REPORT

OF

The Millowners' Association, Bombay.

Report for the Year 1943.

(*Established* 1*st February* 1875.)

PRESENTED TO THE ANNUAL GENERAL MEETING
HELD ON TUESDAY, 11th APRIL 1944.

Bombay :
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REPORT FOR THE YEAR 1943.

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THE MILLOWNERS' ASSOCIATION, BOMBAY.

ESTABLISHED 1st FEBRUARY 1875.

List of Members.

Ahmedabad Advance Mills, Limited.
Ahmed Abdul Karim Brothers, Ltd. (Ahmed Woollen Mills).
Anjar Spinning and Weaving Mills, Ltd.
Apollo Mills, Limited.
Aurungabad Mills, Ltd.
Azam Jahi Mills, Limited.
Bangalore Woollen, Cotton and Silk Mills, Limited.
Barsi Spinning and Weaving Mills, Ltd.
Bengal Laxmi Cotton Mills, Limited.
Bengal-Nagpur Cotton Mills, Limited.
Berar Manufacturing Company, Limited.
Bharat Spinning and Weaving Co., Ltd.
Bijli Mills Limited.
Binod Mills Company, Limited.
Birla Cotton Spinning and Weaving Mills, Limited.
Bombay Dyeing and Manufacturing Company, Limited.
Bradbury Mills, Limited.
Broach Fine Counts Spinning and Weaving Co., Ltd.
Buckingham and Carnatic Company, Limited.
Burhanpur Tapti Mill, Limited.
Central India Spinning, Weaving and Manufacturing Company, Limited.
Century Spinning and Manufacturing Company, Limited.
Colaba Land and Mill Company, Limited.
Coorla Spinning and Weaving Company, Limited.
Crown Spinning and Manufacturing Company, Limited.
David Mills Company, Limited.
Dawn Mills Company, Limited.
Delhi Cloth and General Mills Company, Limited, including Lyallpur Cotton Mills.
Dhanraj Mills, Limited.
Digvijay Spinning and Weaving Company, Limited.
Edward Sassoon Mills, Limited.
Elphinstone Spinning and Weaving Mills Company, Limited.
Finlay Mills, Limited.
Gaekwar Mills, Limited.
Gokak Mills, Limited.
Gold Mohur Mills, Limited.
Hindoostan Spinning and Weaving Mills Company, Limited.
Hirjee Mills, Limited.
Hydbrabad (Deccan) Spinning and Weaving Co., Ltd.
Indian Bleaching, Dyeing and Printing Works, Limited.
Indian Manufacturing Company, Limited.
India United Mills, Limited.
Jam Manufacturing Company, Limited.
Jam Shri Ranjitsinghji Spinning and Weaving Mills Company, Limited.
Jayshankar Mills, Barsi, Limited.
Jivajeerao Cotton Mills, Limited.
Jubilee Mills Limited.
Kamala Mills, Limited.
Khandeish Spinning and Weaving Mills Company, Limited.
Khatau Makanji Spinning and Weaving Company, Limited.
Kohinoor Mills Company, Limited.
Krishna Press.
Lakshmi Cotton Manufacturing Company, Limited.
Lokamanya Mills, Barsi, Limited.
Loyal Mills, Limited.
Madhaonagar Cotton Mills, Limited.
Madhowji Dharamsi Manufacturing Company, Limited.
Madhusudan Mills, Limited.
Madura Mills Company, Limited (Madura, Tuticorin and Ambasamudram).
Mahaboob Shahi Kulburga Mills Company, Limited.
Maharana Mills, Limited, Porbander.
Meyer Sassoon Mills, Limited.
Minerva Mills, Limited.
Model Mills (Nagpur), Limited.
Modern Mills, Limited.
Moon Mills, Limited.
Morarjee Goculdas Spinning and Weaving Company, Limited
Morvi Cotton Mills, Limited.
Mysore Spinning and Manufacturing Company, Limited.
Narsinggirji Manufacturing Company, Limited.
Navsari Cotton and Silk Mills, Limited.
New China Mills, Limited.
New City of Bombay Manufacturing Company, Limited.
New Great Eastern Spinning and Weaving Company, Limited.
New Kaiser-i-Hind Spinning and Weaving Company, Limited.
New Pralhad Mills, Limited.
New Pratap Spinning, Weaving and Manufacturing Co. Ltd.
New Sun Mills Company, Limited.
New Union Mills, Limited.
Niranjan Mills, Limited.
Osmanshahi Mills, Limited.
Pankaja Mills, Limited.
Phœnix Mills, Limited.
Podar Mills, Limited.
Pratap Spinning, Weaving and Manufacturing Company Limited.
Pulgaon Cotton Mills, Limited.
Punjab Cloth Mills, Limited.
Punjab Textile Mills, Limited.
Rai Bahadur Bansilal Abirchand Spinning and Weaving Mill.
Raghuwanshi Mills, Limited.
Raja Bahadur Motilal Poona Mills, Limited.
Raymond Woollen Mills, Limited.
R. G. Cotton Mills, Limited.
R. S. Rekhchand Gopaldas Mohota Spinning and Weaving Mills.
R. S. Rekhchand Mohota Spinning and Weaving Mills.
Ruby Mills, Limited.
Sassoon and Alliance Silk Mill Company, Limited.
Sassoon Spinning and Weaving Company, Limited.
Savatram Ramprasad Mills Company, Limited.
Seksaria Cotton Mills, Limited.
Sholapur Spinning and Weaving Company, Limited.
Shree Anand Cotton Mills, Limited.
Shree Niwas Cotton Mills, Limited.
Shree Ram Mills, Limited.
Shri Dinesh Mills, Limited.
Shri Jagdish Mills, Limited.
Shri Krishna Rajendra Mills, Limited.
Simplex Mills Company, Limited.
Sir Shapurji Broacha Mills, Limited, including Indian Woollen Mills.
Sri Shahu Chatrapati Mills.
Standard Mills Company, Limited.
Sultania Cotton Manufacturing Company, Limited.
Svadeshi Mills Company, Limited.
Swan Mills, Limited.
Tata Mills, Limited.
The Eastern Woollen Mills Limited (Usha Woollen Mills)
Travancore Industries, Limited.
Victoria Mills, Limited.
Vidarbha Mills, Berar, Limited.
Vishnu Cotton Mill, Limited.
Western India Spinning and Manufacturing Company, Limited.
Yadalam Subbiah Setty & Sons, Proprietors, Krishna Weaving Mills.

ASSOCIATION'S REPRESENTATIVES.

Legislative Assembly—Sir Vithal Chandavarkar, Kt., M.L.A.
Bombay Legislative Assembly—Sir Sorab Saklatvala, Kt., M.L.A.
Bombay Port Trust—Mr. Krishnaraj M. D. Thackersey.
Victoria Jubilee Technical Institute—Sir Vithal Chandavarkar, Kt., M.L.A.
Bombay Smoke Nuisances Commission—Mr. W. F. Webb and Mr. H. A. Wood.
Sydenham College of Commerce Advisory Board—Mr. B. S. Dabke.
Indian Central Cotton Committee—Sir Sorab Saklatvala, Kt., M.L.A.
Empire Cotton Growing Corporation—Mr. H. H. Sawyer.
Development of Bombay—Advisory Committee—Sir Vithal Chandavarkar, Kt., M.L.A.
G. I. P. Railway Advisory Committee—Mr. Krishnaraj M. D. Thackersey.
B. B. & C. I. Railway Advisory Committee—Sir Vithal Chandavarkar, Kt.
Excise Advisory Committee—Mr. B. S. Dabke.
Nowrosji Wadia Maternity Hospital Board of Management—Sir Vithal Chandavarkar, Kt., M.L.A. Sir Sorab Saklatvala, Kt., M.L.A.
Municipal Corporation—Mr. Ramnath A. Podar.
University of Bombay, *Royal Institute of Science*—Sir Vithal Chandavarkar, Kt., M.L.A.
Elphinstone Technical High School—Advisory Board—Mr. F. Guthrie.

COMMITTEE FOR 1944.

Sir Vithal Chandavarkar, Kt., M.L.A. (*Chairman*).
J. C. Lancashire, Esq. (*Dy. Chairman*).
Sir Ness Wadia, K.B.E., C.I.E.
Sir Frederick Stones, Kt., O.B.E.
Sir Sorab Saklatvala, Kt., M.L.A.
T. V. Baddeley, Esq.
Dharamsey Mulraj Khatau, Esq.
H. G. H. Everitt, Esq.
A. Geddis, Esq.
L. F. H. Goodwin, Esq.
Krishnaraj M. D. Thackersey, Esq.
H. F. Milne, Esq.
A. Pether, Esq.
Ramnath Podar, Esq.
Ramniwas Ramnarain, Esq.
G. D. Somani, Esq.
C. P. Wadia, Esq.
Neville N. Wadia, Esq.
Bhagavandas C. Mehta, Esq.
Tansukhrai M. Karundia, Esq.

N. S. V. Aiyer, Esq., *Secretary*.

TRUSTEES OF ASSOCIATION'S FUNDS.

General Fund:—Mr. Krishnaraj M. D. Thackersey and Mr. Dharamsey Mulraj Khatau.
Provident Fund:—Mr. Krishnaraj M. D. Thackersey 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 PETIT, 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 PETIT, 1903.

SIR SASSOON J. DAVID, 1904, 1905.

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. PETIT, 1912.

J. F. BRADBURY, 1913.

NAROTTAM MORARJEE, 1914.

JEHANGIR B. PETIT, 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. PETIT, 1928.

SIR HOMI MODY, 1929, 1930, 1931, 1932, 1933, 1934.

SIR JOSEPH KAY, 1935.

SIR VITHAL CHANDAVARKAR, 1936.

DHARAMSEY MULRAJ KHATAU, 1937.

T. V. BADDELEY, 1938.*

KRISHNARAJ MADHAVJI D. THACKERSEY, 1938.*

T. V. BADDELEY, 1939.

SIR VITHAL CHANDAVARKAR, 1940, 1941.

KRISHNARAJ MADHAVJI D. THACKERSEY, 1942.

SIR VITHAL CHANDAVARKAR, KT., M.L.A., 1943, 1944.

Secretaries.

JOHN GORDON, 1875-84.

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, 1924-41.

N. S. V. AIYER, 1941, 1942, 1943.

* Part Year.

Millowners' Association, Bombay.

Section I.

PROCEEDINGS OF THE ANNUAL GENERAL MEETING
HELD ON THE 11th APRIL 1944.

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 (2nd Floor, Patel House, Churchgate Street, Fort) at 11-30 a.m. (S.T.) on Tuesday, the 11th April 1944, to transact the following business :—

(1) To receive and adopt the Committee's Report for the year 1943 ;

(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.

SIR VITHAL CHANDAVARKAR, M.L.A., Chairman of the Association, presided.

The following gentlemen were also present :—

Mr. M. K. Vellodi, I.C.S. (Textile Commissioner); Mr. D. M. Passmore, C.I.E. (Additional Textile Commissioner); Mr. J. B. Greaves, C.B.E. (Hon. Technical Adviser, Mill Stores and Machinery); Mr. S. D. Chard (Controller of Raw Materials and Stores); Mr. C. V. Joshi (Commissioner of Labour); Mr. H. E. Butler, O.B.E. (Commissioner of Police); Mr. J. B. Shearer, I.C.S. (Commissioner of Income-Tax); Mr. P. C. Chaudhuri, I.C.S. (Deputy Chief Controller of Imports); Mr. M. L. Tannan, I.E.S. (Retired) (Special Officer, War Risks Insurance); Mr. S. D. Vashist (Officiating Director of Industries); Dr. Nazir Ahmad (Director, Technological Laboratory); Dr. K. Venkataraman (Head of the Department of Chemical Technology, University of Bombay); Mr. Pranlal Devkaran Nanjee (President, Indian Merchants' Chamber); Mr. W. H. Phillips (Chief Inspector of Factories); Mr. W. S. Nelson (Managing Director, The Tata Hydro-Electric Agencies Ltd.); Mr. P. N. Joshi (Principal and Secretary, the Victoria Jubilee Technical Institute); Mr. J. C. Lancashire representing the Gokak Mills Ltd. and the Simplex Mills Co., Ltd.; Sir Ness Wadia, K.B.E., C.I.E., and Mr. Neville N. Wadia representing the Bombay Dyeing and Manufacturing Co., Ltd.; Sir Sorab Saklatvala, M.L.A. and Mr. T. V. Baddeley, 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.; Sir Frederick Stones, O.B.E., M.L.C. representing the David Mills Co., Ltd., the Edward Sassoon Mills Ltd., the Loyal Mills Ltd., the Meyer Sassoon Mills Ltd., and the Raymond Woollen Mills Ltd.; Mr. A. Geddis, representing the Finlay Mills Ltd. the Gold Mohur Mills Ltd., the Shri Shahu Chhatrapati Spinning and Weaving Mills, and the Swan Mills Ltd.; Mr. H. F. Milne representing the Kohinoor Mills Co., Ltd.; Mr. Dharamsey Mulraj Khatau representing the Khatau Makanji Spinning and Weaving 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. C. P. Wadia representing the Moon Mills Ltd.; Mr. G. D. Somani and Mr. N. D. Bangur representing the Shree Niwas Cotton Mills Ltd.; Mr. L. F. H. Goodwin representing the Lakshmi Cotton Manufacturing Co., Ltd., the New Pralhad Mills Ltd. and the Vishnu Cotton Mill Ltd.; Sir Joseph Kay, Kt., 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.; Mr. Ramniwas Ramnarain representing the Bradbury Mills Ltd. and the Phœnix Mills Ltd.; Mr. Ramnath A. Podar and Mr. Bhagwati Prasad Khetan representing the Podar Mills Ltd.; Mr. Bhagwandas C. Mehta representing the Century Spinning and Manufacturing Co., Ltd.; Mr. Vijayanand D. Sirur representing the Minerva Mills Ltd., the Modern Mills Ltd. and the Mysore Spinning and Manufacturing Co., Ltd.; Mr. Gopallal Mukundlal and Mr. P. M. Panpalia representing the Raja Bahadur

Motilal Poona Mills Ltd.; Mr. M. M. Amersey representing the Madhusudan Mills Ltd.; Mr. B. G. Davy representing the India United Mills Ltd.; Mr. Cavsaji Cursetji Dalal representing the Khandeish Spinning and Weaving Mills Co., Ltd.; Mr. Framroz D. Mehta representing the Burhanpur Tapti Mill Ltd.; Mr. J. Edwards representing the Dhanraj Mills Ltd.; Mr. Motilal Tapuriah and Mr. Keshavprasad Goenka representing the Kamala Mills Ltd.; Mr. D. K. Seshadri representing the Aurungabad Mills Ltd.; Mr. C. R. K. Chetty representing the Elphinstone Spinning and Weaving Mills Co., Ltd.; Mr. N. S. V. Aiyer (Secretary); Mr. R. G. Gokhale (Labour Officer); and Mr. C. B. Kumar (Acting Assistant Secretary).

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

GENTLEMEN,

I have great pleasure in proposing the adoption of the Annual Report and Statement of Accounts of the Association for the year 1943. In doing so, I shall, as usual, refer to a few of the most important events of the year.

The year 1943 will go down in the history of the world in general, and of India and the textile industry in particular, as a year of epoch-making events. As my predecessor, Mr. Thackersey, predicted last year in his presidential address to the Association, the war situation has definitely taken a very favourable turn for the Allies, and the momentum which events have gained in the last few months promises to bring the successful termination of the war very much nearer to us than most of us imagined. Further, the Government of India and the local Governments woke up from their usual policy of *laissez faire*, and gave practical effect to several control measures designed ultimately to bring down the cost of living in the country. These control measures all follow the usual pattern, but if Government had taken the public into confidence, it would probably have resulted in the introduction of these measures very much earlier than was actually the case with a corresponding reduction in the hardship and suffering of the masses. It is still too early to give you in round figures the cumulative effect of all these control measures from the point of view of the budget of the average citizen of this country, for most of the measures came into operation in the latter half of 1943, and their effect is gradual. In this connection, I may point out that in the case of cloth, which is one of the most essentials of life, the control measures, initiated by Government and worked with the active co-operation of the industry, have resulted in an average drop of over 50 per cent. from the peak price levels established in the pre-control period.

Then again, in Bombay, the working class cost of living index number which went up to 248 in October from 105 in August 1939, has now come down to 230, and there seems to be every reason to hope that we have definitely turned the corner, and with the strong food policy followed by the Government of Bombay coupled with the anti-hoarding measures and the price control measures of the Government of India, there is likely to be a further substantial reduction in the index number.

Almost every phase of the cotton textile industry's activity to-day is under control; Government have the prior right on our productive capacity for their requirements in respect of Standard Cloth and the army requirements. We have discretion in the matter of deciding what we shall produce on the remaining looms, but prices are subject to control. Most of our raw materials are under control including the fuel, both coal and oil. Transport of the finished goods is also under control, and there is nothing which we can do or shall do without an endorsement or a certificate from the Textile Commissioner. Control measures are no doubt irksome; they are, however, inevitable in a war emergency, but the control, so far as the Indian textile industry is concerned, is unique in the sense that in its administration the industry is very closely associated. I am aware of the fact that there is a black market for cloth in Bombay and other centres. I desire it to be known that this Association has from the very beginning set its face against attempts to circumvent the provisions of the control orders. These orders have been designed to assist the consumer of the country in securing his clothing requirements at reasonable prices, and it is only fair and proper that at this critical stage both the manufacturers and the merchanting community should co-operate with Government and do everything possible in assisting the consumer to secure his needs at

controlled prices. Our critics, of whom there are many, have not hesitated to throw the responsibility for these black markets on the heads of the millowners. I admit that there may be black sheep among us as there are among dealers. It is not my purpose here to apportion blame for black markets, nor do I justify the existence of black markets when I point out that even in countries like England, where there is an active co-operation of the people, there are black markets as is evidenced by reported cases of prosecution for infringement of control orders. It may not be possible to eliminate black markets altogether, but it should be the endeavour of everyone of us, who is interested in the welfare of the country that we should do our utmost to help Government in checking the evil of black market. As far as our Association is concerned, I am sure I am speaking for all of you, when I say that our resources and services are at the disposal of the control authorities in securing the full enforcement of control orders. I am not revealing a secret if I tell you that the Textile Control Board is fully alive to the situation and is busy devising measures which will secure to all centres in the country, equitable distribution of cloth and to the consumer the full benefit of the controlled prices.

