application for the registration of a new trade name, the Secretary, if satisfied that the trade name is capable of registration under these rules, shall cause a search to be made amongst the trade names already registered in the Exclusive Register and Suspense Register, for the purpose of ascertaining whether there are on record Search by Secretary.

any trade name or names identical in spelling or pronunciation with the trade name for which registration is applied, or so nearly resembling it as to be calculated to deceive.

Temporary Cer-
ificates.

16(a) If the Secretary shall be satisfied that the trade name in question is not capable of registration under these Rules, or if after such search as aforesaid he is satisfied that there is in the Exclusive or the Suspense Register a name identical in spelling or pronunciation with the trade name for which registration is applied or so nearly resembling it as to be calculated to deceive he shall reject the application. Otherwise he shall issue to the applicant member a Temporary Certificate intimating that the trade name has been accepted by the Association as registrable under these Rules.

16(b) The Secretary shall circulate to all members of the Association a description of every trade name for which a Temporary Certificate has been issued together with the name of the member to whom such Certificate has been issued.

Certificate
Registration.

of 16(c) If no objection by a member to the registration of such trade name is received by the Secretary in writing within 10 days, he shall forthwith thereafter issue to the applicant in exchange for the Temporary Certificate previously issued to him, a Certificate of Registration which shall be conclusive evidence of the fact that the trade name in question has been entered in the Exclusive Register and its use by the member concerned has been authorized.

17. If any objection or objections to the registration of a trade name is/are received by the Secretary within the prescribed period, he shall reject the application for registration.

Notice of Rejec-
tion to be given to
applicant.

18. When an application is rejected, whether under Rule 16 or 17, the Secretary shall forthwith send to the applicant a statement in writing of the reasons for such rejection, and in the case of a rejection under Rule 17, the name or names of the member or members objecting, and if within 14 days from the date of the communication notifying such rejection, the applicant does not give notice of appeal, he shall be deemed to have withdrawn his application.

APPEALS.

19(a) An appeal against the rejection of an application by the Secretary of the Association on the ground that the trade name does not comply with the conditions laid down under these rules or so nearly resembling a trade name already registered by another member in the Exclusive or the Suspense Register as to be calculated to deceive shall lie to the Trade Marks Sub-Committee of the Association.

19(b) An appeal against the rejection of an application by the Secretary of the Association on the ground that the registration of such trade name has been objected to by another member of the Association shall be dealt with by arbitration in accordance with the procedure laid down in the Association's Rules for the Registration of Trade Marks.

20. The Committee of the Association shall from time to time prescribe such fees as they consider necessary for Temporary Certificates and Certificates of Registration.

21(a) These Rules shall not apply to names introduced by members prior to their becoming members if they shall become members for the first time after the date on which these Rules shall come into force. Such names shall be capable of registration provided they differ from trade names already registered and are *prima facie* capable of registration under Rules 3 and 4 and are submitted for registration within one month after the date on which the member became a member.

21(b) Where a trade name submitted by a new member within one month after the date on which he became a member corresponds exactly with a trade name already registered in the Exclusive Register or entered in the Suspense Register, the fact will be communicated to the parties concerned with the request that they should settle the rights in respect of such trade name by direct negotiation.

21(c) An application from a new member for the registration of a trade name submitted more than one month after the date on which the applicant became a member will be governed by these Rules.

RULES FOR ARBITRATIONS ON INDIAN PIECEGOODS AND YARN.

(Revised and adopted down to the 1st July 1940.)

PREAMBLE.—Whereas it is desirable that disputes and differences arising out of contracts for the sale and purchase of Indian piecegoods and yarn which it is desired to submit to arbitration in accordance with the Rules of the Millowners' Association, Bombay, shall be speedily and economically decided by competent practical authorities on Indian piecegoods; and with that end in view the following Rules have been framed for the conduct of such arbitrations.

1. In these rules unless the context otherwise requires.

“The Association” means The Millowners' Association, Bombay.

“The Committee” means the Committee for the time being of the Association,

“Member” means a member of the Association.

“The Secretary” means the Secretary or Acting Secretary for the time being of the Association.

Words importing the singular number only shall include the plural, and the converse shall also apply.

2. These Rules shall apply to any dispute or differences arising out of contracts for the sale and purchase of Indian piecegoods and yarn entered into between members and merchants and between the selling agents of members and merchants, and between any other parties which specifically provide for arbitration in accordance with these Rules.

3. The Committee shall select triennially a panel of Arbitrators consisting of 30 persons, of whom fifteen shall be selected from representatives of members and fifteen shall be selected in consultation with the Bombay Country Fancy and Grey Piecegoods Merchants' Association, from dealers in Indian-made piecegoods. Panel of Arbitrators.

4. The Committee shall also select triennially from the panel of Arbitrators selected in accordance with Rule 3, a panel of ten persons to act as Umpires. Panel of Umpires.