I would like to take advantage of this opportunity to say how much we appreciate the services rendered in the Control Board by the Association's representatives on the Board, viz., Mr. Krishnaraj M. D. Thackersey, Sir Ness Wadia (who resigned recently), Mr. Baddeley and Mr. Lancashire. I can say from my short experience on the Board as your representative that these gentlemen actually put in very valuable work in the responsibilities they have undertaken on our behalf, for which our thanks are rightly due to them. I must also thank the officers of Government who are associated with the Control Board, especially the Hon'ble Mr. Hydari, Mr. Patel, Mr. Vellodi, Mr. Passmore, Mr. Greaves and last but not the least, the Honorary Technical Adviser, our friend, Sir Frederick Stones, and must say that without their able and sympathetic understanding of the industry's real difficulties no practical results would have been possible.

Production in the industry has, in accordance with our undertaking to Government, been maintained at maximum possible levels. I use the word " possible " advisedly for the reason that stoppages have occurred in centres on account of shortage of coal. This problem has been worrying us for a very considerable period, and I take this opportunity to sound a note of warning to those concerned that shortage of fuel will create a serious gap in our output specially at a time when we are required to maintain it at maximum levels. I cannot congratulate Government on the way they have been handling the coal question. Various promises were made and broken ; at first it was a question of shortage of wagons or non-availability of steamer accommodation ; then it turned out to be shortage of raisings from the pit, and we were told that measures were being devised to improve the raisings but that first priority for supply of coal would be for the railways and other essential services whose stocks were low. I cannot help thinking that if the Government of India had at an earlier stage attempted to obtain the co-operation of the coal mining industry to control the coal trade, as they did in the case of the textile industry, the present unfortunate situation might have been avoided. No doubt, Government have recently issued an order for the control and distribution of coal, but in my humble opinion that does not take us anywhere. What we want is a definite promise that the coal requirements of the mills would be met as and when they arise ; otherwise manufacturers would not be able to plan their production far ahead with the result that output is bound to suffer to the detriment of this country. As Government are aware, certain up-country units are already and/or will shortly be closed due to shortage of coal, and I sincerely trust that those who are responsible for the distribution of coal will lose no time in setting matters right. Fortunately, the situation which has developed as regards the supply of coal has not affected the Bombay City cotton mills to any great extent. The issue of fuel oil to the mills and other consumers is under control, but still through the kind co-operation of the Textile Directorate and the Controller of Supplies, no general breakdown has, so far, occurred. Turning to electric power, it is a matter of good fortune for the textile industry in the city that it has been able to draw on a power supply which has not failed and at a rate which is the same as the pre-war rate. For this, our thanks are due to the Tata Hydro-Electric Companies with whom our relations have always been extremely cordial.

Here, I would digress for a moment and observe that I cannot help feeling that one of the main causes for Governmental controls in various directions not working very satisfac-

torily, is the lack of proper co-ordination between various departments of the Government of India. It is not my desire here to bring in the political aspect of the question. While there may be considerable difficulties in the way of bringing about the establishment of a national Government in the Centre, I do not think there should be any difficulty in reorganising the constitution of the present Cabinet of the Viceroy by the appointment of a non-official of recognised eminence and standing as the Chief Executive Councillor (without portfolio) who will function as the working Chief of the Viceroy's Cabinet and whose main business will be to control and co-ordinate the working of the different departments in matters directly or indirectly connected with the prosecution of the war.

Post-war Reconstruction.

I have already said that the war may end sooner than most of us perhaps thought it might, and if we are to steer clear of the disaster which overtook the industry after the termination of the first World War, the problem of post-war reconstruction must be carefully thought out and plans prepared accordingly. Post-war reconstruction is not a matter which concerns only one industry or one country; it concerns the whole world. It is quite conceivable that at the end of the war individual nations of the world will depart from their pre-war policy of isolation, and collaborate with and accommodate each other to an extent hitherto unknown to history, actuated with the sole desire of removing the causes of friction which leads to wars, and in this view of the case, it is essential that India's plans should, consistent with our independent national existence, be made in collaboration with other nations of the world.

No industry in any country can thrive unless the average citizen and the agriculturist in the country is prosperous, and whatever we may do for our industry or whatever other industrialists may do for their respective factories, the scheme would not be complete unless and until effective steps are taken to improve the lot of the citizen and the agriculturist. I take this view for the reason that so far as the Indian textile industry is concerned, the major market for our manufactures is India itself, and before the war, as most of you are aware, our exports did not exceed about a hundred million yards per year. It is a fact that we were seriously exercising our mind on overproduction in the industry before the war, and if we are to avoid a similar situation at the end of this war, then steps must be taken, as early as possible, to improve the offtake of cloth in the country itself, and I feel that this can be done only by raising the purchasing power of the masses. The Government of India have unfortunately been toying a great deal with the idea of social security and uplift of industrial labour. Workers in factories with their families only form an infinitesimal portion of the huge population of India, and Government are not only doing a grave injustice to everybody else by trying to tackle industrial labour only, but are also likely to commit a grave blunder by seeking to create a wide disparity between conditions of the agricultural workers and their compatriots in factories.

The war has taught us many lessons. It has brought home to us the weakness of India's food situation. It has also brought home to us on more than one occasion the hardship suffered by agriculturists on account of the complete disappearance of certain overseas markets, and to avoid this and similar situations in future, I would strongly advocate a very careful review of India's agricultural policy with a view to ensure that every acre of land is most profitably employed from the point of view of the tiller and sower and the requirements of the population, bearing in mind the desirability of placing within our reach the essentials of a balanced diet. I am not confining these remarks to food crops only. They apply to other crops like cotton where the acreage under cultivation and the crop must be regulated according to requirements with a view to ensure that no orphan cotton is left behind in the hands of the agriculturist.

Turning to the main question of rehabilitation from the industry's point of view, the problem is of a twofold character: firstly, bearing in mind the fact that about 50 per cent. of the cotton textile industry's productive capacity *in the world* has alerady been destroyed or will be seriously damaged before the end of the war, the United Kingdom, the United States of America and India, in collaboration with other nations of the world, will probably have to formulate an international scheme of rationing of cloth whereby these three countries

would ration out their maximum output of cloth to the whole world until the textiles of countries like France, Italy, Belgium, Holland, Austria, Czechoslovakia and Japan could be restored to their pre-war normal working capacity. This proposition is not likely to be a very simple one, and unless there is some kind of control all over the world, no useful results are likely to follow, and in this view of the case, it follows that the control orders in respect of cloth and yarn which are in existence to-day are likely to continue even after the war, no doubt, in a modified form, under which we shall be one of the active partners in a scheme of world-wide ration, charged with the responsibility for supplying clothing needs of particular regions of the world. It is, therefore, of utmost importance that our productive policy should not be allowed to relax even after the last shot of this war has been fired, and if what I anticipate represents, in a measure, the scheme of things which are to come, then, it behoves on Government to give us all possible facilities to keep up porduction at maximum levels. I can understand the justification for a high rate of priority for machinery in the case of countries whose textile industry the war has completely destroyed, but that must be a gradual process, taking into consideration the productive capacity of the predominant machinery manufacturers of the United Nations, but until that capacity has been established, efforts should be concentrated in keeping alive the present capacity so that the world may at least be spared from another cloth famine. I would call this branch of post-war problem as a short-term problem, because it is not likely to last for a very long time. This is mainly a Governmental matter, and I hope that Government, before taking any steps in the matter, will act in consultation with and close co-operation of the industry.

In this connection, I am to remind you that the Governments of the United Kingdom the United States of America and Canada have already made a move and appointed a Combined Production and Resources Board which will survey war-time and relief requirements and the productive capacity of the textile industries of the three countries concerned. From the information at our disposal, it would appear that the terms of reference of the Committee extend to include war-time requirements only, but it is quite possible that the Committee's activities will extend later on to peace-time requirements also. I understand that representations have already been made by the Government of India to the appropriate authorities for adequate representation of Indian textile interests on the proposed Committee. Bombay City is the home of the textile industry in India, and covers more spindleage and loomage than any other centre in India, and I hope that this factor will be taken into consideration by the Government of India if and when the question of India's representation to the Joint Board is decided upon.

The second problem which we have to face in the post-war period and which is not likely to arise till after the lapse of a few years after the war is that connected with the reorganisation and consolidation of the industry. Collective plans for post-war rehabilitation and reorganisation covering every phase of the industry's activities are, so long as mills are individually owned and controlled, beyond the range of practical politics, and I would, therefore, request individual millowners to consider even now two main questions, viz., what they would produce in their factories when normality has been restored and what equipment they would like to have to enable them to produce these goods. Broad questions of policy involving no conflict of interest will be tackled by the Association, and in this category may be included questions like (*a*) development of export markets; (*b*) establishment in this country of auxiliary industries which would undertake the manufacture of dyes, chemicals and other types of millstores including, if possible, heavy machinery; and (*c*) research, etc. In this connection, I may point out that as a result of the Committee's appeal, members have contributed Rs. 3,59,480 which will shortly be handed over to the University authorities to be utilised for the creation of a new section dealing with the technology of intermediates and dyes and for the better organisation and development of bleaching, dyeing and finishing.

In connection with this appeal, I may add for your information that the amount referred to by me represents the donations received from 71 out of 75 mill companies who were addressed. From those who have not replied—but whose donations will nevertheless be forthcoming—the Association might be able to realise a further sum of Rs. 21,390, bringing our total collections to Rs. 3,80,870. As the Committee desire to hand over the collections to the University authorities at an early date, it is hoped that those members who have not replied to the Committee's appeal will forward their donations to the Secretary without further delay.

I referred to the question of investigating the possibilities of manufacturing heavy textile machinery in this country. This matter was gone into by the Committee of the Association with a representative of the principal British spinning machinery manufacturers, but so far no definite agreement has been reached. So far as the Committee are concerned, they have laid emphasis on two points, viz., (*a*) the administration and control of the machinery making industry in India should be predominantly in the hands of the Indian textile industry ; and (*b*) the capital should be subscribed by all mills in India.

The measures which I have indicated above will all cost money, and it is certain that no industrialist or a combination of industrialists would be able to tackle all the problems effectively without the active moral and financial support of the Central and Provincial Governments.

Replacement and renewal of machinery in the immediate post-war years and later affords many serious difficulties. It is perfectly clear that when the war is over there will be a heavy demand for machinery from every part of the globe, and prices will tend to rise to abnormal levels. According to my information, machinery manufacturers have already on hand considerable volume of orders booked by them before the war but not completed, and in addition, certain countries are committed to a scheme of priorities dictated mainly by political necessities. In this view of the case, there is no likelihood of demands for machinery from India in the immediate post-war period being met as promptly as they should be unless that demand is strongly backed by the Government of India. In this connection, I may inform members that the Association is collecting statistics to ascertain the post-war requirements of member mills in the shape of capital goods (machinery), so that the Government of India may be advised of our requirements in advance.

Turning to rehabilitation of the industry immediately after the war, the Committee made a number of representations to Government, and as a result, a Committee presided over by Sir John Sheehy was appointed by Government to ascertain what our requirements were. The case of the industry before this Committee was presented by a sub-committee consisting of the Deputy Chairman, Sir Homi Mody, Mr. Kasturbhai Lalbhai and Mr. Krishnaraj M. D. Thackersey, assisted by Mr. C. Atkinson of the Textile Engineers Ltd. and Mr. C. Pilkington of Messrs. Gannon Dunkerley & Co., Ltd. Our case before this Committee was that some form of financial assistance should be rendered to cotton mills from the E.P.T. collected from them by Government to compensate the high prices which may have to be paid on replacements and renewals in the post-war period. The Sheehy Committee have been given tentative ideas about the cost involved and I hope that the case we have put up will be favourably considered.

Labour.

I would now refer to one or two matters which have very recently arisen in connection with labour legislation. As most of you are aware, the question of social security for labour was discussed at the Plenary Conference held in Delhi last September, and as a result, a Fact Finding Committee was appointed to investigate questions of wages and earnings, employment and housing and social conditions generally, and the understanding was that as soon as possible after receipt of the required statistics and other data, the Central Government should appoint a mixed committee consisting of representatives of Government, employers and labour, to formulate plans of social security. In accordance with this understanding the Rege Committee was appointed, but in their terms of reference the Government have gone beyond the understanding reached at the Plenary Conference, and authorised the Rege Committee to make recommendations also. I have personally nothing to say against the personnel of the Rege Committee, but must record here my apprehension as to the consequences of any recommendation which they may make on the Mixed Committee which Government intend to appoint later.

When the Rege Committee was appointed, I naturally thought that no social or labour legislation would be brought forward by Government pending completion of the work of the Rege Committee, and of the Mixed Committee, but I was surprised to note from the newspapers the other day that the Hon'ble Member for Labour had introduced a Bill in the

Legislative Assembly to provide for 7 days' leave with pay to operatives in perennial factories. The measure has not yet been considered by the Committee, and I would, therefore, reserve my comments on Government's proposals for the time being. I would, however, like to point out that if Government had no intention to await the final report of the Mixed Committee, the Plenary Conference should have been so informed, and I personally would have protested against public funds being expended on Committees and Commissions when Government themselves do not propose to await their recommendations or take them seriously.

Government have apparently developed a new technique in the labour measures which they have recently undertaken. In their anxiety to rush a measure through the Legislature, and to stifle opposition, several important details and vital operative parts of the Act are being left over to the rule-making powers of the Central or Local Governments, with the result that the officers, if they are so minded, can go beyond the scope and intention of the statute. A similar tendency was developing in the British Parliament for social legislation after the last war, and a very stern warning against the abuse of the rule-making power was given by the then Lord Chief Justice of England, Lord Hewart, in a series of lectures in Canada. As a result of this warning, the tendency was checked, and I do hope that the Government of India will put all their cards on the table, and try to make the statute itself as complete as possible so that both labour and capital will know exactly what their rights and obligations are. I may illustrate my remarks by two examples :—

The draft rules recently framed by the Local Government under the Industrial Statistics Act, 1942, should be an eye-opener to everybody. It is indeed extremely doubtful whether anybody who was in the Assembly when that Act was passed ever intended that Local Governments should embark themselves upon such a regular and detailed statistical enquiry into every conceivable detail relating to the operation of an industrial establishment. The Hon'ble the Labour Member's Department has often appealed to the public through the Press for observing strictest paper economy, and may I respectfully suggest to him that if Government officials would only curb their enthusiasm and thirst for statistical intelligence, more paper will be saved in this country than by an appeal to the public.

Another instance in which Government have shown their tendency to place more importance on rule-making powers is the Trade Union Recognition Bill. Our views on this measure have been communicated to Government in full, but what I would like to point out is that it would be in the interest of all concerned and would also facilitate the working of the Act, if the Government of India limited the scope of the rule-making powers to bare administrative needs. Flexibility may have its own advantages, but when the Act is being administered on an all-India scale, uniformity must be aimed at, and this cannot be achieved if the officers charged with the administration of the Act in individual Provinces were allowed to add to the Act according to their own whims and fancies.

During the year under review, there were certain matters arising from the operation of the Bombay Industrial Disputes Act which, in view of their importance to members as a whole, the Committee decided to make a reference to the High Court with the assistance of counsel. Detailed reference to this subject will be found on pages 60-61 of the Preliminary Report. A sum of Rs. 6,464-6 was incurred by the mill concerned in which this case arose, and as the mill took the matter to the High Court under instructions from the Committee, the Committee recommended that the expenses of the mill be shared among all mills in the City and Island of Bombay according to their loomage, to which, I think there should be no objection.

Domestic Affairs.

It only now remains for me to acknowledge with grateful thanks the assistance given to me by your Deputy Chairman, Mr. Lancashire. He has been an extremely loyal and able colleague, and has very willingly carried on the work of the Association during my frequent absence from Bombay in connection with the Association's work in the Legislative Assembly and my own Company's work at Bangalore. I am also thankful to the Committee and the various Sub-Committees of the Association for the loyalty, support and unstinted co-operation which they have given me in the year under review. They have all given me and the Association and the great industry which they serve, of their best, and with their able collaboration

my chairmanship has been an extremely pleasant task. I must now turn to the staff of the Association. I would like to place on record my appreciation of the very valuable help the Committee and I have received from our able and energetic Secretary, Mr. Aiyer, who was appointed as Secretary on the retirement of Mr. Maloney. Mr. Aiyer joined our Association as a clerk and has risen to his present position by sheer merit and hard work, and I am sure I am voicing the opinion of the Committee and of you all when I say that we are indeed very lucky in having Mr. Aiyer as our Secretary. In the vacancy caused by Mr. Aiyer's elevation to the secretaryship, Mr. C. B. Kumar, B.Com. (London), has been appointed as Assistant Secretary, Mr. Kumar being selected from a very large number of applications received from all over India. Mr. Kumar is still on probation having been with us for 9 months, but I may mention that he has at his back considerable secretarial experience. In Mr. Gokhale we have an extremely able Labour Officer who enjoys the confidence of all members of the Association. The work and usefulness of the Association has increased in recent years, and I am glad to say that the clerical staff of the Association have fully responded to the calls made on them. I thank you for re-electing me as Chairman for the year 1944. This is the fifth time in the course of the last eight years in which you have elected me to the chairmanship of the Association. While I am deeply conscious of the honour and the trust you have reposed in me, I shall be failing in my duty if I do not express my deep gratitude to you all for giving me repeated opportunities for serving the Association.

Gentlemen, I have now great pleasure in proposing :—

"That the Report of the Association for the year 1943 be and is hereby approved and adopted."

MR. J. C. LANCASHIRE, Deputy Chairman, in seconding the adoption of the Report and the Accounts for the year 1943, said :—

GENTLEMEN,

After the very interesting and exhaustive review just presented to you by our Chairman, you will not expect me to say very much, but before seconding the adoption of the resolution, I would like to refer to one or two matters which have received the attention of your Committee during the year.