5. If a member of the Arbitrators' or Umpires' panel shall resign or refuse to act or become incapable of acting or shall die, the Committee shall forthwith select in accordance with Rule 3 or Rule 4 as the case may be some other person to fill the vacancy so caused.

6. The Secretary shall keep a record, in the form, from time to time prescribed by the Committee, of all arbitrations conducted by the Association and of the awards made therein, and shall collect all fees in connection therewith and do all such things as are prescribed by or are necessary under these rules.

7. (a) The parties to a dispute may appoint an arbitrator selected from the panel of arbitrators to act as sole arbitrator or Appointment of Arbitrators.

(b) Either party to the dispute may appoint an arbitrator selected as aforesaid to act on his behalf and the Secretary shall immediately upon receipt of notice of such appointment give written notice thereof to the other party and shall call upon the other party to appoint within 10 days of the receipt of such notice an arbitrator selected as aforesaid to act on his behalf, and if such other party shall fail to make such appointment within the prescribed period the dispute shall stand referred to the arbitrator appointed by the first party as sole arbitrator. Reference to sole arbitrator if second arbitrator not appointed within 10 days.

Arbitrators not to be appointed without previous consent.

(c) No person shall be appointed to act as arbitrator under these rules whose consent to so act shall not previously have been obtained.

Appointment of arbitrators to be made on the form prescribed by the Association.

(d) The appointment of an arbitrator under these rules shall be made on the form prescribed by the Association, which form shall be signed by the person making the appointment, and submitted to the Secretary for necessary action.

(e) All applications for appointment of an arbitrator or arbitrators shall be accompanied by a deposit of Rs. 100, or such other sum as the Committee may direct, as a cover against the expenses of the arbitration.

Where the expenses of an arbitration remain unpaid by the party liable thereto for a period of 10 days after the award is made, the Secretary shall appropriate the deposit or a portion thereof towards the amount recoverable from the party. A refund of the amount of the deposit shall be made to the parties concerned on payment of all expenses of the arbitration in accordance with the terms of the award.

Arbitrators to be disinterested.

8. No party to a dispute shall appoint an arbitrator, and no person shall consent to act as arbitrator, who is or whose employers are interested directly or indirectly, in the subject-matter of the dispute. Any appointment made in contravention of this rule shall be deemed to be invalid and of no effect.

Appointment of Umpire by arbitrators.

9. When two arbitrators are appointed they shall, before proceeding with the reference, select from the panel of Umpires an umpire, who is willing to act, and communicate his name to the Secretary.

10. If the arbitrators are unable to agree as to the umpire they shall proceed with the reference and notify the Secretary of their disagreement, and the Committee shall thereupon select a person from the panel of Umpires to act as umpire. No person shall be appointed to act as umpire either by the arbitrators or the Committee who is or whose employers are interested either directly or indirectly in the subject-matter of the dispute. Any appointment made in contravention of this rule shall be deemed to be invalid and of no effect.

11. The arbitrators shall fix a time and place for the hearing of the reference and notify the Secretary thereof. The date so fixed shall be not later than 10 days after their appointment. The Secretary shall forthwith notify the parties of the time and place appointed.

Submission of statements.

12. Parties to the reference shall attend at the time and place appointed for the hearing of the reference, either in person, or (subject to the provisions of Rule 18) by any person duly authorised by them acquainted with all matters in dispute and they shall if so required by the arbitrators submit written statements of their respective cases to the arbitrators and answer all material questions relating to the dispute.

13. Parties to the reference shall, if required, submit to be examined by the arbitrators on oath or solemn affirmation or otherwise in relation to the matters in dispute.

Samples for inspection.

14. At the time appointed for the reference the parties shall have ready at the rooms of the Association or elsewhere as directed the sale samples duly attested, and if required sample packages or complete bales. Samples, packages or bales so sent will be at the sender's risk and must be accompanied by a peon in charge and by a cooper to open the packages.

15. The parties to the reference and all persons claiming through them respectively shall produce before the arbitrators all books, deeds, papers, accounts, writings and documents within their possession or power which may be required or called for and do all other things which during the proceedings on the reference the arbitrators may require.

16. The arbitrators shall have general authority to require from either or both of the parties to the reference such further statements, explanations, and other information, evidence and materials as they may consider necessary for the adjudication of the dispute.

and may, in such a case with the consent of all the parties, by endorsement on the reference paper, extend the time for making an award by a period not exceeding one English calendar month.

17. The arbitrators shall proceed with the reference and make an award *ex-parte* in the absence of any party who shall after due notice refuse or neglect to attend without having satisfied the arbitrators that good and sufficient reason exists for such neglect or refusal.

18. No party to a reference shall, without the express permission of the arbitrators be entitled to appear by counsel, attorney, advocate or pleader, or insist on or require the arbitrators to hear or examine witnesses or receive oral or documentary evidence other than what is deemed necessary by the arbitrators.

19. The arbitrators may, before making an award, and at the joint expense of the parties to the reference, consult counsel or solicitors to be selected by them on any question of law, evidence, practice or procedure arising in the course of the reference. In such cases the time for making an award may, with the consent of all the parties, be extended for a period not exceeding 28 days.

20. The arbitrators when called upon to do so by either party may, if they think fit to do so, make an interim award.

21. If the arbitrators fail to make an interim award or to agree upon an interim award within seven days after they shall have been called upon to do so, the Secretary shall forthwith call upon the umpire to enter upon the reference to the extent of the matters in respect of which the arbitrators were called upon to make an interim award and to make an interim award within seven days of the matter being referred to him and the umpire shall within such time make an interim award.

22. The arbitrators shall, notwithstanding that the umpire shall have made an interim award have power to make an award upon the matters in dispute still outstanding between the parties.

23. The arbitrators shall make an award in writing in the form prescribed by the Association or notify their disagreement to the Secretary as early as possible and in any case within 28 days from the date of the first hearing of the reference or within the period of any permitted extension of time.

24. If the arbitrators fail to make an award or to agree upon their award (not being an interim award under Rule 20 hereof) within the prescribed period or any permitted extension thereof, the Secretary shall forthwith call upon the umpire to enter upon the reference and the umpire shall thereupon proceed with the reference.

25. The arbitrators shall furnish the umpire with a brief statement of the facts of the case and their reasons for such failure to make an award or to agree upon their award or interim award as the case may be.

26. The foregoing rules as to the practice and procedure before the arbitrators shall apply *mutatis mutandis* to the proceedings before the umpire.

27. If an arbitrator duly appointed neglects or refuses to act or is otherwise incapable of acting, or dies, a new arbitrator shall be appointed in accordance with the foregoing rules.

If an umpire duly appointed neglects or refuses to act or is otherwise incapable of acting or dies, the Committee shall proceed to appoint a new umpire.

28. Parties to the reference shall do all acts necessary to enable the arbitrators or umpire to make a just and expeditious award, and shall not wilfully do or omit to do, or cause to be done or be omitted to be done, any act to delay or prevent the arbitrators or umpire in

or from making an award. If either party shall be guilty of any such act or omission which delays the proceedings in any manner, the arbitrators or the umpire shall direct him to pay to the other party such costs as they or he may deem reasonable and may proceed with the hearing of the reference.

29. When a dispute stands referred to an umpire, he may proceed to adjudicate in the matter on the basis of the statement furnished to him by the arbitrators as provided by Rule 25 and shall make his award thereon within 14 days of his first entering on the reference or within the period of any permitted extension of time.

30. The arbitrators or umpire shall by their or his award determine exactly what they or he shall think fit to be done by either of the said parties, respecting the matters referred and shall direct to and by whom and in what manner and in what proportion the total costs of the reference and the award, including the fees payable to the arbitrators and umpire and the Association shall be paid.

31. All references in these rules to an award shall unless repugnant to the meaning or context include references to an interim award.

32. All awards under these rules shall be made in the forms prescribed therefor bearing stamps of the value laid down under the Indian Stamp Act or any other law for the time being in force and shall be lodged with the Secretary who shall send copies thereof to the parties.

33. Every award made under or in pursuance of these rules shall be final and binding on the parties to the reference and on their respective representatives notwithstanding death or legal disability occurring to any party, before or after the making of the award, and so that death or legal disability shall not operate as a revocation of the award.

34. Whenever an award directs that a certain act or thing shall be done by one party to the reference and such party fails to comply with the award, the party in whose favour the award was made may make an application for a further award determining the amount of damages or compensation payable by reason of such failure, and the Committee on receipt of such application shall proceed to appoint a sole arbitrator or two arbitrators and an umpire who may or may not be the same person or persons who made the first award. The arbitration on the said application shall then proceed in accordance with these rules and the award thereon may be filed separately or together with the original award.

35. Neither party to a dispute which has been submitted to arbitration under these rules shall bring or prosecute any suit or proceeding on any ground whatsoever against the arbitrators or the umpire, or the Secretary.

36. In respect of arbitrations conducted under these rules the following fees shall be paid by the parties to the reference or by those claiming under them, namely:—

- (a) To a sole arbitrator a fee at the rate of Rs. 30 per hour or part thereof, subject to a maximum of Rs. 75.
- (b) To each of two arbitrators a fee at the rate of Rs. 15 per hour or part thereof, subject to a maximum of Rs. 60 for each arbitrator.
- (c) To an umpire a fee at the rate of Rs. 30 per hour or part thereof, subject to a maximum of Rs. 75.
- (d) To the Association in every case a fee of Rs. 10.