The first concerns the municipal assessment of our mills. You will remember towards the end of March last year notices were served upon individual mills by the Municipality increasing the rateable value from Rs. 3 to Rs. 5 in the case of mill buildings housing machinery, and from Rs. 2 to Rs. 4-8 in the case of other buildings. The Municipality's proposals were considered carefully by your Committee in consultation with the Association's architects, and a sub-committee, consisting of the Chairman, Mr. Ramnath A. Podar, who, as you know, is our representative in the Municipal Corporation, and myself, was appointed to discuss them with the Commissioner and try to arrive at what we considered should be a more equitable level. I am pleased to record that agreement was reached on all points at issue, and you will find a detailed reference to the agreement at pages 12 and 13 of the Preliminary Report which is in your hands. To ensure that the agreement was correctly interpreted in its application to our mills, the Committee directed the Association's architects to co-operate with the Assessor and Collector of Municipal Taxes and check the measurements and rates in individual cases, the understanding being, of course, that the tax would only be payable upon the final bill being certified by the Municipality and the Association's architects. This work is almost complete, and I hope that those of you who have received completed bills will find that the agreement arrived at by the Committee with the Municipality represents a reasonable arrangement, bearing in mind the general condition of our industry.

A second point covers the proposed amendment to the Excess Profits Tax Rules. In November, the Government of India invited your Committee's views on certain proposals which they had announced, and which sought to provide limits up to which dearness allowances, bonuses and commissions would be permitted as business deductions under the provisions of the Excess Profits Tax Act. These draft rules were published on the 27th November last, and opinions were required to be sent in on or before the 10th January. We asked for an extension of time to the end of January which, in view of the very grave importance of

the subject, was considered reasonable and desirable, but Government refused any extension. The views subsequently submitted by the Association on the proposals are referred to in detail on pages 37 to 45 of the Preliminary Report, and there is no need for me to reiterate them here. One of the points made in our representation deserves mention; this was that the Government of India and the Provincial Governments, by what appeared to us to be their lethargic state of mind, almost compelled employers to pay very high dearness allowance and bonus, and any form of restriction would in all probability be resented strongly by the employees. So far, we have heard nothing further about these draft rules, and, in view of the spate of bitter criticism they raised in many quarters, I devoutly hope we shall hear no more.

In Bombay, as you are aware, dearness allowance payment to our operatives is linked up with the working-class cost of living index number, the allowance differing with every point change in the index number. The working-class cost of living index number system in Bombay was constituted some ten years ago, and is said to be built up on what a worker with an average family was supposed to be spending in 1933-34. It further assumed, on the basis of the then ruling level of prices, that the worker would ordinarily purchase so many *paylees* of rice and other cereals, and weightages were struck on the basiss of those figures. As the food situation became more acute, the Government of Bombay introduced a scheme of rationing in the city from the 2nd of May last year. According to the scheme, it was no longer possible for a worker to purchase, even if he so desired, the quantities which he and his family were credited as buying in the year 1933-34, and from statistics obtained from a number of our mills, it transpired that not even the maximum quantity permitted to be purchased under the Rationing Order was being taken by the workpeople. It became increasingly clear that, unless the compilation of the index was revised, in accordance with existing conditions, and what the workers were actually buying and at prices at which they are buying, the cost of living index number had lost touch with reality and had ceased to be of much practical use in deciding the amount of dearness allowance payable. The matter was brought to the attention of the Government of Bombay on more than one occasion, but so far it has not been possible to induce them to make any change in their methods.

I would also like to refer to the Association's cloth shops. About the middle of last year, your Committee were very gravely concerned with the high prices which consumers in Bombay had to pay for their clothing requirements, and in an effort to relieve the situation, 13 shops were established in various parts of the city where certain ordinary sorts of cloth were made available at reasonable prices fixed by the Shop Control Sub-Committee of the Association. I am very pleased to record that the scheme received the unstinted support of all members of our Association, and that the Government of Bombay granted readily the requisite facilities in securing accommodation for our shops. The original desire was to open some 25 shops, but since the Central Government's cloth control measures were inaugurated at about the same time as our cloth shops, the necessity for the latter disappeared to some extent with the result that they were not so freely patronised as the Committee had anticipated, and so no further shops other than the 13 I have just mentioned, were opened. Your Committee have recently considered it desirable to close down these shops since no really useful purpose can be achieved by continuing them. They will be closed in easy stages, and so far 9 have been closed, and by the end of this month a further two will cease operation. As soon as the final accounts of the working of the shops have been prepared, the deposits made by members, suitably adjusted to the profit or loss made by the Association in the business, will be returned to those concerned.

There is a further point in connection with the water tax regarding which I have to advise that, with effect from the 1st of this month, the Municipal Corporation have increased the rate applicable to cotton mills and certain other establishments from As. 14 to As. 18 per thousand gallons. Your Committee protested against the proposal but the recommendation was passed by the Corporation with the result that the increased rate has already come into operation. So far as our information goes, the water tax has been increased by the Municipality not because the Water Works establishment requires additional revenue—on the contrary, the Municipality have been making profits on this branch of their activities—but because the Corporation feels that it ought to have a slice of our profits, or, shall we say, a share of the large amounts which we pay to Government as excess profits tax. In this event,

it would appear that this is a matter that concerns the Government of India. If the Corporation really desired a share in the prosperity of the city, one may be entitled to ask why they singled out only cotton mills and certain other establishments. There are other individuals and concerns making profits and also contributing to E.P.T. whom the Municipality have not touched, and one wonders if this shyness on the part of the Municipality is due to predominating voting strength controlled by these interests in the Council. The speeches made at the meeting of the Corporation when the proposals of the Standing Committee were under consideration do not encourage the feeling that the members had, on the whole, followed intelligently the essence of the case. Our case rested on two grounds: (1) There was no necessity to increase the tax because the water works revenue was already showing a surplus; and (2) large consumers should be given a reduced rate as is the case with, for instance, suppliers of power. Discussion seems to have been concentrated on our profits and E.P.T., which was quite irrelevant and can only lead us to the conclusion that our industry was to be penalised simply because it was making profits, and not on any sound economic basis.

Before I conclude, I would like briefly to refer to the appeal made by our Chairman for earnest and collective co-operation in making the cloth and yarn control measures as effective as possible in the wider interests of the consumer. There are many channels of evasion to be sealed up and much malpractice eradicated, but to this end there is another exceedingly important difficulty to be solved. I refer to the almost chronic condition of transport. It seems to me that no control measures can assist the consumer adequately unless the cloth and yarn produced in our mills can be moved easily and as speedily as possible to the point of consumption. The unfortunate lack of regular carrying facilities leading to long delay in despatch of goods produces short supply conditions in distributing centres which directly assist the exploitation of the consumer, and I would appeal to the Government of India to do everything in their power to accelerate the movement of our productions to where they are most needed, utilising sea transport to its fullest extent. If this is accomplished, and the Provincial and State Governments clamp down hard on racketeers upcountry, a much improved state of affairs would come into existence. I have no doubt Government is exercised in this urgent matter, and I am sure we all hope for an improved situation before long.

That is all, gentlemen. Before conclusion, I must thank you exceedingly for your confidence in electing me as the Deputy Chairman of the Association for the year 1944.

I now have pleasure to second the resolution moved from the chair.

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

On the motion of MR. T. V. BADDELEY, seconded by SIR FREDERICK STONES, it was resolved :—

"(*a*) That the Committee's resolution dated 17th January 1944 suspending until the next annual general meeting, the operation of the Association's Rules for the registration of Trade Marks, Trade Numbers and Trade Names for reasons mentioned in the resolution, be and is hereby confirmed;

(*b*) That the Trade Marks Act, 1940, having come into force, the operation of the Association's Rules for the registration of Trade Marks, Trade Numbers and Trade Names be suspended until a resolution of the Committee under powers in that behalf to be conferred upon them by this meeting shall be passed cancelling such suspension and restoring the operation of such Rules, or until a further Resolution of this meeting:

(*c*) That in the event of the Trade Marks Act, 1940, ceasing for any reason to operate, or in the event of an emergency in the opinion of the Committee of the Association necessitating such action, the Committee of the Association be and they are hereby empowered by resolution to cancel the suspension of and to restore the operation of the Association's Rules for the registration of Trade Marks, Trade Numbers and Trade Names with effect from such date as in the opinion of the Committee the circumstances necessitate; provided that such date shall have previously been notified to the members of the Association."

MR. H. F. MILNE 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. 500 per annum.

Also that an additional remuneration of Rs. 300 be sanctioned and paid to the Association's Auditors for the extra work involved in auditing the accounts for the year 1943."

In moving the above resolution, MR. MILNE said :—

You will note that the resolution falls under two heads : firstly, it proposes to fix the remuneration of the auditors for the year 1944 at Rs. 500 ; secondly, it seeks to sanction the payment of an extra remuneration of Rs. 300 to cover the additional work involved in auditing the Association's accounts for 1943.

As regards the first half of the resolution, I would like to point out that the increase in the Association's activities and the additional responsibilities undertaken by the office, in arranging the purchase and distribution of so many items of mill stores, etc., have resulted in an enormous increase in the work of the Association's Auditors. The Committee have, therefore, gone into this question very carefully and they recommend that, instead of the usual remuneration of Rs. 300, the Auditors' fee for the year 1944 should be at Rs. 500.

With regard to the second point, namely, the additional remuneration recommended for 1943, I would like to submit that, when we fixed the Auditors' fees for 1943 at Rs. 300, we had no idea that the Association would really be undertaking the responsibilities it subsequently undertook resulting in an enormous increase in the Auditors' work. Let me say to the credit of the Auditors that they did not grumble at the extra work which they had to put in, but on the basis of the actual hours involved in completing the examination of our books, the Committee were satisfied that there was a very good case for a substantial increase in the fees which the general body recommended last year. We are not asking you to meet the Auditors to the full extent, and the modest recommendation that we have made will, I hope, be acceptable to you.

On the proposal of SIR SORAB SAKLATVALA, seconded by MR. NEVILLE N. 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."

SIR NESS WADIA proposed a vote of thanks to the Chairman and Committee for their very able conduct of the Association's affairs during the year, which was carried with acclamation.

Report for the Year 1943.

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 1943.

FOREWORD.

THE year 1943 that has just ended, has brought near the fulfilment of the hope expressed last year of the ultimate triumph of the Allied cause. The series of victories begun towards the close of the year 1942 continued throughout the year 1943. It was also a year which witnessed important diplomatic victories at conferences among the leaders of the United Nations, as a result of which a vigorous policy of aggression against the Axis powers was unanimously laid down. But the road to victory will be long, and will entail heavy sacrifices though there can be no question as to the ultimate result.

The successes won by the Russians, the Chinese and Anglo-American forces in the different theatres of war paved the way for further and greater victories by the United Nations. The vigorous and brilliant offensive launched by the Russians soon bore fruit, and within a few days of the commencement of the year, the siege of Leningrad was raised. The Russians went from victory to victory, and kept the Germans on the run throughout the year, winning back most of the important centres one after another.

The victory of the Russians coincided with the continuance of the successes won by General Montgomery in Africa. Under the able leadership of that veteran leader, the famous Eighth Army chased the enemy out of Libya soon after the turn of the year and after getting hold of Tripoli, continued their pursuit of the fleeing German army into Tunisia. To co-ordinate further plan of aggression, President Roosevelt flew to Cassablanca, where towards the close of the first month of the year, a conference was held with the British Premier. It was at this conference that the United Nations decided to wage war until the unconditional surrender of the enemies was achieved. The remnants of the Axis forecs were finally driven out of Africa in the beginning of May when talks of a second front were revived. To prosecute a further and vigorous line of action, Mr. Churchill flew to Washington to confer with President Roosevelt. The British and American forces continued their onward march till Italy was finally compelled to surrender.

The Allied countries had also decided to carry on a vigorous fight with the Japanese with the object of chasing them out of the countries occupied by them. Lord Louis Mountbatten was appointed as the Supreme

Commander of the Allied Forces for the South-East Asia Command. He came to India in the beginning of October, and after the necessary talks, flew to Chungking to confer with the leader of the Chinese Forces. To co-ordinate the plans of combined attacks on Japan, a very important conference took place at Cairo on 1st December 1943, where the British Premier and the American President conferred with the Chinese Generalissimo, Chiang Kai-shek. Soon after this another important conference took place, and Mr. Churchill and President Roosevelt met the head of the Russian Forces, M. Stalin, at Tehran.

During the year 1943, vigorous aerial bombing was also carried out on the German capital and important German industrial centres as well as on the various centres in France and Northern Europe under German occupation. With the occupation of important air bases in Italy and North Africa, places in Eastern and Southern Germany as also Rumania and Bulgaria came within the range of air attacks by the British and U.S.A. air forces.

The R.A.F. celebrated its 25th anniversary in April 1943. It proved during the year its superiority over the German *Luftwaffe*. The Indian Air Force celebrated its 10th anniversary in the same month and has put up a worthy record of achievement in such a short term of its existence.

The mastery obtained by the Allied naval and air forces over the Germans in the latter's submarine campaign in the course of the year was also remarkable.

The activities of the Allied forces on the European front did not prevent them from grappling with the Japanese forces in the Far Eastern theatre of war. The Americans led the attack on Japan with the capture of Attu in the Alleutian Islands, and the occupation of the entire range of these islands has not only removed the threat of the Japanese attack on America, but has also given the United Nations a very suitable jumping-off ground for an attack on Japan. In the Pacific, very notable victories were scored over the Japanese by American and Australian Forces under the command of General MacArthur. The Allied forces hold complete mastery of the air, and their combined naval and air forces have inflicted disastrous losses of warships and aeroplanes on Japan.

On 24th May, Russia announced the disbandment of the Communist Internationale by its Executive Committee. This took away from the German war lords their oft-repeated plea that they were fighting Russia for the removal of the danger of Russian Communism.

We might now briefly bring under review important events which occurred in our own country during the year.

In the beginning of the year, Mr. Gandhi declared his 21 days' fast. It began on 11th February and ended on 4th March. Great anxiety was felt throughout the country for his health, and country-wide appeals were made for his unconditional release. Government, however, refused to grant this request until the Congress withdrew their resolution for mass civil

disobedience. This led to the resignation of three of the Indian members of the Viceroy's Executive Council, and created a political deadlock which still continues.

The year also witnessed the departure of Lord Linlithgow, who left India on 21st October after a term of 7 years as the Viceroy of India. Viscount Wavell, who was appointed as the new Viceroy, took charge of his office on the same day.

During the year, the Province of Bengal was stricken with a serious famine which took a very heavy toll of human lives and threatened very grave consequences; but the Central Government since then stepped in and prevented the situation from deterioriating, and are now taking vigorous measures under the direction of the new Viceroy. The food situation generally in the country is causing anxiety, and measures are being taken to import food-grains and control distribution.

The news of the victory achieved by the Allied forces encouraged speculators, and speculation ran rampant in all commodities. Prices were rushed up to very high levels. There was thus a sharp increase in the cost of living, and Government had to take a hand in the matter. Under Government Orders, trading in forward business in all commodities was stopped, and various price control orders were issued from time to time, the chief among which was the order for control of prices of cloth and yarn, which had a direct bearing on our industry, as the review of the markets which follows will show. The Bombay Government also acted very promptly as regards distribution of food-grains, and rationing came into force in the City from 2nd May 1943. The rationing plan in Bombay has proved successful, and it is now being introduced in other parts of the country.

The Indian Cotton Year 1943.—The I.C.C. January opened on 5th January at Rs. 415½, March Rs. 411 and May 417, March New York on 2nd January at 19.22 : Cross rate 4.03¾, and parity 351 points below New York. The third Indian Cotton Crop Forecast at 44,38,000 bales showed a decrease of about 19 per cent. under the previous year. Arrivals in the up-country markets were heavy, and this, with air raids over Calcutta during Christmas week, brought some nervousness in the market, and prices declined to Rs. 399 on the 7th. Transport difficulties were still there, and hence cotton could not arrive freely into Bombay. Mills were continuous buyers of all staple varieties of cotton, and prices, therefore, improved steadily to Rs. 426 on the 19th. Finally, January contract closed at Rs. 432. This contract, as it stood, was yet in an experimental stage, as for the first time it was based on the length of the staple. Total tenders during January were 22,650 bales.

February showed a still rising tendency and prices for March which were Rs. 396 on the 19th January, rose sharply reaching Rs. 510 by the end of the month.

In the first week of March, prices rose to Rs. 570 on the 4th owing to demand for cotton from mills. After a temporary decline to Rs. 542 on the 8th, the market again took a sharp upward trend, prices touching Rs. 647 on the 12th. Tenders during this month were negligible. Prices, however, began to sag, and the contract stood at Rs. 544 on the 23rd. The rise in cotton

was in consonance with the general rise in prices of commodities. With a small Indian Cotton crop partly owing to the " Grow more food " policy of Government itself, and restriction in imports of foreign cotton, with mills working day and night, a big rise in price was to be expected. Cloth and yarn prices rose four to five times the pre-war rates, and cotton only followed this rise though late. March contract closed at Rs. 556 on the 25th. The total bales tendered against this contract were 7,800. Parity with New York, where prices ranged between 19 and 20 cents, was now about par.

Prices for May went as low as Rs. 512 on the 29th, but on the very next day they rose to Rs. 544. April's first half showed fluctuations both ways, lowest touched being Rs. 515 and highest Rs. 551. After that, prices more or less steadied, ranging with narrow fluctuations round about Rs. 550. But towards the end of the month, prices rose to Rs. 608 on the 26th and remained steady with a small decline.

In the month of May, prices kept a steady tone between Rs. 575 and Rs. 600 for some days, but from the 14th, prices began to rise, May touching Rs. 660 and July Rs. 673 on the 17th. Parity again stood at 500 points above New York. This abnormal rise in such a short time with wild fluctuations daily forced Government to issue a *communique* on the 20th May, prohibiting all trading in futures. The July contract was cut at Rs. 568. Total tenders during May were 5,900 bales. Prices for ready cotton could not be maintained, and gradually began to fall in the absence of buyers. Good business had, however, been done in New Crop, N.T. Sind beginning from Rs. 740, but there were more sellers than buyers and so prices could not be maintained and a steady drop of Rs. 150 was registered in this delivery contract. Foreign cotton was also affected. Some business was done with Liverpool and U.S.A. for Sind Deshi and 4F.

On the 9th August, the U.S.A. Agricultural Bureau Report showed an estimated crop of 1,25,58,000 bales, as against 1,28,24,000 bales of the previous year. This figure was reduced to 1,14,78,000 bales later on.

After a long interval of several months, the forward market in Bombay only was allowed to function by Government, on the 28th of October, with some safeguards imposed in consultation with the Cotton Committee of the Textile Control Board. Normal trading was allowed with a ceiling of Rs. 550 and a floor of Rs. 400. A deposit of Rs. 25 per bale was to be placed with the East India Cotton Association by each member on his net open position in weekly clearings, to check wild speculation. Options were strictly banned, and the Association was authorised to expel any one disobeying by-laws.

The market opened at Rs. 471 for January 1944 in *Divali* days, and after advancing to Rs. 480 showed a sagging tendency. Prices touched Rs. 447 on the 1st November, but steadied to some extent after that, and rose to Rs. 466 on the 6th.

The possibility of a big Indian crop was upset owing to late unseasonal rains which badly affected quality and quantity everywhere. The arrival in Khandesh, Berar, and other districts showed black leaf, which does not go even in process. The sagging tendency continued thereafter, and prices touched Rs. 436 on the 18th. Business was done on a very small scale, and

mills were not interested in futures. The ceiling rates for cloth and yarn were being prepared and prices were to be printed on every piece of cloth that came out of the mills from 1st December. Market remained featureless more or less for most part of November, but towards the close of the month there was a rise of Rs. 20.

The month of December showed signs of much activity in ready cotton, in consequence of which forward market, which had all along been in jobbers' hands, had to follow the advancing prices of spot cotton from day to day. The prices touched Rs. 477 towards the middle of the month, but thereafter there was a reaction of Rs. 17, January contract going down to Rs. 460 on the 20th. The Indian crop report estimates a crop of 46,82,000 bales. Finally prices closed on 31st as under :—

January Rs. 480, March Rs. 475-12, May Rs. 477-4.

New York 19.66 March, Parity 119 points below New York ; Cross rate 4.03.

Cloths and Yarns.—The year saw heavy fluctuations in prices. Prices were rising in all commodity markets, and cloths and yarns could remain no exception. As prices of commodities were not controlled at the start of the crises, it gave an opportunity to investors to step in and corner various commodities. There was already a shortage of cloths and yarns on account of heavy Government purchases and heavy exports in 1942, and this " investment buying " led to a further apparent shortage of stocks while on sales were reported by mills at very high prices, inter-dealer business raised prices to very high levels. Besides, there sprang up both in Bombay and several large cities, purely speculative purchase and sale of cloths, no deliveries being contemplated, and this resulted in very wide fluctuations in prices. With apparently small stocks and continued normal trade demand, prices were bound to rise, and outside factors mentioned above tended to accentuate the tendency towards a rise in prices. In the opinion of some experts the financial policy of Government itself contributed in some measure to a rise in commodity prices. The anti-hoarding orders and cloth control orders were a first step towards reduction of cloth prices. The stocks disclosed showed that there was sufficient cloth in the country to meet all reasonable requirements. The time limit for disposal of stocks manufactured before 31st July, and fixing of ceiling prices for half a dozen cloths had not much effect on retail prices, except that in October it became almost impossible for dealers to sell goods not texmarked, thus defeating the very purpose of the anti-hoarding order. Since ceiling prices were fixed for only a few items, it was possible to effect sales of a large variety of cloths at prices that were decided upon by manufacturers and dealers themselves ; and since no price limit was fixed for retail sales, the consumer, for whose benefit price fixation was supposed to have been decided upon, did not get any benefit. The amendment of the control order making it compulsory for mills to obtain from the Textile Commissioner ex-mill ceiling prices for every variety of cloth, and to stamp this and the maximum retail price (fixed at 20 per cent. over the ex-mill price) will have the effect of reducing the prices of cloths to consumers.

The rapidity of the rise in prices may be judged when it is remembered that 20s yarn sold in the beginning of the year at Re. 1-8 changed hands at

as high as Rs. 3 in May. 20/20s grey cloth offering at Rs. 2-1 a lb. in the beginning of the year was sold at Rs. 3-14 a lb. in May. There was nothing to justify this rise except inflation of currency, consequent "investment buying" and consequent apprehended scarcity of cloths and yarns. Intermediate fluctuations were also high, a difference of 6 to 8 annas in a few days being not uncommon both in cloths and yarns.

In January, 20/20s was quoted at Rs. 2-1 per lb. in the beginning. Prices rose to Rs. 2-3, declined to Rs. 2-0-6 and rose again to Rs. 2-7 with inter-merchant business on a considerable scale. Consumer inquiry and offtake continued fair throughout the month. First orders for Standard Cloth were placed by Government for January delivery on the basis of Panel prices for Supply Department cloths. No large sales were reported by mills during this month, but during February, sales by mills were said to have been effected on the basis of Rs. 2-2-6 to Rs. 2-3 a lb. for calendered shirtings and Rs. 3-8 a lb. for 30s/ 40s dhoties. At one time during the month leopard cloth was bought and sold as high as Rs. 3-5 a lb. During March, mills are reported to have sold 20/20s shirtings at about Rs. 2-10 a lb. and 30/40s dhoties at prices ranging from Rs. 4-12 to Rs. 5. Inter-merchant transactions were effected as high as Rs. 3-3-6 for 20/20s. The Finance Member's threatening speech brought these prices down to Rs. 2-10-6 but soon recovered to Rs. 2-15 a lb. During April, markets fluctuated heavily both ways ranging between Rs. 2-12 and Rs. 3-7 a lb. for 20/20s cloths. During May, mills are reported to have sold dhoties in 30/40s at Rs. 5 a lb., and saries in the same quality at Rs. 5-8 a lb. There were heavy fluctuations in the prices of leopard cloths. Prices rose to Rs. 3-8 a lb., declined to Rs. 3-3 on rumours of control, rose again with intermediate fluctuations to Rs. 3-14 and were down again to Rs. 2-12. During June and July, there was hesitancy in demand, but prices remained fairly steady round about Rs. 2-10 a lb. for 20/20s. In August, ex-mill ceiling price for 20/20s was fixed at Rs. 2-2-9 per lb., but prices in the market fluctuated between Rs. 2-3 and Rs. 2-8 from August to November. In December, ex-mill and retail ceiling prices were fixed for all sorts delivered from mills from 1st December, but their effect on prices to consumers was not felt to any extent as stocks of unpriced goods were large. The period during which non-texmarked goods could be sold ended on 31st December, 1943. There were considerable stocks of these goods at the end of the year, and these have been frozen.

Yarns saw heavy ups and downs as cloth. Prices for 20s, starting from Rs. 1-8 a lb. rose to over Rs. 3 in May with wide intermediate fluctuations. In December, ceiling prices were fixed for main counts of yarns, but the coarser counts sold considerably below ceiling prices.

Offtake of cloths and yarns continued good throughout the year except during July and August when there was hesitancy and marking of time. Stocks at the end of the year were the lowest since February 1941.

/ The year 1943 has been more prosperous for the industry than any that has gone before. Prospects for the year 1944 are not as rosy as the actualities of the year that has just expired, as cloth and yarn prices are to be fixed every quarter on a basis that, while leaving fair margins for the mills, will not allow any runaway markets.

ELECTION OF CHAIRMAN OF THE ASSOCIATION FOR 1944.

The annual ballot for the office of the Chairman of the Association for the year 1944 was held on 10th January 1944 and resulted in the election of **Sir Vithal Chandavarker, M.L.A.**, 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 1944.

The ballot for the election of the Deputy Chairman of the Association for the year 1944 was held on 17th January 1944, and resulted in the election of **Mr. J. C. Lancashire**, Director of the Gokak Mills, Ltd., and the Simplex Mills Co., Ltd.

ELECTION OF THE COMMITTEE FOR 1944.

The ballot for the election of the 18 members of the Committee for the year 1944 was held on 24th January 1944, and the following gentlemen were duly elected :—

Sir Ness Wadia, K.B.E., C.I.E.; Sir Sorab Saklatvala, M.L.A.; Sir Frederick Stones, O.B.E., M.L.C.; A. Geddis, Esq.; T. V. Baddeley, Esq.; H. F. Milne, Esq.; Dharamsey Mulraj Khatau, Esq.; A. Pether, Esq.; Neville N. Wadia, Esq.; C. P. Wadia, Esq.; Krishnaraj M. D. Thackersey, Esq.; G. D. Somani, Esq.; L. F. H. Goodwin, Esq.; H. G. H. Everitt, Esq.; Ramniwas Ramnarain, Esq.; Ramnath A. Podar, Esq.; Bhagwandas C. Mehta, Esq.; Tansukhrai M. Karundia, Esq.

BOARD OF TRUSTEES OF THE PORT OF BOMBAY.

Association's Representative.

The term of office of Mr. T. V. Baddeley, the Association's representative on the Board of Trustees of the Port of Bombay, expired on 31st March 1943, and in accordance with section 6 of the Bombay Port Trust Act, 1879, the Association was called upon early in February to elect a representative to serve on the Port Trust, for a term of two years commencing from 1st April 1943. **Mr. Krishnaraj M. D. Thakersey** was returned unopposed as the Association's representative on the Board for the biennium commencing 1st April 1943.

BOMBAY MUNICIPAL CORPORATION.

Association's Representative.

Mr. Krishnaraj M.D. Thackersey, the Association's representative on the Bombay Municipal Corporation, having resigned his seat towards the end of January, the Association was called upon to elect a representative to

fill the vacancy. An election held in accordance with the prescribed Rules and Regulations on 15th February resulted in **Mr. Ramnath A. Podar,** being returned unopposed as the Association's representative.

THE B. B. & C. I. RAILWAY ADVISORY COMMITTEE.

Association's Representative.

Towards the middle of August, the B. B. & C. I. Railway informed the Committee that the term of office of **Mr. B. S. Dabke,** the Association's representative on the Advisory Committee of the B. B. & C. I. Railway, was about to expire on the 18th August 1943, and requested the Committee to appoint a representative. The Committee appointed **Sir Vithal Chandavarkar** as their representative on the Advisory Committee.

THE BOMBAY SMOKE NUISANCES COMMISSION.

Association's Representatives.

Towards the middle of August, the Government of Bombay informed the Committee that the term of office of the present members of the Bombay Smoke Nuisances Commission was due to expire on 31st December 1943, and requested them to nominate two representatives for a further period of two years. The Committee re-appointed **Messrs. W. F. Webb** and **Mark Binnie** as the Association's representatives on the Commission.

THE TECHNOLOGICAL RESEARCH SUB-COMMITTEE OF THE INDIAN CENTRAL COTTON COMMITTEE.

Association's Representative.

Early in April, the Indian Central Cotton Committee requested the Committee to appoint two representatives on its Technological Research Sub-Committee for a period of one year from 1st April 1943, and **Messrs. A. D. Walwyn** and **G. C. Abbott** were appointed to serve on this Sub-Committee.

THE ADMINISTRATIVE COUNCIL OF THE EMPIRE COTTON GROWING CORPORATION.

Association's Representative.

Towards the end of February, the Empire Cotton Growing Corporation informed the Committee that the term of office of **Mr. H. H. Sawyer,** the joint representative of the Bombay and Ahmedabad Millowners' Associations on the Administrative Council of the Corporation was due to expire in May, and suggested that in consultation with the Ahmedabad Millowners' Association, a joint representative might be nominated for a further period of three years. After consulting the Ahmedabad Millowners' Association, **Mr. H. H. Sawyer** was re-appointed for a further period of three years, and the Empire Cotton Growing Corporation was informed accordingly.

POST-WAR RECONSTRUCTION COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

Reference was made on page 119 of the Association's Report for the year 1942 to the Post-war Reconstruction Committee appointed by the Government of India and to the subsequent conference convened by the Government of Bombay for discussing the short-term post-war problems which were likely to arise in the province on account of the change-over from a war-time to peace-time industrial economy.

In response to a request made by the Government of India, early in February, the Committee appointed **Sir Vithal Chandavarkar** as the Association's representative on the Reconstruction Committee (Labour and Demobilization) and **Mr. W. B. Bryden** as the representative on the Reconstruction Committee (Disposal and Contracts).

The machinery established in 1941 to deal with reconstruction problems was overhauled by Government in September, and a new organisation was set up with a Committee called the Reconstruction Committee of Council at the head. This Committee was formed in order to lay down the general policy in respect of re-settlement, re-employment, disposals and post-war developments of India's resources, and consisted of:—

His Excellency the Viceroy. (*President*).

His Excellency the Commander-in-Chief (*Deputy President*).

Hon'ble Member, Food.
" " Defence.
" " Supply.
" " Commerce.
" " War Transport.
" " Finance, and
" " Labour.

It was stated, in a note issued by Government on the subject, that the problems of reconstruction would be considered under the following heads:—

(i) Re-settlement and Re-employment.

(ii) Disposals, Contracts and Government Purchases.

(iii) Public Works and Communications.

(iv) Trade and Industry.

(v) Agriculture, Forestry and Fisheries.

Government invited Mr. Bryden to serve as a member of Committee No. (ii)—Disposals, Contracts and Government Purchases. As Mr. Bryden was out of India and was not likely to return immediately, the Committee appointed **Mr. J. C. Lancashire** as the Association's representative on the proposed Committee.

THE ADVISORY COMMITTEE OF THE COLLEGE OF ENGINEERING, POONA.

Association's Representative.

Early in August, the Government of Bombay informed the Committee that they were considering the question of reconstituting the Advisory Committee of the College of Engineering and requested the Committee to nominate a representative of the Association on the Advisory Committee. The Committee appointed **Mr. W. B. Bradford** of Messrs. The Bombay Dyeing and Manufacturing Co., Ltd., as their representative on the Advisory Committee.

PROVINCIAL ADVISORY COMMITTEE FOR STANDARD CLOTH.

Association's Representative.

Early in May, the Government of Bombay decided to appoint a Provincial Advisory Committee for Standard Cloth to advise them on matters relating to standard cloth, and invited the Committee to nominate a representative on the proposed Committee. The Committee appointed **Mr. Neville N. Wadia** as the Association's Representative on the Advisory Committee, the full constitution of which was subsequently announced as under:—

(1) Mr. H. F. Knight, C.S.I., C.I.E., I.C.S. (*Chairman*), (2) Mr. A. D. Gorwala, I.C.S., (3) Mr. P. B. Advani; (4) Mr. Krishnaraj M. D. Thaçkersey; (5) Mr. Kasturbhai Lalbhai; (6) Mr. Neville N. Wadia; (7) Sir Purshotamdas Thakurdas; (8) Sir Dhanjishah B. Cooper; (9) Sir Abdul Latif Haji Hazrath Khan; (10) Rao Saheb Dayabhai S. Patel; (11) Sardar Rao Bahadur S. J. Deshmukh; (12) Mr. S. C. Joshi and (13) Mr. N. M. Wagle, I.C.S. (Secretary).

CONSUMERS' COMMITTEE.

Association's Representative.

Early in August, the Government of Bombay appointed **Mr. A. B. Mavlanker** as the Association's representative on the Consumers' Advisory Committee, Bombay, *vice* Mr. J. E. Jacob, resigned.

PANEL TO ADVISE THE REGIONAL CONTROLLER OF RAILWAY PRIORITIES IN CONTROLLING THE MOVEMENT OF GUNNIES.

Association's Representative.

Towards the middle of January, the Board of Transport, Government of Bombay, decided to set up a panel to advise the Regional Controller of Railway Priorities in controlling the movement of gunnies and other jute goods from Calcutta to Bombay and invited the Committee to nominate a

representative. The Committee appointed **Mr. Krishnaraj M. D. Thackersey** as the Association's representative on the Panel and **Mr. W. B. Bryden** as the alternative representative to attend the Panel meetings in the absence of Mr. Krishnaraj M. D. Thackersey.

ADVISORY PANEL TO ADVISE GOVERNMENT IN REQUISITIONING GODOWN SPACE.

ASSOCIATION'S REPRESENTATIVE.

Towards the end of March, Government informed the Committee that they proposed to form a small Advisory Panel of Commercial Associations to advise Government in requisitioning godown space required under the Government of India Foodgrain Procurement Scheme, and suggested that the Association might nominate a representative on this Panel. The Committee nominated **Mr. Neville N. Wadia** as the Association's representative on the Panel.

MEMBERSHIP.

The total membership of the Association at the end of 1943 was 129 as against 122 at the beginning. The undermentioned seven mills were elected members during the year :—

(1) Messrs. The Punjab Cloth Mills, Ltd., Bhiwani, District Hissar.
(2) ,, The New Sun Mills Co., Ltd., Bombay.
(3) ,, The Jubilee Mills, Ltd., Bombay.
(4) ,, The Anjar Spinning and Weaving Mills, Ltd., Anjar.
(5) ,, The Niranjan Mills, Ltd., Surat.
(6) ,, The Ahmed Abdul Karim Bros. Ltd. (Proprietors : Ahmed Woollen Mills, Ambernath).
(7) ,, The Aurungabad Mills, Ltd., Aurungabad.

DONATIONS.

At the Annual General Meeting of the members of the Association held on Monday, 5th April 1943, 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 5th April 1943, Messrs. A. F. Ferguson & Co. were appointed as the Association's Auditors for the current year on a remuneration of Rs. 300 per annum.

MUNICIPAL ASSESSMENT OF COTTON MILLS.

REVISION.

(*See also page* 20 *of Report for* 1942.)

Towards the end of March, the Committee were informed that special notices had been served by the Municipality on individual mills, increasing the rateable value from Rs. 3 to Rs. 5 in the case of mill buildings housing machinery and Rs. 2 to Rs. 4-8 in the case of others, with effect from 1st April 1943. The Committee advised member mills to protest against the proposed increase under section 16(2) of the City of Bombay Municipal Act within 15 days from the date of service of the notice.

Negotiations followed between the Association and the Municipal Commissioner and as a result, the Commissioner agreed to the following revised assessment.

" (*a*) With effect from 1st April 1943, the rateable value of mill buildings with machinery (motive or process) should be Rs. 4-4 per 100 sq. ft. of floor area per month.

(*b*) Outhouses, godowns and the like be rated at Rs. 3 per 100 sq. ft. of floor area per month.

(*c*) *Status quo* to be maintained in regard to classifications of the various departments and mill properties for purposes of assessment subject to re-classification where the nature of user has changed or where demolitions had taken place.