37. If the parties to a reference shall take the reference out of the cognizance of the arbitrators or umpire, after the commencement of proceedings and before the publication of the award, they shall nevertheless be liable to pay fees to the arbitrators, umpire and Association at the rates specified in Rule 36 hereof:

Provided that if the reference is so taken out of the cognizance of the arbitrators or umpire before the commencement of proceedings, the amount deposited under Rule 7(e) shall, with the exception of the fees payable to the Association, be refunded to the party or parties as the case may be.

38. A bill showing the amount due in respect of fees, stamp duties, etc., to the arbitrators, umpire and Association by each party to the dispute shall accompany any copy of the award sent in accordance with Rule 32, and shall be paid within seven days of the receipt thereof.

39. In addition to the fees mentioned in Rule 36, the parties to the dispute shall pay as and when demanded by the Secretary and as set out in the award, all other fees or charges incurred during the arbitration in accordance with Rule 19.

40. All notices required by these rules to be given shall be given in writing in the form prescribed by the Association and shall be sufficiently given if left at the last known place of abode or business of the party to whom the notice is addressed, or if sent by post prepaid addressed to him by name at such place of abode or business and not returned through the post as undelivered before the completion of the award and shall if sent by post be considered to have been given at the time at which the letter would, in the ordinary course, be delivered.

41. The provisions of the Arbitration Act, 1940, or any modification or amendment thereof, or any other relevant Act for the time being in force, in so far as they are not inconsistent with these rules, shall apply to all arbitrations conducted by the Association.

42. These rules shall come into force on the First day of July 1940, on which date they shall supersede all previous rules relating to Arbitrations on Piecegoods and Yarn.

STANDARD CONTRACT.

No. _____

Bombay, _____

We, the undersigned (hereinafter called "the Buyers"), hereby agree to purchase from _____

(hereinafter called "the Company"), the undermentioned goods upon the following terms and conditions, that is to say:—

| Quality No. | Description. | Seasonal or non-seasonal. | Dimensions. | | | No. of Bales. Pieces in each Bale. Total pieces. | Total lbs. | Rate ex-mills. | | | Per lb./piece/yard. Quality as. | Discount. | Brokerage. | Sahi. | Border. | Headings. | Designs | Assortment of designs in each Bale | Tickets or Stamps. |
|-------------|--------------|---------------------------|-------------|------|------|--|------------|----------------|----|----|---------------------------------|-----------|------------|-------|---------|-----------|---------|------------------------------------|--------------------|
| | | | In. | yds. | lbs. | | | Rs. | a. | p. | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | |

Delivery of the said goods shall be taken by the Buyers as follows:—

(Please turn over.)

THE TERMS AND CONDITIONS OF THE STANDARD
CONTRACT FORM.

1. The quality of the goods shall, except in the case of a sale by sample, accord with the recognized standard quality cloth manufactured by the Company.

In the case of a sale by sample the buyers shall be deemed to have approved the sample furnished by the Company, unless the buyers shall within 4 days after the receipt of the sample intimate in writing to the contrary to the Company.

2. The Company does not guarantee, except where a particular assortment is specially stipulated, any fixed assortment in the deliveries of goods of various dimensions and patterns and bearing different numbers, and in such cases the buyers shall take delivery of and pay as herein agreed for all bales (not exceeding the contract quantity) from time to time ready for delivery regardless of the assortment.

3. Where the contract is for 100 bales or more, the buyers agree to accept at the price herein fixed an assortment of bales to the extent of 10 per cent. more or less than the contract quantity, and where the contract is for less than 100 bales the buyers agree to accept at the price herein fixed an assortment of bales to the extent of 5 per cent. more or less than the contract quantity, but as regards such limits the buyers shall not be obliged to take up more than 5 bales more or less of each sort, including any loose pieces of each sort.

4. In the case of goods sold at a fixed rate per pound the buyers shall not raise any objection or claim compensation for short weight so long as the average weight per bale in each lot delivered does not vary from the invoice weight by more than 2 per cent. per bale. The Company does not guarantee the weight of any goods sold by the piece.

5. The buyers shall not be entitled to any allowance or compensation for any deficiency in the width of dyed, bleached and/or calendered goods when such deficiency does not exceed one inch.

6. In the case of a sale of ready goods payment therefor shall be made and delivery thereof taken by the buyers within 8 days of sale.

7. In the case of a sale of goods for future delivery, when the period of delivery extends to two months or more and the quantity deliverable per month is not specified, the Company shall supply the goods in approximately equal lots per month, and the buyers shall on the last day of each English calendar month take delivery and pay for in cash against delivery of as many bales, approximating to the quantities specified in the contract, as shall have been made ready during that month, and either at the mill premises or at the godowns of the Company as the Company may direct: Provided that in the case of bales of which delivery is required in Bombay, the Company will ordinarily be willing to give delivery through the Selling Agents of the Company in the market, but giving delivery in the market shall not render the Company liable to a claim by the buyers for late delivery if the bales were ready for delivery at the mill premises or the godowns of the Company on the last day of the aforesaid calendar month.