Provided that in the case of mechanic shops, motor platforms, hand reeling departments and dining sheds, the following arrangement shall be observed :—

(i) *Mechanic Shops.*—Mechanic shops with motive machinery should attract the higher rate.

(ii) *Motor Platforms.*—Motor platforms should be rated at the higher rate, but that a corresponding area should be reduced from the area on the floor below them to be rated at the lower rate.

(iii) *Hand Reeling Departments.*—Hand reeling departments, when working, are to be assessed at the higher rate, but if the departments are closed entirely, but not partially, for one year, the lower rate should apply for the ensuing year.

(iv) *Dining Sheds.*—Dining sheds, if in a separate block, to be assessed separately from canteens, but at the rate applicable to canteens, viz., at a rental value of Rs. 100 per month if the mill is working single shift, or Rs. 150 per month if the mill is working double shift.

(*d*) Mill water reservoirs and tanks and water and fuel oil storage tanks, both old and new, would not be assessed, and coal stack yards would also be free of assessment.

(*e*) A.R.P. shelters and the land on which such shelters have been put up would be free of assessment for the duration of the war.

(*f*) *Status quo* would be retained as regards the principle underlying the assessment of all mill lands including mill lands reserved for future extensions.

(*g*) *Status quo* would also be retained regarding the principle underlying the treatment to be accorded by the Municipality in regard to mill properties, if any, not specifically mentioned in this agreement.

(*h*) As soon as the Municipality accept this agreement, the Assessor and Collector will dispose of the complaints against mill valuations in pursuance of this agreement with the co-operation of the Association's Surveyor." (*Appendix* **1.**)

FUEL OIL SUPPLIES TO COTTON MILLS.

(*See also pages* 21 *and* 133 *of Report for* 1942.)

Fuel Oil Contract.—Towards the end of February, Messrs. The Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., forwarded for the consideration of the Committee the draft of a new contract which was examined by a special Sub-Committee appointed for the purpose. The Sub-Committee generally agreed with the draft, but made the following points in respect of clause 8(*a*) of the contract :—

In clause 9(*a*) of the old contract, in the event of curtailment of supplies, there was an obligation on the sellers to apportion fairly among buyers taking delivery from them at any particular place, the total supplies which were made available or accepted. Under clause 8(*a*) of the new contract, however, there was no such obligation with the result that it appeared to be open to the sellers to stop supplies to any particular buyer on the ground of curtailment and to continue to supply to one or more of the other buyers without committing a technical breach of clause 8(*a*). No particular reasons were advanced in support of this change, and it was not clear whether it had anything to do with rationing, which might be necessary strictly on the basis of priority granted by Government, in the future in the unfortunate event of curtailment of supplies. A clarification was, therefore, sought from the Oil Company on this point.

In a reply received early in April, Messrs. Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., stated that the obligation to apportion fairly among buyers the available supplies was imposed under the old contract form which was introduced when there was no Controller. The Oil Company felt that the words " fairly to apportion " did not describe the objective which would be in view in the event of a shortage. The objective of all concerned, buyers and sellers, according to the Oil Company, would be distribution with the object of assisting the war effort to the maximum extent. They further thought that only the Controller could decide how this objective could be attained and that he would take the necessary steps as soon as it was realised that deliveries on the present scale could not be continued. The Controller had already full powers and as both the buyers and sellers were represented on the Controller's Advisory Committee the opportunity for putting forward respective views was already there.

The Committee agreed that in an emergency the Controller would decide how the available stocks of oil should be apportioned between the various consumers according to the nature of the war work done by them. This apportionment would be in pursuance of the special powers conferred

on the Controller under the Defence of India Rules, and when the Defence of India Rules were in operation any contract entered into between the Oil Company and the consumer or at least those clauses of the contract which were inconsistent with these powers would automatically stand revoked. In this view of the case, it was felt that the provisions of the old clause 9(*a*) regarding fair apportionment by sellers among buyers of the available stocks should be retained.

In reply, the Oil Company stated that, under the control, the disposal of available stocks was directed by the Controller and though they had been able so far to cover the quantity sanctioned by the Controller, they had not been given discretion in the matter of increasing or decreasing the quantities delivered to mills. In the circumstances, they thought that the insertion in the contract of the " fairly to apportion " words would be directly contrary to the intentions of the Central Government which prompted the appointment of the Controller, and would suggest to the buyers that in a crisis, the Oil Company and not the Controller would have the option of allocating such reduced quantities as might be available.

The Committee finally agreed to accept the revised contract purely as a war measure. (*Appendix* **2.**)

Increase in the price of Furnace Oil.—Reference was made on page 21 of the Association's Report for the year 1942 to the increase effected by Messrs. Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., in the price of furnace oil from Rs. 42-4 to Rs. 55-2 per ton. The Committee had recommended member mills to pay the increased rates asked for from the 18th September 1942.

Oil contract between mills and the Oil Company was due to expire at the end of February and the company had informed the mills that from 1st March 1943, until further notice, the price charged would be Rs. 62-4 per ton of 2,240 lbs. for delivery within the island of Bombay, and that this rate would be a day-to-day price. After ascertaining the details of increase in the various categories under the price " make-up " from the Oil Company and after satisfying that the increase was reasonable in the existing circumstances, the Committee recommended individual mills to accept the new price. As a result of a decrease in war risks insurance on cargoes coming from ports of Iranian Gulf, the Oil Company reduced the rate charged by As. 8 and fixed it at Rs. 61-12 per ton with effect from 1st April 1943. This rate continued upto 19th June 1943, when it was reduced to Rs. 60-14 per ton.

Storage of Fuel Oil in Mills.—In view of the possible shortage of supplies of fuel oil the Committee advised member mills whose storage capacity was less than a month's consumption, to provide themselves with additional storage accommodation so as to keep on hand at least a month's stock on any day. In this connection the panel member had made arrangements with the Priority Committee for the release of the requisite quantity of iron and steel and a fairly large quantity of cement to enable mills to provide themselves with the additional fuel oil storage tanks. Mills were, therefore, requested to submit their applications to Mr. Krishnaraj M. D. Thackersey, the panel member, for the release of the requisite quantities of cement, iron, etc.

WATER SUPPLY TO MILLS.

SHORTAGE.

Towards the middle of March, the attention of the Committee was drawn by several member mills to the very low pressure of water in municipal mains. Most of the complaints received were from the mills situated round about Fergusson Road area. The matter was, therefore, taken up with the Hydraulic Engineer of the Bombay Municipality who asked individual mills to furnish the following information so as to enable him to go into each case and suggest remedial measures :—

(i) the number and size of connections supplying the mill working and their location,

(ii) the total quantity of water required in gallons per day and the hours during which the supply was required.

(iii) the size, capacity and location of existing suction storage tanks with their heights with reference to ground level ;

(iv) the size, capacity and location of the existing overhead storage tanks with their heights with reference to ground level ;

(v) any other information that would help in arriving at suggestions to improve the water-supply to mills. (*Appendix* **3.**)

FEES FOR INSPECTION OF ELECTRICAL INSTALLATIONS AT THE MILLS.

(*See also pages* 77 *and* 461 *of the Report for the year* 1925.)

Reference was made on pages 77/78 of the Association's Report for the year 1925 to the representation submitted by the Committee when Government first proposed a levy of fees for inspection of electrical installations at the mills.

Towards the middle of November, the attention of the Committee was drawn to the interpretation sought to be put by the Electrical Inspector, P.W.D., on the order issued by the Government of Bombay in connection with the scale of fees to be charged for the testing and inspection of electrical installation in cotton mills. Scale " A " of the schedule attached to the order was applicable to cases where energy was or was about to be supplied or used at high and medium pressure except in those cases to which scales " B " to " N " of the Schedule attached to the order specifically referred. Scale " B " was applicable in the case of inspection, examination or test of any generating station, receiving station or other place in which energy was generated or distributed at a pressure of 100 volts or more. Scale " D " prescribed fees for examination, inspection or test of any electrical installation, appliance or apparatus (other than a generating station for which a separate fee would be charged under scale " B ") in a factory within the meaning of the Factories Act, 1934, to which energy was supplied by a licensee or in which, energy was generated.

It appeared that where scale " A " was applicable, scale " B " would not apply or *vice versa*, and that so far as cotton mills were concerned, the basis of the charge should be either scale " A " and " B " or scale " B " and " D," but *not* " A," " B " and " D."

From the notices which were served on certain mills by the Assistant Electrical Inspector, P.W.D., it appeared that the fees which they were called upon to pay were calculated on the basis that cotton mills were liable to be charged under scales " A," " B " and " D " at the same time.

The Committee held that the levy made by the authorities was inconsistent with the terms of Government orders and was not correctly made. The mills concerned were, however, asked to pay up the bills presented under protest, and a representation was addressed to the Secretary to the Government of Bombay, Public Works Department. (*Appendix* **4.**)

MEETING WITH THE HON'BLE DR. B. R. AMBEDKAR.

Early in May, the Committee took advantage of the visit to Bombay of the Honourable Dr. Ambedkar, Member-in-charge, Labour Department, Government of India, and informally discussed with him certain matters which had been the subject of correspondence between the Association and the Government of India, Department of Labour, at a special meeting called for this purpose on 11th May 1943.

SCHEME FOR THE MANUFACTURE AND DISTRIBUTION OF CLOTH IN BOMBAY CITY.

A scheme for the supply of cloth at controlled rates to the citizens of Bombay was introduced by the Association with the concurrence of the Government of Bombay during the year under review.

The Committee felt that in view of the rise in prices of cloth, they owed a duty to the citizens of Bombay in the matter of giving some relief to its population by providing certain varieties of utility cloths at controlled rates and that such cloths should be provided by means of shops opened and managed by the Association in the different parts of the city. With this object in view, a Sub-Committee was appointed towards the end of March to draw up a scheme for the manufacture and distribution of cloth in Bombay City.

The main features of the scheme, as drawn up by the Sub-Committee, were as follows :—

1. *Control over the Scheme.*—The control of the scheme was to be in the hands of a Controlling Sub-Committee appointed by the Committee of the Association, their decision in all matters arising out of and connected with the working of the scheme being final and binding on all parties concerned.

2. *Manufacture of Cloth.*—It was proposed that cotton mills in Bombay should undertake to manufacture such quantities of cloth as might be required of them from time to time by the Controlling Sub-Committee. The supply of cloth was to be made at prices fixed by the Sub-Committee, and delivered at such place or places as might be directed by the Controlling Sub-Committee.

3. *Types of Cloth sold under the Scheme.*—The following types of cloth were proposed to be included under the scheme.

1. Grey shirting : 20s × 30s—43″ × 38 yds.
2. Grey shirting : 20s × 30s—27″ × 38 yds.
3. Grey dhoties : ⅛″ border, 20s × 30s—49″ × 10/2 yds.
4. Grey saree : 1″ border, 20s × 30s—49″ × 9/1 yds., red or blue border.
5. Bleached dhoties : ⅛″ border, 40s × 40s—50″ × 9/2 yds., red or blue border.
6. Bleached dhoties : ⅛″ border, 40s × 40s—50″ × 10/2 yds., red or blue border.
7. Bleached sarees : 1″ border, 40s × 40s—47″ × 5½ yds., blue, lemon or chocolate border.
8. Bleached sarees : 1″ border, 40s × 40s—47″ × 9 yds., blue, lemon or chocolate border.
9. Bleached mulmulls : 40s × 40s—47″ × 20 yds.
10. Bleached cellular shirting : 32/33″ × 40 yds. according to I.S.D. specifications.
11. Bleached "B" grade drill : 28″ × 41 yds., according to I.S.D. specifications.
12. Bleached sheets : 54″ × 96″, according to I.S.D. specifications.
13. Bleached longcloth (superior quality) 34/35″ × 40 yds.

4. *Distribution of Cloth.*—The scheme provided for linking of the distribution of cloth with the general scheme of rationing of foodstuffs of the Government of Bombay. According to the scheme, every person residing in the city of Bombay and having a permanent grain ration card should be eligible to purchase cloth under the scheme, the maximum quantity allowed being 9 yards per unit for 24 weeks. The purchase of cloth by ration card holders was to be against cash only, and no credit whatsoever was to be allowed.

5. *Distributing Arrangements.*—The Sub-Committee recommended the establishment of 25 shops in the different parts of the city manned by personnel appointed by the Association. Individual mills and large-scale employers were also to be asked to establish their own shops for the registration of their employees and for distribution of cloth to them on the basis indicated in the scheme.

6. *Prices.*—None of the cloths covered by the scheme was to be sold in the Association's cloth shops or in the shops of large-scale employers at prices higher or lower than those fixed for the purpose by the Controlling Sub-Committee. The retail price of the cloth to the ration card holder was fixed at wholesale price of the cloth plus 6¼ per cent. to cover overheads. Mills and other large-scale employers of labour in Bombay City who undertook to distribute cloth to their employees holding ration cards were to be allowed a margin of 3¼ per cent.

The ex-mill price to be paid by the Association for each type of cloth was to be related to the Standard Cloth and Supply Department cloth prices.

7. *Allocations of Cloth.*—The allocation for the manufacture of cloth under the scheme was to be made in consultation with the Association's representatives on the Standard Cloth Advisory Panel and the Textile Advisory Panel.

The scheme as evolved by the Sub-Committee was approved by the Committee and placed before the general body of members at a special meeting held on Thursday, the 24th June 1943. The general body approved the scheme and authorised the Committee to give effect to it at a very early date.

The scheme was put into effect on the 16th August 1943, and 13 shops were set up in the different localities in the city. The Government of Bombay extended their co-operation in the matter, and made available the sites for opening the shops. A large number of mills also subsequently opened ration cloth shops under the scheme at which the various varieties of cloths included in the scheme were sold at controlled rates.

The maximum amount of purchase allowed under the scheme was, as indicated above, 9 yards per unit for 24 weeks. The Sub-Committee subsequently changed the quantity to 5 yards for the ration period ending 16th October 1943. Restrictions were also introduced on the maximum amount which purchasers could purchase under the various items with a view to prevent oversale in particular items of cloth. The Sub-Committee, however, received several representations suggesting the removal of these restrictions, and in view of these representations, it was decided, for the time being, to sell cloth in retail from the Association's cloth shops without any restrictions whatsoever, but strictly against cash. The presentation of ration cards for obtaining supplies was also dispensed with for the time being.

WAR RISKS INSURANCE—CENTRAL CLAIMS COMMITTEE.

With a view to ensuring prompt adjudication of claims under the War Risks (Goods) Insurance Ordinance, 1940, and the War Risks (Factories) Insurance Ordinance, 1942, the Government of India appointed, early in January, a Central Claims Committee. This Committee has been authorised to examine reports and recommendations of the Claims Committees in respect of claims and pass final orders for their disposal.

The present constitution of the Committee is as under:—

1. A. C. Turner, Esq., C.I.E., M.B.E., I.C.S., Joint Secretary to the Government of India, Finance Department.
2. S. R. Zaman, Esq., I.C.S., Joint Secretary to the Government of India, Commerce Department.
3. The Honourable Mr. Shavax A. Lal, C.I.E., Deputy Secretary to the Government of India, Legislative Department.

The following officers were subsequently added in September 1943 to this Committee:—

4. S. K. Kirpalani Esq., C.I.E., I.C.S., Joint Secretary to the Government of India, Supply Department, subsequently substituted by Mr. Ikramullah, I.C.S.
5. Brigadier E. S. B. Gaffney, Provision Co-ordination and Supply section, M.G.O. Branch, War Department.

WAR RISKS (GOODS) INSURANCE ORDINANCE.

(*See also pages* 27 *and* 148 *of Report for* 1942.)

Reduction of Premium.—Reference was made on pages 27-28 of the Association's Report for the year 1942 to Government's refusal to reduce the rate of premium payable under the War Risks (Goods) Insurance Scheme as suggested by the Committee.

Government retained the rate at As. 3 per month or part of a month for each complete sum of Rs. 100 for the first two quarters of the year 1943. The matter was again taken up with Government early in June and as a result of which Government reduced the rate to As. 2-6 for the quarter July-September.

The question of a further reduction in the rate of premium was again discussed with the Hon'ble the Commerce Member at an informal meeting which the Committee had with him towards the end of August and while appreciating the action of Government in reducing the rate of premium from 3 annas to 2½ annas per Rs. 100 per month, the Committee urged that, in view of the satisfactory financial position of the War Risks (Goods) Insurance Fund, there was a very strong case for a further reduction of the insurance premium. The rate was subsequently reduced to As. 2 per Rs. 100 per month for insurance taken for the quarter beginning with 1st October 1943. (*Appendix* **5A.**)

Valuations of Goods for Insurance Purposes.—Towards the middle of May, the attention of the Committee was drawn to the following ruling given by the Government of India :—

> " In the case of sugar factories and other manufacturers who produce goods, the value of goods that should be taken into account for the purpose of war risks insurance should be the cost of production at the time of insurance, that is to say, in their case, goods should be insured for the cost for which they could be produced by the assured at the time when they are insured. It has also been decided that excise duty payable on sugar stocked in a factory, or, with the permission of the authorities in authorised godowns outside a factory, should not be included in the insurable value."

It was not clear whether the ruling given by Government was applicable to cotton textiles, raw cotton, mill stores, etc., and Government were, therefore, asked to clarify the position. In reply, Government stated that the matter was under consideration and pending disposal of this question mills might proceed on the assumption that sugar mills' decision would apply to cotton mills also.

Towards the end of December it was understood that the Government of India had given a ruling to the effect that in calculating the insurable value of manufactured goods in possession of the manufacturers, profits, if any, accrued up to the time of insurance might be taken into account, but not the prospective profits. This meant that the insurable value of the goods of a manufacturer would be the market value to the manufacturer at the time of insurance and not the market value to the merchant who purchased from the manufacturer. (*Appendix* **5B.**)

WAR RISKS (FACTORIES) INSURANCE ORDINANCE.

Advisory Committee.—Early in March, the attention of the Committee was drawn to a resolution No. 13-W. R. I. (F)/43, published in the *Gazette of India* dated the 27th February 1943, by which the Government of India appointed an Advisory Committee representing commercial and industrial interests for consultation from time to time on :—

(*a*) Important questions of policy arising out of the administration of the War Risks (Factories) Insurance Ordinance, 1942, and the Rules made thereunder, so far as they affect owners and occupiers of factories, and

(*b*) Any other matter connected with the Ordinance which may be referred to the Committee by the Government of India.

The Committee consisted of the following gentlemen :—

1. The Hon'ble Mr. R. R. Haddow.
2. R. W. Bullock, Esq.
3. B. S. Laurence, Esq.
4. J. C. Setalvad, Esq.
5. Lakshminivas Birla, Esq.
6. Sakerlal Balabhai, Esq.
7. The Hon'ble Sir Rahimtoola Chinoy.

Representation on the Advisory Committee was accorded to certain commercial and industrial interests, to the exclusion of the Association. The Committee were not aware of the circumstances under which representation was not accorded to the Association which covered more than 50 per cent. of the productive capacity of the cotton mill industry of the country and the matter was, therefore, taken up with Government.

In a reply received early in June, Government stated that representation on the Advisory Committee was not given to any commercial body as such, since representation to individual associations might make the Advisory Committee, which was intended to be a compact body, very unwieldy. Government, however, invited the Chairman of the Association to serve on the Committee in his personal capacity, and the Committee approved of the suggestion and authorised the Chairman to accept the appointment. Sir Vithal's appointment to the Advisory Committee was subsequently announced by Government. (*Appendix* **6A.**)

Extension of the Scheme beyond the 31*st March* 1944.—Towards the end of November, the Government of India invited the views of Sir Vithal Chandavarkar, as a member of the Advisory Committee, on the question of extending the War Risks (Factories) Insurance Scheme beyond 31st March 1944. The existing scheme provided cover against war risks from the 1st of April 1942 to 31st March 1944,

In a reply sent to Government, Sir Vithal stated that in view of the unsettled conditions in the Eastern frontiers of Bengal and the possibility of enemy air raids in the east coast of India, it might perhaps be a mistake to discontinue insurance altogether. At the same time, he felt that due consideration must be given to the fact that there was to the credit of the fund a sum of about 11 crores of rupees on 30th June 1943, and since then, further amounts had been added. The total outgoings up-to-date from the fund had not been very substantial, and it was, therefore, felt that there was a very good case for a reduction in the insurance premium. The present rate of premium was 4 per cent. spread over a period of two years, and Sir Vithal suggested that the scheme might be extended for a further period of two years at a premium rate of 1 per cent., i.e., the premium calculated at 1 per cent. should become payable within a period of two years or eight quarterly instalments. (*Appendix* **6B.**)

Rectification of Over-insurance arising from Non-replenishment of Stocks of Mill Stores.—Towards the end of November, at the instance of Sir Vithal Chandavarkar, a member of the War Risks Insurance Advisory Committee, the Committee considered the question as to whether an insurance policy required rectification in the event of a drop in the insured amount arising from a reduction in quantities of insurable stocks.

Section 2(1) of the War Risks (Factories) Insurance Ordinance, 1942, was amended on 27th January 1943, and under this amended section, all materials in a factory for use in the production or transmission of motive power, or in the maintenance of plant and machinery or in the construction, reconstruction or maintenance of factory buildings, were insurable. According to Government's decision, stocks of such stores should be insured for their actual value on the date of the application for insurance. For subsequent addition to the quantity of stocks, supplementary policies should be taken out, but no rectification due to temporary non-replenishment of stocks would be allowed.

The reference made by Government arose out of an application made by a factory in a case in which the original value of mill stores, mainly consisting of coal, decreased from Rs. 3,67,860 to Rs. 1,61,439, due to non-availability of coal. It was contended by the applicant that in view of the present difficulties in obtaining coal, there was hardly any chance of increasing this depleted stock to any appreciable extent, and the case was one where decrease in the value of stores was of a permanent or at least semi-permanent nature and not a feature of normal fluctuations. Government, however, felt that in these abnormal times, it would be urged in almost every case that decrease in the value of stocks was more or less of a permanent nature and that if Government accepted the position in one case and allowed the policy to be rectified, it would be an invitation to a large number of similar applications which it might be difficult, if not impossible, to reject.

Sir Vithal Chandavarkar, replying to Government in consultation with the Committee, stated that the factory in question had a good case for rectification of the insurable value. Shortages in materials used in the production or transmission of motive power or in the maintenance

of plant and machinery, or in the construction or reconstruction, or maintenance of factory buildings insurable under the Ordinance, had, in view of the general shortage which was being experienced in various types of goods insured by cotton mills under the Factories Ordinance, become a permanent feature, and therefore, Government would not be justified in delaying relief to cases falling within this category. There was a provision under the scheme of Factories Insurance, which required a supplementary policy to be taken out where the insured value went up. Sir Vithal, therefore, suggested that a reciprocal arrangement might be introduced to provide for a rebate in cases where there was a drop in value arising from a fall in the quantities of goods insured. (*Appendix* **6C.**)

SPINNING TESTS ON TRADE VARIETIES OF INDIAN COTTON.

(*See also pages* 23 *and* 144 *of Report for* 1930.)

Towards the middle of August, the Director, Technological Laboratory, Indian Central Cotton Committee, requested the Committee to furnish him with samples of the following trade varieties of Indian cottons for tests at the Technological Laboratory :—

1. Gaorani 6.
2. Nanded Bani.
3. Viramgam.
4. Bawla.
5. 4F—Gujrat.
6. 289F/43—Montgomery.
7. 289F/43—Multan.
8. 289F/K.25—Montgomery.
9. 289F/K. 25—Multan.
10. L.S.S.—Shahpur.
11. Westerns—Anantapur.
12. Kumpta—Dharwar.
13. Kumpta—Bhagalkote.
14. Kumpta—Bijapur.
15. Bailhongal.
16. Miraj.
17. Malvi.

The undermentioned members of the Committee offered to send the following samples to the Technological Laboratory :—

1. Mr. J. C. Lancashire (Simplex and Gokak Mills)	.. Bailhongal.
2. Sir Ness Wadia, K.B.E., C.I.E. (Bombay Dyeing & Mfg. Co., Ltd.)	.. Gaorani 6 and Nanded Bani.
3. Sir Frederick Stones, O.B.E., M.L.C. (E. D. Sassoon Group of Mills)	.. L.S.S. Shahpur.
4. Mr. L. F. H. Goodwin (Vishnu and Lakshmi Cotton Mills)	.. Gaorani 6 and Nanded Bani, Kumpta—Bhagalkote and Miraj.
5. Sir Sorab Saklatvala, M.L.A. (Tata, Svadeshi, Ahmedabad Advance and Central India Mills).	.. Gaorani 6, Kumpta—Dharwar and Jayavant.
6. Mr. H. F. Milne (Kohinoor Mills)	.. 289F (One of the four varieties).

(*Appendix* **7.**)

CONSUMPTION OF JARILLA COTTON.

Towards the middle of January, the Director of Agriculture for the Province of Bombay requested the Committee to express an opinion as to the total quantity of Jarilla cotton which could be readily taken up by the cotton trade in India under present conditions. This inquiry, it was understood, was occasioned by the "grow-more food campaign" which had resulted in some quantities of Jarilla cotton seed remaining undistributed in the areas in which the improved variety was grown during 1942.

In a reply sent towards the end of February, the Committee stated that the industry could consume about 6 lakhs of pure Jarilla cotton per annum under existing conditions. It was very difficult to say what the position would be after the war, but it was presumed that there would always be a demand for long-staple and medium-staple cotton in preference to short-staple cotton from mills in India and export markets, and in this view of the case, it was felt that if Jarilla of suitable length were grown and marketed pure, there would be no difficulty in taking it up. The Committee further emphasised that Jarilla was at present the basis of the Indian Cotton Contract and decreased production of this type of cotton would inconvenience the trade.

Early in March, the Government of Bombay evolved a scheme for the organisation of co-operative cotton sale societies for the marketing of pure Jarilla cotton in the West Khandesh and Nasik Districts, and the "Agmarking" of pure Jarilla cotton produced by members of the co-operative societies and other approved cultivators.

The scheme provided for the employment of a Sales Manager, an Organiser and Supervisor of Co-operative Societies and four Secretaries of Co-operative Societies, who would be under the control of the Assistant Registrar of Co-operative Societies at Dhulia, and who would work in co-operation with the Managing Committee and officials of the West Khandesh District Central Co-operative Bank.

The estimated cost of the scheme, over a two-year period, was Rs. 17,920.

COMPETITION OF IRAQI COTTON WITH INDIAN COTTON.

Towards the middle of February, the Indian Central Cotton Committee invited the views of the Committee as to the extent to which different types of Iraqi cotton were likely to compete with Indian cotton if they were imported in large quantities in this country.

In a reply sent towards the middle of March, the Committee stated that from the experience of members who had used Iraqi cotton, it appeared that the staple of this cotton was still far from capable of producing good 40s yarn when spun at normal spindle speeds in this country. The total output

in India of staple cotton capable of spinning over 36s warp represented only a portion of the demand for this type of cotton from the manufacturers and overseas markets, and the Committee, therefore, felt that so far as this lag existed between supply and demand, the importation of class Iraqi cotton capable of spinning 40s and over might not do any substantial injury to the Indian cotton grower. It was, however, thought that the position required very careful watching, for, under the supervision of the Indian Central Cotton Committee and the Agricultural Departments of the Provinces, new and improved strains of staple cotton were being grown in increasing quantities every year, and, nothing should be done which would hinder the progress which had already been achieved and which was likely to take place in the cultivation of staple cotton in this country. It was understood that certain consignments of Iraqi cotton which had already come to this country were of a very inferior type and the Committee strongly recommended that the importation of Iraqi cotton should not be encouraged in the interest of the cotton grower.

OLD CROP COTTON STOCKS IN BOMBAY.

Towards the end of April the Cotton Movements Panel invited the views of the Committee on the following points :—

"(*a*) Why old crop stocks of Muglai, Khandesh, Berar, Central Provinces and Broach (all Deshi styles) have been used by Bombay mills only to so small an extent.

(*b*) Whether there is any sound explanation as to why a broad demand for these cottons should come in from up-country mills while Bombay mills still appear to be using only small quantities of these cottons.

(*c*) Whether there is any reasonable possibility of an increase in the use of this cotton by Bombay mills, and, if so, to what extent."

As a result of the enquiries made by the Committee the following replies were sent to the Cotton Movements Panel towards the middle of May on the points raised by them.

(*a*) The demand for Muglai, Khandesh, Berar, Central Provinces and Broach (all Deshi styles) had been small due, to a very large extent, to Government orders requiring the use of medium and long staple cotton to secure the required strength.

(*b*) Most of the arrivals of these cottons were on export account, brought to Bombay in December/January 1941-42, but stranded as communications with Japan were out off. It was also possible that old crop of Berar and Central Provinces cotton, which was brought into Bombay at about this time was intended to be tendered against the Oomra contract which was then in process of being squeezed. The Committee were not aware of the circumstances under which there was a demand for these styles of cotton from up-country mills who could probably command the same styles in their own district or province. The inference, therefore, was that the large stock of Deshi styles which was reported to be in Bombay, and which was

not required by the local cotton mills was being offered at a price at which it was cheaper for up-country mills to buy their cotton from Bombay than from their own local cotton market. Up-country mills, particularly those situated in Indian States, which spun lower counts of yarn had, it was reported, enough supplies of cotton on hand, or in their immediate vicinity, and the Committee saw no reason why the Deshi styles located in Bombay and purchased by up-country mills should be moved up-country unless very special reasons were known to exist. This view also took into account the necessity for saving railway freight for essential articles of war and foodstuffs.

It was also reported by one of the up-country mills that mills which had big orders for the supply of yarn and cloth, spun and woven from a mixing cotton and which had at their disposal only Bengal Deshi cotton, found that it did not give the required tensile strength and regularity in yarn spun from it. These up-country mills were, therefore, left with no alternative but to mix 4F cotton with Bengal to meet Government requirements, but the two cottons (4F and Bengal) did not mix well and so the up-country mills had been mixing Muglai and Khandesh cottons with Bengal crop to spin 10s, 12s and even 14s counts. The transport of Muglai and Khandesh cottons to up-country mills was, therefore, essential if the quality of Government goods was to be ensured.

(*c*) The answer to this question was in the negative unless, of course, the Supply Department reduced the specifications of their textile requirements. In this connection it was pointed out that Government had under consideration certain proposals for standard cloth, and if large indents were received for varieties requiring the use of Deshi cottons, then the offtake of these cottons in Bombay might be expected to improve.

Early in July, the Cotton Movements Panel decided that there was a case for strictly controlled back-railing of short staple cotton in Bombay (*a*) if the essential nature of the need in the consuming up-country mills were established and (*b*) if bringing this cotton into consumption was likely to lead to conservation of cotton of better staple which was in short supply for purposes for which it was essential such as war production and standard cloth.

The following decisions of the Panel arrived at in this connection were communicated to member mills :—

"(*a*) Special Permits should be granted but only in cases where the above conditions were satisfied and after consultation with the Regional Controller of Railway Priorities, Bombay.

(*b*) Applications already received for 10,006 bales together with any further applications from mills should be disposed of accordingly.

(*c*) No commitments should be made by mills or merchants until applications had been considered by the Panel and a decision notified to the mills.

(*d*) Permits would only be issued for such quantities as were sufficient to meet the pressing requirements of mills and, where the quantity involved was large, transport by instalments would be necessary."

IMPORTS OF AFRICAN COTTON—ASSOCIATION'S REPRESENTATIVE ON THE ADVISORY BODY.

Towards the end of March the Government of India issued the following Press Note in connection with the imports of cotton from Egypt, Anglo-Egyptian Sudan and British East Africa :—

"IMPORTS OF AFRICAN COTTON TO BE CONTROLLED.

Owing to the continued heavy demands for, and short supplies of, Egyptian, Sudanese and East African cotton, the Government of India have decided that controlled buying, in consultation with other consuming countries, is essential in the general interest and to ensure for the Indian mills a fair share of the current year's crop.

2. It is proposed to give effect to this arrangement immediately. The import licensing system will be employed for this purpose. It is intended to empower the Deputy Chief Controller of Imports at Bombay, to issue the necessary import licences and a small Advisory Body representing both importers' and consumers' interests, will be appointed to assist him in this task.

3. Importers are warned that, whatever view Government may take of shipments already made without licence, any shipments of Egyptian, Sudanese or East African cotton made without licence after the date of this announcement will be liable to confiscation. Those who have entered into commitments prior to that date are advised to forward immediately for the consideration of the Deputy Chief Controller of Imports at Bombay, applications in the usual form covering the quantities contracted for."

Subsequently Government informed the Committee that a small advisory body consisting of about 5 or 6 members with the Deputy Chief Controller of Imports as Chairman would be set up to assist the latter in the issue of import licences, and requested Mr. Krishnaraj M. D. Thackersey, the then Chairman of the Association, to serve on the proposed advisory body. In view of the preoccupations of Mr. Krishnaraj M. D. Thackersey, the name of Mr. A. Geddis was suggested for appointment as the Association's representative on the Advisory Committee and this suggestion was accepted by Government. (*Appendix* **8.**)

MEETINGS OF THE STANDING LABOUR COMMITTEE.

Reference was made on page 39 of the Association's Report for the year 1942 to the first meeting of the Standing Labour Committee, which took place at New Delhi on 30th November and 1st December 1942.

Early in January, the Employers' Federation of India invited the views of the Committee on the undermentioned three subjects which were to be discussed at the second meeting of the Standing Labour Committee to be held towards the end of the month :—

(1) Establishment of grain shops in mills.

(2) Deferred bonuses.

(3) Amendment of Defence of India Rule 81A regarding joint adjudication of trade disputes.

The Committee's views on these subjects were communicated to Sir Frederick Stones, who represented the Employers' Federation at the Standing Labour Committee's meeting which took place on 25th January 1943.

The third meeting of the Standing Labour Committee was held in Bombay on the 7th and 8th May 1943 and was attended by Sir Vithal Chandavarkar, the Chairman of the Association, as one of the representatives of the Employers' Federation of India. The following subjects were discussed at the third meeting :—

(1) Report of the Procedure Sub-Committee.

(2) Industrial Statistics Act.

(3) Fair Wage Clause in Government Contracts.

(4) A plan for labour legislation and labour welfare during war time.

(5) (*a*) Joint Procedure Committees.

(*b*) Labour Officers in Industrial Undertakings.

(6) Working of Defence of India Rule 81-A.

(7) (*a*) Employment Exchanges for skilled and semi-skilled personnel.

(*b*) Question of prohibiting advertisements for such classes.

The fourth meeting of the Standing Labour Committee took place at Lucknow on 25th and 26th January 1944, and the following subjects were discussed at the meeting :—

(1) Consideration of the report of the Committee on Dearness Allowance.

(2) The possibilities of Statutory Wage Control in India.

(3) Setting up of Employment Exchanges.

(4) Model Provident Fund Rules.

(5) Absenteeism (with special reference to the forms of records to be maintained).

(6) Service Cards.

(7) Canteens.

STANDING ORDERS FOR OPERATIVES.

Order No. 19 (*a*).—Early in September, one of the member mills enquired whether dearness allowance was to be paid to employees whose services were terminated by giving them wages in lieu of notice. The question was considered by the Committee who recommended that in cases where employees' services were terminated by giving them wages in lieu of notice under Standing Order No. 19(*a*), the dearness allowance for the notice period should also be paid, the amount of dearness allowance being computed on the basis of the latest Cost of Living Index Number.

Order No. 22 : Procedure Regarding Dismissal of Workers. Early in August, the attention of the Committee was drawn to certain cases in which member mills had not through oversight properly complied with the requirements of clause 22 of the Standing Orders for Operatives.

This clause definitely stated that a charge sheet should be handed over to an operative who had committed an offence punishable with dismissal, and his explanation, if any, taken. This important requirement was not complied with in certain cases with the result that the managements were asked to pay 13 days' wages as compensation to the workers. Individual mill managements were, therefore, requested to ensure that clause 22 of the Standing Orders was strictly adhered to in all respects.

Sub-paragraph (3) of Order No. 11: Extension of Leave without Notice. Early in October, the attention of the Committee was drawn to sub-paragraph (3) of Standing Order No. 11 for Operatives which reads as under :—

"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 eight 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 leave. In case the operative loses his lien on the appointment, he shall be entitled to be kept on the *badli* list."