8. The Company shall as far as possible, but without being under any obligation to do so, notify the buyers of the number and particulars of the bales ready for delivery at the end of each calendar month, and shall also furnish to the buyers if requested by the buyers in writing so to do the number and particulars of the bales ready for delivery from time to time during the month. Any such notification or furnishing of particulars by the Company as aforesaid shall not imply or be deemed to imply an obligation or undertaking on the part of the Company to give any further notification, or to furnish any further particulars, except upon the written request of the buyers, it being the duty of the buyers to ascertain the number and particulars of the bales ready for delivery from time to time and to pay for and take delivery thereof.

9. In the event of the buyers requesting the Company to despatch the goods either by rail, road or sea and the Company acceding to such request the goods shall be at the risk in all respects of the buyers from the time they leave the mill premises or the godowns of the Company as the case may be, including the risk of delay in delivery due to the non-booking of the goods by the Railway or Shipping Company for which the Company takes no responsibility.

10. Where the goods are to be delivered in lots or by instalments this contract shall be deemed and construed as a separate contract in respect of each lot or instalment, and the rights and liabilities of the Company and the buyers respectively shall be the same as though a separate contract had been made in respect of each lot or instalment.

11. All goods of which delivery shall not be taken by the buyers in accordance with the terms of this contract shall, as from the date on which delivery thereof ought to have been taken, be deemed to have been appropriated to this contract and the buyers shall be deemed to have assented to such appropriation without any further consent on their part than is evidenced by their being parties to and signing this contract. From the date of such appropriation the said goods shall be held by the Company for the account of the buyers and at their sole risk as regards loss, damage, deterioration or otherwise and the price of the goods *plus* all charges shall carry interest in favour of the Company from due date at the rate of 9 per cent. per annum and the Company shall be entitled at its sole discretion and after giving not less than seven days' written notice to the buyers, which shall be deemed to have been duly given if delivered at or sent by registered post to the last known place of business or residence of the buyers, to sell the said goods on account and at the risk of the buyers either by public auction and/or private sale and either together or in lots and at such time or times and on such terms and conditions as the Company may think fit. If the net sale proceeds of the goods shall be less than the amount due to the Company for the price of the goods *plus* interest and all charges, the buyers shall pay the difference to the Company on demand.

12. The Company shall have a general lien on all goods of the buyers for the time being in the possession of the Company (including goods already paid for but of which delivery may not have been taken by the buyers) for the total amount due to the Company for the time being under this contract and also for any amount due to the Company under any other contract with the buyers either alone or jointly with another or others.

13. In respect of all goods of which delivery shall not be taken by the buyers within 14 days after the due date the buyers agree to pay to the Company on demand annas eight per bale per month or any part of a month for godown rent and annas four per bale per month or any part of a month for insurance calculated from the expiry of such period of 14 days to the date on which actual delivery shall be taken by the buyers.

14. If any goods while in the possession of the Company shall be destroyed and/or damaged from any cause whatsoever after the due date for delivery thereof to the buyers, any sum recovered from the insurance of such goods against such destruction and/or damage may be applied by the Company in satisfaction in whole or in part as the case may be of the price of the said goods *plus* interest and all charges and if the sum so recovered shall be less than the price of the said goods *plus* interest at 9 per cent. and all charges the buyers shall pay the difference to the Company on demand, and on the other hand if the sum so recovered shall be greater than the price of the said goods *plus* interest at 9 per cent. and all charges the Company shall pay the excess to the buyers on demand.

15. If the Company shall be unable to deliver the whole or any part of any goods sold for future delivery by the time specified for delivery thereof by reason of the mills working short time or its being expedient to stop the mills temporarily or by reason of fire, war, stoppage or hindrance in the supply of raw materials or fuel, explosion, accident, strike, riot, lock-out or other disorganization of labour or transport, breakdown of machinery, or any inevitable or unforeseen event beyond human control directly or indirectly interfering with the working or the full working of the mills, the buyers shall take delivery of such bales as the Company may be in a position to deliver (if any) and the time for completing the contract

shall, as regards the bales not ready by the specified time, be extended for such time as the Company may reasonably require to make up for the delay caused by stoppage, hindrance to or interference with the working of the mills or any other events or circumstances before mentioned PROVIDED ALWAYS that should the inability to deliver in the case of non-seasonal goods be continuous during the period of three consecutive English calendar months, and in the case of seasonal goods during the period of one English calendar month, then the buyers shall be entitled by notice in writing of their intention to do so, to cancel the contract in respect of any bales then remaining to be manufactured.