The interpretation of this clause was the subject-matter of proceedings before the Commissioner of Labour under the provisions of the Payment of Wages Act, and the view taken by the Commissioner—the authority under the Payment of Wages Act—was that the management had discretion in the matter of terminating the operative's lien in the sense that the lien could be terminated either upon the first day of unauthorised absence, or the management could wait till the expiry of eight days from the day on which the operative was due back from leave.

The Committee considered it desirable that all mills in Bombay should follow a uniform practice in the matter of the treatment to be accorded to those workers who overstayed their leave, and bearing in mind the complications which had already arisen and which were likely to arise in future as a result of the names of operatives, who had lost their lien on their job, being retained in the muster, it was recommended that small rubber stamps containing the letters "$\frac{L}{L}$" should be made out and should be affixed in the muster against the name of the operative on the first day of his unauthorised absence from the mill, so that information regarding the date on which the employee concerned lost his lien on his job might be available by reference to the muster without any difficulty whatsoever. The Committee, however, made it clear that the fixation of the rubber stamp against the name of the employee from the first day of his unauthorised absence did not rule out the operative's claim for reconsideration of his case. The Standing Order No. 11 (3) laid down that if the operative returned within eight days from the expiry of his sanctioned leave and gave satisfactory explanation to the management regarding his inability to report on or before the due date, his lien on the job should be restored to him.

WAR INJURIES (COMPENSATION INSURANCE) SCHEME.

(*See also page* 46 *of Report for* 1942.)

The War Injuries (Compensation Insurance) Act, 1943, and the Scheme under the Act came into force on 16th November 1943. The Statement of Objects and Reasons, which were appended to the Bill when it was introduced, read as follows :—

" 1. The War Injuries Ordinance, 1941, empowered the Central Government to make a scheme providing for the grant of relief in respect of war injuries. It also provided that no compensation should be payable under the Workmen's Compensation Act in respect of a war injury. Workmen under that Act are now only entitled to receive relief from Government under the War Injuries Scheme.

2. In more highly industrialised countries where variations in the industrial wage scale are not so large as in India payments under the Personal Injuries Scheme are, in respect of labour, both relief and compensation. In India the amount of relief under the War Injuries Scheme does not at present give higher paid labour adequate compensation. It is impossible for Government themselves either to increase generally the scale of relief under the War Injuries Scheme or to undertake a liability to pay further compensation to a particular class of employees from Government funds. It is, however, reasonable that obligation should be put on certain employers. There is also probably more danger to employees in factories and other industrial concerns (which may be a target for enemy attack) than there is elsewhere.

3. The Bill imposes on employers of essential services, of factory and mine labour in major ports, and other employments to be specified, an obligation to pay compensation in respect of war injury to their workmen, calculated to amount to the difference between the amount paid by Government under the War Injuries Scheme and the amount which would have been payable under the Workmen's Compensation Act if the war injury had given a right to compensation thereunder. This will mean additional payments in respect of labour drawing roughly over Rs. 24 a month.

4. Many employers are prepared to undertake the extra liability but the liability may prove either an embarrassment or an impossibility in the case of a factory which might be seriously damaged by enemy action, unless insurance can be taken out to cover the risk. It is understood that few insurance companies are now prepared to cover such risks although in a few cases insurance in this matter has been effected. The Bill therefore provides for compulsory insurance with the Central Government, of the liability referred to above, by employers throughout British India.

5. A provision has also been made to extend the scheme of insurance to employers in States provided that provisions substantially corresponding to the provisions of this Bill are made in that State.

6. The Bill follows closely the War Risks (Goods) Insurance Ordinance and the War Risks (Factories) Insurance Ordinance."

The Act and the Scheme are designed to impose on the employers a liability to pay compensation to the workers sustaining war injuries and to provide for the insurance of employers against such liability. The obligation to pay compensation is restricted to workers to whom the Essential Service (Maintenance) Ordinance 1941 is applicable, and the amount of compensation is limited approximately to the difference between the amount paid by the Government under the War Injuries Scheme and the amount which would have been payable under the Workmen's Compensation Act, if the war injury had given a right to compensation thereunder. The obligation under the War Injuries (Compensation Insurance) Act, 1943, has been imposed on the employers, because under section 4 of the War Injuries Ordinance, 1941, the

employer's liability under the Workmen's Compensation Act, 1923, in respect of war injuries was removed.

Under the new scheme, every employer is required to take out a policy of insurance and pay such advanced premiums as may be notified by Government. The total premium due on a policy shall be determined and notified by Government within nine months after the termination of the present hostilities. For the purpose of calculating the total premium due by any employer on a policy of insurance, the total wage bill of that employer for the four complete quarters preceding the date of termination of the present hostilities would be the wage bill on which percentages will be worked.

The compensation in respect of a qualifying injury sustained by a workman shall be admissible only if the injury was sustained at any time (*a*) on a day on which he was on duty as such workman, or (*b*) on a day on which he would have been on duty but for that day being a recognised holiday or day of rest or for his being casually absent from duty on account of illness, injury or other similar cause, or for any other reason which in the opinion of the Claims Officer was good and sufficient.

An application for compensation under the Scheme is required to be made to the Claims Officer of the area concerned where the injury was sustained within four months after the date of sustaining the qualifying injury by either (*a*) the workman or (*b*) an eligible member of the workman's family, in case of the workman's death.

With a view to ensure the smooth working of the War Injuries (Compensation Insurance) Act, 1943, the Government of India appointed early in January 1944, Area Advisory Committees in Bombay, Calcutta and Madras which might be consulted from time to time with regard to :—

(1) the most suitable manner of giving effect to the provisions of the War Injuries (Compensation Insurance) Act and the Scheme and Rules made thereunder in so far as the particular areas represented by the Committees are concerned; and

(2) any other particular matter which may be referred to the Committee by the Government of India or by the Central Advisory Committee appointed under this resolution.

The full constitution of these Committees for different areas is as under :—

Bombay Area.

(1) F. X. Colaco, Esq.
(2) H. Mercer, Esq.
(3) A. Smith, Esq.
(4) E. E. Trussell, Esq.

Calcutta Area.

(1) H. F. Stackard, Esq.
(2) S. G. Smith, Esq.
(3) E. C. Peters, Esq.

Madras Area.

(1) S. G. Harrison, Esq.
(2) C. N. Reed, Esq.
(3) E. K. Srinivasan, Esq.

WAR BONUS TO BOMBAY MILL OPERATIVES.

Reference was made on pages 40-41 of the Association's Report for the year 1942 to the resolutions passed at a general meeting of members of the Association held on 12th November 1942 announcing the grant of a war bonus to Bombay cotton mill workers.

The question of granting a bonus for the year 1943 was considered by the Committee towards the end of October, and on their recommendation the following proposals were approved at an urgent general meeting of members held on 4th November 1943 :—

"1. (*a*) that a war bonus equivalent to one-sixth of their total earnings in the period 1st January 1943 to 31st December 1943 inclusive, be granted to all cotton mill workers who are on the musters of permanent and *badli* workers in member mills in Bombay City and Island on 31st December 1943 and who continue to be on such musters till the dates of payment, with the exception of those *badlis* who have worked for less than an aggregate period of 75 days in the said period :

Provided, however, that permanent workers, whose services were retrenched as a result of an agreement following a notice of change under the Bombay Industrial Disputes Act, or in pursuance of the provisions of Standing Order No. 9 of the Standing Orders for Operatives in Cotton Textile Mills in Bombay, or for reasons beyond the control of the management, be considered eligible for bonus if they had put in not less than 75 days' work in the mills in the period 1st January to 31st December 1943,

(*b*) that bonus be calculated on earnings exclusive of dearness allowance ;

(*c*) that, in the case of women who have been on maternity leave in the period referred to, the actual maternity allowance drawn by them be included in their wages for the purpose of calculating the bonus payable.

2. The Committee also recommend that bonus as laid down in the preceding clauses be calculated and paid to the workers in two equal instalments ; the first on Saturday, the 22nd January 1944 and the second on Friday, the 24th March 1944.

3. The Committee further recommend that notices declaring the grant of bonus and the conditions attached thereto be put up in all cotton mills in the City and Island of Bombay which are members of the Association, on 10th November 1943."

DEARNESS ALLOWANCE TO BOMBAY COTTON MILL WORKERS.

Reference was made on pages 41-44 of the Association's Report for the year 1942 to the extension of the sliding scale of dearness allowance to cover the variations in the Bombay Working Class Cost of Living Index Numbers between 144 and 203. The working class cost of living index number steadily rose during the year and reached 248 for the month of November 1943. In the month of December, however, the index number declined to

247. The following table shows the allowances payable for variations up to 248 as approved by the Committee:—

Official Working Class Cost of Living Index Number.	Dearness Allowance per month of 26 working days.	Official Working Class Cost of Living Index Number.	Dearness Allowance per month of 26 working days.
	Rs. a.		Rs. a.
204	23 7	227	28 15
205	23 11	228	29 2
206	23 15	229	29 6
207	24 3	230	29 10
208	24 7	231	29 14
209	24 10	232	30 2
210	24 14	233	30 5
211	25 2	234	30 9
212	25 6	235	30 13
213	25 10	236	31 1
214	25 13	237	31 5
215	26 1	238	31 8
216	26 5	239	31 12
217	26 9	240	32 0
218	26 12	241	32 4
219	27 0	242	32 7
220	27 4	243	32 11
221	27 8	244	33 0
222	27 12	245	33 3
223	27 15	246	33 7
224	28 3	247	33 10
225	28 7	248	33 14
226	28 11		

DEARNESS ALLOWANCE FOR LESS THAN A DAY'S WORK.

Towards the middle of September, the Committee considered the question as to whether and, if so, what portion of the daily rate of dearness allowance applicable for the month should be paid to workers putting in less than a full day's work and a recommendation was issued to member mills stating that if the custom and usage in individual mills permitted, the workers should be paid half a day's dearness allowance for attendance in the morning up to midday, irrespective of the number of hours actually worked in the mill. It was also recommended that a full day's dearness allowance should be paid to such of the workers who worked for more than half a day.

EXPORTS OF COTTON MANUFACTURES TO EMPIRE COUNTRIES.

(*See also page* 47 *of Report for* 1942.)

Reference was made on page 47 of the Report of the Association for the year 1942 to the acceptance by Government of the Committee's suggestion that the Export Trade Controller should be associated with a panel consisting of the representatives of the trade so as to facilitate the administration of the quota regulations.

Towards the end of January, Government announced the following Constitution and functions of the proposed Advisory Committee :—

Constitution.

(i) A representative of the Bombay Millowners' Association.

(ii) A representative of the Ahmedabad Millowners' Association.

(iii) A representative of the Bombay Chamber of Commerce.

(iv) A representative of the Indian Merchants' Chamber.

(v) A member of the Export Advisory Council, to be nominated by Government.

Functions.

(1) To advise Government as to the principles which should govern the allocation of quotas for cotton yarns and piecegoods to shippers, and

(2) In the light of such principles, to assist the Export Trade Controller in dealing with applications for licences.

The Committee welcomed Government's decision to associate representatives of the trade with the Export Trade Controller in the administration of the quota scheme, but made the following suggestions :—

(1) The decisions of the proposed Committee should, as a matter of convention, be accepted by the Export Trade Controller, and if, for any reason, he was unable to accept the verdict of the Committee, then, the matter should be referred to the Government of India before passing orders.

(2) In granting export quotas to various merchants, licences should be given to established firms, that is to say, firms which were doing export business in the year 1940-41. Further, the quota allotted to each firm should bear the same ratio to the total export in 1943 as the total exported by them in the year 1941-42 bore to the total export for the year 1941-42.

(3) Applicants for permits should be called upon to produce contracts from mills certifying that the goods in respect of which applications for export licences were made, were specifically made for the export markets, and also contracts for the supply of cloth signed by the overseas importers.

The Committee subsequently appointed Sir Ness Wadia, as the Association's representative on the Export Advisory Committee. The names of the other members of the Committee are as follows :—

Hon'ble Mr. N. R. Pillai, C.I.E., C.B.E., I.C.S., Secretary, Commerce Department, Government of India.

Mr. R. S. Mani, I.C.S., Export Trade Controller, Chairman.

Mr. Sakarlal Balabhai, representing the Ahmedabad Millowners' Association.

Mr. L. F. H. Goodwin, representing the Bombay Chamber of Commerce.

Mr. Haridas Madhavdas, representing the Indian Merchants' Chamber.

Mr. Naranji L. Kara, representing the Indian Exporters' Association.

Mr. Dawood Hajee Nasser, representing the Indian Exporters' Association.

Mr. N. M. Wagle, I.C.S., representing the Government of Bombay.

In reply to the suggestions made by the Committee with regard to the functions of the Advisory Committee, Government stated that the Export Trade Controller in dealing with applications for licences would normally accept the recommendations of the Advisory Committee and would only refer to Government for instructions if he found it difficult to accept their recommendations. As regards the principles which should govern the allocation of quotas for cotton yarns and piecegoods to shippers, Government stated that the Advisory Committee's recommendations in this behalf had necessarily to be referred to the Government of India for their consideration. (*Appendix* **9.**)

CONTROL OF CLOTH AND YARN.

1. Standard Cloth Scheme.

(*See also pages* 57 *and* 173 *of Report for* 1942.)

Reference was made on pages 57-58 of the Association's Report for the year 1942 to the scheme for the manufacture and distribution of Standard Cloth which began to function from the beginning of March 1943.

Manufacture and Distribution of Standard Cloth.—Early in the year, the Association's representatives on the Cotton Textiles Panel drew the attention of the Committee to the following decisions reached at the meeting of the Panel and the Panel Sub-Committee on matters pertaining to the manufacture and distribution of Standard Cloth :

"(*a*) that standard cloth should be sold at one uniform price throughout the country at Panel prices plus 6¼ per cent. to cover railway freight and out-of-pocket expenses which will be incurred by the Central and Provincial Governments and commission for the retailer ;

(*b*) that standard cloth, while in transit on railways, need not be insured, but that despatches by sea should be insured against both marine and war risk on Government's account ;

(*c*) that there should be no inspection of standard cloth prior to payment ;

(*d*) that payment should be made by the Controller of Supply Accounts on receipt of information by him of despatch of goods by mills, bills being preferred on forms similar to Supply Department forms, cash vouchers for railway freights paid by mills being attached in respect of every bill ;

(*e*) that in a bale of 1,000 yards of shirtings, a maximum of 2 pieces containing two cut-part pieces should be accepted ;

(*f*) that in a bale of 1,000 yards of saries and/or dhoties, the maximum of 10 single saries and/or dhoties should be accepted ;

(*g*) that fents and damaged pieces may be disposed of by the mills only to the employees of the mills concerned and in no case should these be sold to traders ;

(*h*) that to start with a maximum quantity of 12 yards *per head per annum should be sold.*

(*i*) that orders should be issued by the Government of India under the Defence of India Rules prohibiting and prescribing penalties for (*a*) hoarding of standard cloth ; (*b*) sale of standard cloth over the prescribed selling prices, and (*c*) export of standard cloth."

The Committee generally agreed with the above decisions, but made the following observations which the Association's representatives were asked to bring to the notice of the Standard Cloth Commissioner :

(*a*) The rate of commission might, as far as possible, be uniform throughout India.

(*c*) Some arbitration machinery may be devised to dispose of complaints regarding shortage of quantity which may arise at a later date.

(*d*) Payment should be made on receipt of bills from the mills in view of the delay which was likely to occur in railing the goods.

(*h*) It is presumed that the Panel has in view a system of rationing in due course as it is likely to be difficult to ensure that the same person does not buy cloth over and over again from different shops.

Towards the end of March, the Government of India set up an Advisory Panel, called the Standard Cloth Panel, with headquarters at Bombay, to assist the Government of India in administering the Standard Cloth Scheme.

2. The Cotton Cloth and Yarn (Control) Order, 1943.

At a meeting of the Standard Cloth Panel held in Bombay on 1st June 1943, Government came forward with comprehensive proposals for the establishment of control over the textile industry designed to regulate prices of cloth and yarn and to increase their production. Mr. M. S. A. Hydari, the Secretary of the newly established Department of Industries and Civil Supplies, explained the essentials of the proposed scheme of control, which were (1)

regulation and rationalisation of production and (2) fixation of maximum ceiling prices for cloth and yarn. As a corollary to this, it was proposed to impose control over the prices and distribution of fuel and coal and also of cotton. Subsequently the following Press *communique* was issued by Government:—

"The Government of India and representatives of the cotton textile industry have agreed to adopt control measures to bring down the prices of cloth and yarn as also to increase production. These measures will be given effect to immediately. Government appreciate the co-operation of the industry which is in accord with the co-operation which they have offered to Government in the past in the matter of Supply Department's cloth and yarn requirements as also of standard cloth. Government would like to point out to the trade that they will be well advised to liquidate their stocks and to take such other steps as will result in a reduction of present price levels."

In accordance with the arrangements arrived at by the Government and the representatives of the industry, the Government of India issued, towards the middle of June, the Cotton Cloth and Yarn (Control) Order, 1943. Section 4 of the Control Order provided for the establishment of a Textile Control Board to advise the Central Government through the Textile Commissioner generally on matters connected with the purposes of the Order (including matters connected with export of cloth, yarn and raw cotton), and also provided for the appointment of a non-official member thereof as the Chairman of the Board. The Board, as subsequently constituted, consisted of the following members:—

1.	Mr. Krishnaraj M. D. Thackersey	Representatives of the Cotton Textile Industry.
2.	Mr. T. V. Baddeley	
3.	Mr. Kasturbhai Lalbhai	
4.	Mr. Sakarlal Balabhai	
5.	Diwan Bahadur C. S. Ratnasabapathi Mudaliar ..	
6.	Mr. B. W. Batchelor	
7.	Sir Padampat Singhania	
8.	Mr. J. Tinker	
9.	Seth Chaturbhujdas Chimanlal	
10.	Sir Shri Ram.	
11.	Mr. B. C. Jall	
12.	Mr. B. N. Bagri	
13.	Sir Ness Wadia, K.B.E., C.I.E.*	
14.	Mr. J. M. Doak	
15.	Mr. J. C. Lancashire	
16.	Sir Purshotamdas Thakurdas, C.I.E., M.B.E. ..	Representative of the East India Cotton Association.
17.	Sir Chunilal B. Mehta	Representative of the Indian Central Cotton Committee.
18.	The Hon'ble Mr. Hossain Imam	Representatives of Consumers' interests.
19.	Mr. H. A. Sathar H. Essak Sait	
20.	Mr. N. M. Joshi, M.L.A. (Central)	Representatives of Labour interests.
21.	Mr. S. C. Mitra	
22.	Mr. K. J. McNeill, Bombay	Regional Controller of Railway Priorities, Bombay.
23.	A representative of the Handloom Industry.	
24.	Mr. Mohanlal L. Shah	Representatives of Distributors.
25.	Mr. Bhogilal Suteria	

Mr. Krishnaraj M. D. Thackersey was appointed as the Chairman of the Textile Control Board. (*Appendix* **10.**)

* Subsequently substituted by Sir Vithal Chandavarkar, Kt.