16. If for any reasons other than those mentioned in the last preceding clause any portion of the contract goods is not ready by the specified time it shall be lawful for the buyers at their option either to cancel the contract in so far as it relates to the balance of the goods not then ready for delivery, or to extend the time of delivery for such period as the Company may reasonably require, not exceeding one month, PROVIDED ALWAYS that if the buyers shall elect to cancel the contract it shall be incumbent upon them to give to the Company within 7 days after the due date for delivery of the goods not then ready notice in writing of their intention to cancel, and in default of such notice within the time aforesaid the buyers shall be precluded from cancelling the contract and the time for delivery shall be deemed to have been extended for such period as the Company may reasonably require, not exceeding one month, to make ready for delivery the balance of the goods then undelivered.

17. In any of the cases provided for in the last two preceding clauses the buyers shall not be entitled to make any claim for damages, allowance, compensation or otherwise in respect of such non-delivery or late delivery and shall pay for the goods delivered at contract rates, and in the event of the time for delivery being or being deemed to have been extended all the provisions of this contract shall apply equally to the extended time as the time originally specified including therein the remedies reserved to the Company for failure on the part of the buyers to pay for and take delivery of the goods when ready within the extended period and including the liability of the buyers for interest.

18. The buyers shall not be entitled to make any claim for an allowance or otherwise in regard to the condition of the goods when once the goods have left the mill premises or the godown, as the case may be of the Company, unless the buyers prove that the damage was done at the mills, and the claim is lodged within 14 days of the delivery of the goods.

19. The buyers shall not be entitled to make any claim for an allowance or otherwise on the ground that the goods delivered are not in accordance with the contract unless notice in writing of their intention to make such claim shall have been given to the Company within one calendar month after the date of actual delivery of the goods to the buyers or to a carrier or other agent on behalf of the buyers. In default of any such notice the goods delivered shall be deemed to be in all respects in accordance with the contract.

20. In the event of any goods the subject of this contract or any portion thereof being destroyed or so damaged by fire, water or other cause beyond the control of the Company as to render them unmerchantable while stored at the mills or godowns of the Company pending due date of delivery, the contract in respect of such goods shall be deemed to have been cancelled by mutual consent and the buyers shall have no claim whatsoever against the Company in respect of such goods, but if the price of such goods shall have been then paid the buyers shall be entitled to a refund thereof.

21. All disputes and questions whatsoever which shall arise between the parties hereto out of or in connection with this agreement or as to the construction or application thereof or the respective rights and obligations of the parties hereunder or as to any clause or thing herein contained or any account or valuation to be made hereunder or as to any other matter in any way relating to these presents shall be referred to arbitration in accordance with the rules of the Millowners' Association, Bombay, for the time being in force regulating arbitrations with respect to piecegoods.

22. Notwithstanding any such reference to arbitration as aforesaid the buyers shall take delivery of the goods the subject of the reference and pay for the same as herein agreed and unless the arbitration award is to the effect that the goods under dispute are "no tender" the buyers shall be bound to accept the said goods on payment by the Company of the allowance (if any) awarded to the buyers. If, however, the arbitration award is to the effect that the goods are "no tender" the buyers shall be entitled to invoice back the said goods with any penalty the arbitrators may award.

23. Nothing appearing in the contract in any vernacular language, save only the name or signature of the buyer or his agent, shall be binding upon the Company.

RULES FOR THE ELECTION OF REPRESENTATIVES OF THE
ASSOCIATION ON THE BOARD OF THE VICTORIA JUBILEE
TECHNICAL INSTITUTE.

The Association is entitled to elect two members on the Board of the Victoria Jubilee Technical Institute so long as it continues to contribute not less than Rs. 2,000 per annum for the maintenance of the Institute.

1. Any member of the Association shall be eligible to act as Representative of the Association on the Board of the Victoria Jubilee Technical Institute.

2. The period of office of any elected Representative of the Association on the Board of the said Institute shall be one of three years. At the end of such period he shall retire but may be re-elected.

3. The appointment of the Association's Representatives shall be made at a general meeting of the Association and such Representatives shall *ex-officio* be members of the Committee of the Association.

4. In the event of the disqualification of any of the Association's Representatives under Section 9 or 10 of the Rules and Regulations of the said Institute, or in the event of the decease or resignation of such Representative, or in the event of his ceasing for any reason to be a member of the Association, the Committee shall appoint a successor, who shall hold office up to that date at which the Representative whom he succeeds would, under Rule 2, have retired.

5. In the event of the absence of any of the Association's Representatives from three or more consecutive meetings of the Board, or in the event of any of the Association's Representatives applying for leave of absence, the Committee may, if they think fit and with the consent of the Board of the said Institute, appoint a substitute who shall hold office until the Representative whom he replaces resumes attendance or up to that date at which the Representative whom he replaces would, under Rule 2, have retired.

**RULES FOR THE ELECTION OF A REPRESENTATIVE OF THE
BOMBAY MILLOWNERS' ASSOCIATION TO SERVE ON THE
BOARD OF TRUSTEES OF THE PORT OF BOMBAY.**

1. Candidates shall be nominated in writing signed by one proposer and one seconder, who must be both members of the Association, and the nomination papers must be sent in to the Secretary fifteen clear days before the day fixed for the election.
2. The Secretary of the Association shall circulate the names of the applicants ten clear days before the election.
3. The Committee shall appoint a day, which shall be duly advertised, upon which the balloting shall take place. The ballot-box shall be open from 10-30 A.M. till 5 P.M. on that day.
4. Votes may be given either in person or through any one duly authorized by a member of the Association, each subscribing member being entitled to one vote for every complete sum of Rupees fifty paid by him as annual subscription to the Association.
5. The Committee shall appoint two scrutineers, who, at 5 P.M. on the day of the ballot, shall open the box and declare the result.
6. The candidate who has the largest number of votes shall be declared duly elected.
7. In the event of an equality of votes preventing the due election of any of the candidates, the members of the Association shall vote afresh in the manner above laid down, the voting in such case to be confined to the candidates who have secured an equal number of votes.
8. In the event of only one candidate being duly nominated, the circulation of the name of such candidate and the ballot may be dispensed with, and the Committee may declare such candidate duly elected.
9. In the event of a casual vacancy the above course shall be followed in the appointment of a substitute.
10. In the event of the temporary absence of a Representative of the Association on the Board of Trustees, necessitating the appointment of a substitute, such appointment shall be made by a majority of the votes of the Committee of the Association at a meeting called for the purpose.

**RULES FOR THE ELECTION OF A REPRESENTATIVE OF THE
BOMBAY MILLOWNERS' ASSOCIATION TO SERVE ON THE
BOMBAY MUNICIPAL CORPORATION.**

1. Candidates shall be nominated in writing signed by one proposer and one seconder, who must be both members of the Association, and the nomination papers must be sent in to the Secretary fifteen clear days before the day fixed for the election.

2. The Secretary of the Association shall circulate the names of the applicants ten clear days before the election.

3. The Committee, in consultation with the Municipal Commissioner, shall appoint a day, which shall be duly advertised, upon which the balloting shall take place. The ballot box shall be open from 11 A.M. till 5 P.M. on that day.

4. Votes may be given either in person or through anyone duly authorized by a member of the Association, each subscribing member being entitled to one vote for every complete sum of Rupees Fifty paid by him as annual subscription to the Association.

5. The Committee shall appoint two Scrutineers, who, at 5 P.M. on the day of the ballot, shall open the box and declare the result.

6. The candidate who has the largest number of votes shall be declared duly elected.

7. In the event of an equality of votes preventing the due election of any of the candidates, the members of the Association shall vote afresh in the manner above laid down, the voting in such case to be confined to the candidates who have secured an equal number of votes.

8. In the event of only one candidate being duly nominated, the circulation of the name of such candidate and the ballot may be dispensed with, and the Committee may declare such candidate duly elected.

9. In the event of a casual vacancy, an appointment to fill such vacancy shall be made by a majority of the votes of the Committee of the Association at a meeting called for the purpose.

*Sections of the City of Bombay Municipal Act, III of 1888, as subsequently amended,
pertaining to the Election of Councillors by the Bombay Millowners' Association.*

(1) The Corporation shall consist of one hundred and seventeen Councillors, as follows :— Section 5.

(i) Elected Councillors —

(a) One hundred and six Councillors elected at ward elections ;

(b) Four Councillors elected as follows :—

One by the Bombay Chamber of Commerce,
One by the Indian Merchants' Chamber and Bureau,
One by the Bombay Millowners' Association,
One by Fellows ;

(c) Four Councillors elected by delegates.

(ii) Three *ex-officio* Councillors, namely :—

The Police Commissioner;

The Executive Engineer, Presidency Division, Public Works
Department, Bombay;

The Chairman of the Board of Trustees of the Port of Bombay.

Section 6.

(1) [Repealed by Act XVI of 1895.]

(2) Councillors elected to succeed retiring Councillors shall come into office on the day for the retirement of the Councillors whom they are to succeed.

Section 7.

(1) All elected Councillors shall retire from office at noon on the first day of April, three years after they take office, which day is in this Act referred to as the day for retirement.

(2) The term of office of an *ex-officio* Councillor shall continue so long as he holds the office by virtue of which he is such Councillor.

Section 8.

Any person who ceases to be a Councillor shall, unless disqualified, be re-eligible.

Section 15.

A person shall not be qualified to be elected to be a Councillor at an election by a Chamber or Association mentioned in sub-section (1) of Section 5 or at a Fellows' election, unless he is at the time of the election a member of that Chamber or Association or a person entitled to exercise the rights and privileges of membership on behalf and in the name of any firm, company or corporation registered as a member of such Chamber or Association or a Fellow, as the case may be, and unless, in the case of a Fellow, he has resided in the city for six months immediately preceding the date of the election.

Section 22.

(1) General Elections of Councillors shall be fixed by the Commissioner, subject to the provisions of Section 23, to take place triennially on such days in the months of January and February as he shall think fit.

(2) [Repealed by Act XVI of 1895.]

(3) Elections to fill casual vacancies shall be fixed by the Commissioner to take place on such days as he shall think fit, as soon as conveniently may be after the occurrence of the vacancies.

Section 23.

The dates for all General Elections shall be fixed in the following order, and with the following intervals, namely :—

Firstly.—The Ward elections shall be fixed to take place simultaneously for all the Wards.

Secondly.—The day for the election by the Chamber or Association mentioned in sub-section (1) of Section 5 shall be fixed at an interval not exceeding twenty-one days after the day fixed for the Ward elections.

* * * * *
* * * * *

Section 31.

(1) An election of a Councillor by a Chamber or Association mentioned in sub-section (1) of Section 5 shall be made by the members for the time being of the said Chamber or Association, as the case may be, subject to the provisions of Section 15, in accordance with the rules made by the said Chamber or Association in this behalf.

(2) The Secretary to the said Chamber or Association shall make a return in duplicate to the Commissioner setting forth the name in full of every person so elected.

Section 32.

(1) The result of every election shall be declared by fixing, as soon as may be after the election, in some conspicuous place in the Chief Municipal Office, a notice certifying the names of the persons, if any, elected, and in the case of a contested election the number of votes recorded for each candidate.

(2) The said notice shall be signed in the case of a Ward election, and in the case of an election by Councillors, by the Commissioner, and in the case of an election by a Chamber or Association mentioned in sub-section (1) of Section 5, by the Secretary of such Chamber or Association, and in the case of a Fellows' election by the Registrar of the University of Bombay.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

LIST SHOWING THE VARIOUS STATISTICAL RETURNS PUBLISHED BY THE ASSOCIATION, THEIR RESPECTIVE SUBSCRIPTIONS, ETC.

| | MEMBERS. | | NON-MEMBERS. | | POSTAGE. | |
|---|---|------------------|----------------------------------|---|-------------|-----------------------------------|
| | Yearly. | Charge per copy. | Yearly. | Charge per copy. | Yearly. | Per copy. |
| | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. | Rs. a. p. |
| Yarn and Piecegoods Trade Statistics of Bombay | 1 copy free, additional copies @ Rs. 2-8-0 each. | | 24 0 0 | 2 8 0 | Free | Free |
| Yarn and Piecegoods Trade Statistics of British India | Do. | | 24 0 0 | 2 8 0 | Do. | Do. |
| Current Quotations of Local-made Piecegoods and Yarns—Issued fortnightly .. | .... | .... | 6 0 0 | 0 6 0 | 0 12 0 | 0 0 6 |
| Rules and Regulations of the Association .. | .... | 0 8 0 | .... | 1 0 0 | .... | { 0-2-0 Inland. 0-4-0 Foreign |
| Rules for Registration of Trade Marks .. | .... | 0 8 0 | .... | 1 0 0 | .... | Do. |
| Rules for Registration of Trade Numbers .. | .... | 0 8 0 | .... | 1 0 0 | .... | Do. |
| Rules for Registration of Trade Names .. | .... | 0 8 0 | .... | 1 0 0 | .... | Do. |
| Rules for Arbitrations on Indian Piecegoods and Yarn .. .. | .... | 0 8 0 | .... | 1 0 0 | .... | Do. |
| Annual Report of the Association. | 1 copy free and for additional copies each Rs. 12-8-0. |  | .... | { 12 8 0 for current issues 15 0 0 for back numbers. | .... | { 1-8-0 Inland. 3-0-0 Foreign. |
| Mill Statement showing Cotton Spinning and Weaving Mills working and in course of erection in India on 31st August each year issued yearly. | 2 paper and 1 cloth copies free and for additional copies each— Paper .. 3 0 0 Cloth .. 4 0 0 | | Paper .. 3 0 0 Cloth .. 4 0 0 | | Free Do. | Free Do. |
| List of Mill Holidays and Pay-days | Free | | 0 4 0 per copy. | | | |
| Special Warranty Labels: Cloth: large size .. small size .. Yarn: | Rs. 1-2-0 per 1000 " 0-13-0 " " 0-13-0 " | | | | | } Issued to members only. |
| Standing Orders for Mill operatives | | | 0 8 0 | per copy | | |