EXCESS PROFITS TAX ORDINANCE, 1943.

Towards the middle of May, the Government of India issued the Excess Profits Tax Ordinance (XVI of 1943) which provided for :

(*a*) summary provisional assessments to Excess Profits Tax ;

(*b*) compulsory deposits under the scheme for post-war refunds of 1/5 of the E.P.T. assessed in respect of chargeable accounting periods ending after the 31st December 1942 ; and

(*c*) the making of rules, to be applied in making E.P.T. assessments, with regard to stocks of raw materials and bonuses and commissions paid to employees.

The notes issued by the Central Board of Revenue in explanation of the provisions of the Ordinance are reproduced below :—

"1. There is no doubt that an important contributory factor to the present inflationary position is the large amount of excess profit which is available for distribution or for employment in ways which give rise to inflation. If excess profits tax could be collected shortly after the profits were made, the position would be greatly improved. If in addition E.P.T. assessees made voluntarily the permitted deposit of one-fifth of the tax, there would be little excess profits left to disturb the situation. But the time lag which is unavoidable in making E.P.T. assessments does not allow of speedy collection of the tax and the voluntary scheme of deposits is only a partial success. It has therefore become necessary both to introduce a method of making the bulk of E.P.T. payable at the earliest reasonable date and to make the deposit scheme compulsory. The operation of both provisions will account for 80 per cent. of the excess profits.

2. *Provisional assessments.*—The intention is to make a provisional assessment to E.P.T. as soon as possible after the accounts for the chargeable accounting period have been made up. The Excess Profits Tax Officer will be instructed that in making that assessment he is to aim at a broad approximation to the real liability and to avoid any over-assessment. He will not include any item objected to by the assessee about which there can be a reasonable dispute. He will let the assessee see for comment a copy of his order before he issues it. The aim will be to arrive at an agreed figure in every case and it is hoped that assessees will co-operate in the matter. The rate of interest, 5 per cent., prescribed in regard to sums over-charged in these provisional assessments is sufficient guarantee that care will be taken to see that there will be no over-assessment. Finally, officers will be instructed that these provisional assessments must not be made an excuse for delaying regular assessments in cases in which provisional assessments have been made.

3. *Compulsory deposits.*—These will not be payable until after the regular assessment is made. But they will then be recoverable in the same way as the tax. As the provision applies only to chargeable accounting periods ending after the 31st December 1942, assessees will have had ample notice of it and they will only have themselves to blame if they have distributed or otherwise dissipated the profits from which the deposit is to be made.

4. *Stocks of raw material ; Bonuses and Commissions to employees.*—There is reason to believe that excessive purchases of raw material have been made by a number of concerns with the intention of reducing their E.P.T. liability by avoiding the exclusion from capital employed in the business of surplus cash resources. Power has been taken to make rules to deal with this by prescribing the quantities of raw material which will be deemed to be the normal requirement of a particular business in relation to the computation of capital for E.P.T. Similarly the tendency to pay excessive bonuses and commissions to employees needs to be checked. Power is therefore taken to make rules in regard to the amounts of such bonuses and commissions which may be allowed in computing profits for the purpose of E.P.T. In both cases the rules made will apply to all chargeable accounting periods ending after 31st December 1942."

Proposed restrictions on the amounts of Bonuses and Commissions and on the Quantities of Trading Stocks and Stocks of Raw Materials for purposes of Taxation.

Towards the end of May, the Central Board of Revenue invited the Committee's views as to the form and contents of the rules which the Central Government were authorised to make, under the provisions of the Excess Profits Tax Ordinance, 1943, for determining the extent to which deductions would be allowed in respect of bonuses or commissions paid and for defining the principles to be followed in leaving out of account trading stocks and stocks of raw materials in computing the average amount of capital employed in a business.

In reply, the Committee stated that it was very difficult to lay any hard and fast rule in the matter of bonuses and commissions paid to individual employees. The cost of living had gone up to a very considerable extent as compared with pre-war, and while some employers had been compensating the rise in the cost of living partly or wholly by means of special dearness allowances, certain employers had made up the increased cost of living by paying bonuses. The war had led to the development of a very large number of permanent, semi-permanent and temporary trades and industries in this country and in several cases, these trades were attracting trained personnel from existing industries and trades by offering high salaries, and to prevent the exodus of trained labour from his factory or establishment, an employer had not only to make up the rise in the cost of living but also to pay additional incentives to keep his men beyond temptation. Another factor, which the Committee felt must be borne in mind by the Board, was that the cotton textile industry had sustained heavy losses from 1923 up to the commencement of the war, and a large number of employees—particularly experts and technicians—had not received their periodic increments and had, in addition, voluntarily accepted cuts in salaries. It was, therefore, only fair that such employees should now be compensated for what they had lost. Taking all these factors into consideration, the Committee suggested that the employer should be allowed to pay a sum not exceeding six months' salary as bonus, this sum being allowed as business deduction for purposes of E.P.T. assessment of the employer. The Committee appreciated Government's desire to prevent evasion of excess profits tax liability by an assessee by distributing a considerable portion of his profits as commission or bonus, but it was pointed out that in cases where agreements were entered into between an employer and his employee before the commencement of the war for the payment of specified rates or amounts of bonuses or commissions, the intention to avoid tax could not have been present, the agreement having preceded E.P.T. legislation, and in this view of the case, there seemed to be sufficient justification for exempting such agreements from the scope of the proposal.

As regards the Board's proposals regarding the principles to be followed in leaving out of account trading stocks and stocks of raw materials, the Committee desired to point out that the position so far as the textile mills were concerned was that stocks had to be accumulated to prevent mills going out of production due to shortage of raw materials. For instance, in the case of raw cotton there were no hedging facilities in Bombay City and the

supply of railway wagons was by no means certain. In the case of imported cotton, freight space was not obtainable as easily as it was before the war, with the result that mills had to build up stocks as and when cotton became obtainable. In the case of up-country mills, the position was even more serious, and it was not unusual for a mill situated in cotton growing areas to maintain upto a year's requirement of cotton in stock. As regards, mills stores, it was pointed out that stores which had to be imported had to be taken as and when freight space became available, and in view of the control which was being exercised in respect of principal items of mill stores, it would not be possible for any millowner to accumulate stocks of cotton or mill stores beyond reasonable limits. In this view of the case, the Committee suggested that the proposals as a whole be dropped.

If, however, Government still desired to proceed in this matter, then the Committee submitted that the question might be considered from the point of view of the quantity of stock maintained, and not in relation to its value. In view of the enormous increases which had taken place in the prices of various items of raw materials required for the industry, stocks which would have been considered necessary for an average mill before the war, would to-day be worth five to six times their pre-war value. Pre-war figures of stocks (in quantities) might be taken as the starting point with reasonable adjustments to cover factors such as changes in character of production, double and multiple shift working, availability of stocks, etc., etc. It was also pointed out that in the case of principal raw materials, for example, raw cotton, upto a year's stock should be permitted and that in the case of stores, taking a prudent and longer view of things, the industry should be permitted to accumulate stocks upto two years' requirements.

On 27th November 1943, the Government of India published for public criticism the draft rules, which sought to provide limits upto which dearness allowances, bonuses, commissions, etc., would be admissible as business deductions for the purposes of the Excess Profits Tax.

Briefly stated, the draft rules provided :—

(1) *In the case of manual wage earners* the maximum amount of bonus (exclusive of dearness allowance) to be allowed for purposes of E.P.T. not to exceed an amount equivalent to one-fourth of the wages for the period in respect of which the bonus was paid ;

(2) *In the case of persons other than manual wage earners and persons carrying on business*, payments in respect of bonuses and commissions (exclusive of dearness allowance) not to exceed twice the amount paid in the standard period or 1 per cent. of the amount of the profits of the chargeable accounting period, as computed for E.P.T., whichever is higher ;

(3) the sum to be allowed in respect of dearness allowance paid to any employee after 30th November 1943 not to exceed—

(*a*) in the case of basic wage group of Rs. 25 per month such a sum as added to the amount of the salary or wages bears

to the amount of salary or wages the same proportion as the cost of living for the period in respect of which the said salary or wages are paid bears to the cost of living for the year ended 31st December 1939 ;

(*b*) in the case of group of employees drawing less than Rs. 25 per month, the sum which is allowed in (i) above ;

(*c*) in the case of group of employees drawing salary or wages at a rate exceeding Rs. 25 per month but not exceeding Rs. 60 per month, the sum which is allowed in (i) and (ii) above plus in respect of such part of the salary or wages as represents payment at the rate of more than Rs. 25 per month three-quarters of the sum that would be allowed if such part had represented salary or wages paid at the rate of Rs. 25 per month ;

(*d*) in the case of group of employees drawing salary or wages at a rate exceeding Rs. 60 per month, such part of the dearness allowance that would be allowed in the case of salary or wages paid at the rate of Rs. 60 per month as, added to the amount of the salary or wages, will not give a total which exceeds the rate of Rs. 300 per month.

(4) in ascertaining the average amount of capital employed in a business in respect of trading stocks or stocks of raw materials the Excess Profits Tax Officer to fix a sum that bears to the sales of the business during such period the same proportion as the average amount of capital represented by such stocks during the standard period bears to the sales of the business during the standard period and the excess, if any, of the average capital so represented during the chargeable accounting period over that sum shall be left out of account.

The draft rules were examined by the Committee, in consultation with the representatives of other trade organisations, and a comprehensive representation was submitted to the Government of India, Department of Finance (Central Revenues), setting forth the views of the Committee on the subject.

Before dealing with the draft rules the Committee put forward before Government three vital considerations :—

(i) According to the Central Board of Revenue, circular No. C.8-(10) E.P./43, dated the 22nd May 1943, the draft rules had a two fold object : (*a*) to prevent tax evasion, and (*b*) to combat inflation.

As regards (*a*), the E.P.T. Act placed sufficient powers at the disposal of the Excess Profits Tax Officer to deal with the avoidance of tax resulting from " artificial or fictitious transactions," and no additional provisions seemed to be necessary.

With regard to (*b*), the incorporation by an Ordinance of a section to combat inflation in the E.P.T. Act—which

was passed by the Central Legislature with the sole object of enabling Government to secure a share in the war profits of the industry—was indefensible, and was a definite breach of faith. Inflation, moreover, was a very serious and complicated problem of national and international importance, and piecemeal measures to combat it should not be attempted by virtue of special powers conferred on Government through an enabling clause inserted in the E.P.T. Act by an Ordinance.

(ii) The second consideration was that, though Government had emphasised that their desire was to stop only fictitious payments, payments made in the shape of bonus and/or commission in pursuance of agreements entered into before the war or in the pre-E.P.T. period and/or renewed subsequently, had not been excluded from the provisions of the rules. Contracts of the type referred to can be proved beyond doubt by reference to the employer's books of account and other documents, and if, as the rules sought to do, the employer was not to be permitted to honour these contracts within the framework of the E.P.T. legislation, he would have either to revoke them, which would be totally unjust to the employee, or continue to pay as contracted for and incur a loss which was not fair to himself. By these new rules, Government were directly bringing pressure on employers to terminate or vary, contracts entered into before, or renewed during the war, for payment of certain remuneration which, on account of war conditions, was higher than the standards laid down in the draft rules. This position was directly contrary to what the Finance Member said on the floor of the Assembly on 30th October 1941, when he definitely mentioned that :

> " It would be quite out of the question for any Officer of my Department to raise a query in regard to the type of increase in wages, which is normally the subject of negotiation between the employers and the employed, . . . "

(iii) The third consideration was that the Government of India had hitherto adopted a complacent policy regarding the amount of dearness allowance, bonus, etc., paid by employers, and if, in their opinion, the amounts paid to-day were, in certain cases, higher than what they felt should have been paid, they had largely to thank the local Governments concerned for the results, in the sense that these local Governments adopted the easy method of making the employer pay, and heavily at that, for peace in the industry. Arising from this was a point of fundamental importance, and that was that where the scale allowed by Government for purposes of E.P.T. was lower than the scale at which such payments were at present being made, the employer would have to suffer the loss, or reduce the scale, thereby causing considerable discontent and resentment among his employees. If, on the other hand, the scale proposed by Government was higher than the scale of remuneration in existence, then Government would be directly encouraging the employees to ask for more.

As regards the detailed clauses of the rules, the Committee made the following observations :—

Government's intentions, as contained in clause 4 relating to dearness allowance, were not quite clear and the sub-rules seemed to be capable of

more than one interpretation; anyway the Committee had a twofold objection to Government's proposals :—

(*a*) The proportionate relief shown on a basis of 150 per cent. rise in the cost of living showed a progressive reduction for higher grades till the maximum of Rs. 300 per month was reached, when it ceased altogether. It surely could not be urged that an employee receiving Rs. 300 and over per mensem was not affected by the increase in the cost of living. As a matter of fact, the increased cost of living bore more heavily on this class of employees who had a position and status to maintain. Perhaps, as Government themselves did not pay dearness allowance to their employees drawing more than Rs. 150 per month, they felt that other employers should be subjected to the same disability, but the basis of payment forced upon their employees by Government should not be an excuse for insisting on similar basis to the employees of commercial concerns, which would be a grave injustice, for employees in commercial firms did not, as a general rule, enjoy the same security of service as Government servants, nor were they in receipt of the high rate of emoluments, pension rights, etc., which were ordinarily available to Government servants.

(*b*) The schedule resulted in varying rates of dear food allowance to employees who were in receipt of varying grades of pay. This arrangement, in an industrial establishment, where thousands of people were engaged on varying rates of pay, would result in the E.P.T. Officer asking the mills to prepare elaborate tables showing dearness allowance paid and payable to all the employees every month with a view to ascertain whether the amount claimed by the employer was within the limits laid down in the rules.

In the circumstances of the case, the Committee proposed :—

(i) That, for the purpose of calculating the admissible amount of dearness allowance for any period, " manual wage earners " be treated differently from other employees who, it was suggested, be covered by a separate scheme of dearness allowance.

(ii) In the case of manual wage earners, i.e., those whose names were in works muster, a flat rate of allowance, linked up with the cost of living index number and the average wage in the industry of each centre, be introduced. That is to say, the amount of dear food allowance permissible in a particular centre would vary only according to the increase which had taken place in the cost of living index number from the base period, namely, 1939, and the resultant dearness allowance would be applicable to all workers alike, and there would be no variation according to wage groups. It might be that there were centres in respect of which no official cost of living index numbers were available, but it was thought that this difficulty could be got over by the E.P.T. Officer taking, for purposes of taxation, the cost of living index number of the nearest centre. It was of importance to note that this system of a flat rate of dearness allowance was more or less general throughout the country, and there was no real reason for interfering with it and creating a great deal of dislocation and confusion.

The scheme which the Committee had in view for manual wage earners would work out as under :—

In Bombay, the average wage in the cotton mill industry was Rs. 32. The cost of living index number for the latest month represented an increase of 134 per cent. over the base period, viz., 1939. The D.F.A. admissible in Bombay for the month of November would, for taxation purposes, be 134 per cent. of Rs. 32, i.e., Rs. 42-8. If the average wage was Rs. 35, and the increase in the cost of living was, say, 275 per cent., the amount admissible would be 275 per cent. of Rs. 35, i.e., Rs. 96.27, this being the figure applicable to all employees.

In this connection, the Committee desired to point out that where, as a result of an award by an Industrial Court or other competent authority, dearness allowances higher than those suggested by the Committee were paid, then such higher amounts should also be admissible as deduction for purposes of E.P.T.

Turning to non-manual workers, the following scale was suggested :—

	Dearness Allowance.
Monthly basic salary not exceeding Rs. 150	33⅓% of basic wage.
Monthly basic salary ranging from Rs. 151 to Rs. 500 inclusive ..	25% of basic wage.
Monthly basic salary Rs. 501 and over	20% of basic wage.

Subject to a maximum dearness allowance of Rs. 300 per month.

A minor point in connection with clause 4 was that the allowance was related " to the cost of living index number for the same period." This was impracticable so far as Bombay was concerned since the index number was not published until the end of the following month with the result that, when wages were paid, say, in the first fortnight of December, the last known index number was that for the month of October. The words " based on the last published index " should, therefore, be substituted for the words " for the period in respect of which such salary or wages were paid in rule 4 (4)." The Committee suggested that this point should be cleared up now, as there might be difficulties with E. P. T. Officers when enquiring whether the rules had been applied.

The proviso to clause 4 stated that where the employer provided food or other essential articles of consumption to an employee at rates less than the retail rates current in the locality in which the employee resided, the cash value of such provision as estimated by the Excess Profits Tax Officer should be treated as a dearness allowance. The Committee were prepared to concede the principle underlying the provision incorporated in the proposed rules, but they pointed out that mill grain shops and mill canteens and boarding houses came to be established and/or developed at the specific request of the Government of India as a measure calculated to improve the morale of the workers in the war emergency. They also served as a check on the price factor, and there was no doubt that the amenities had been greatly appreciated by the workers. The grain shops and canteens in Bombay were being run practically on cost basis, and in a comparison between prices at which

commodities were being sold in mill shops, and similar commodities sold elsewhere, the former would always be lower than the latter, and this being the case, the Income-tax Officer would be entitled to set it off against the cash dearness allowance payable to the workers. Apart from the practical difficulties involved in the case of evaluation of the loss and its apportionment to individual workers, the Committee saw endless difficulties and arguments with the Excess Profits Tax Officers as " the prices current in the locality in which the employee resides," were likely to vary from time to time, and very difficult to ascertain. In this view of the case, the Committee desired to suggest that the application of the proviso be limited to those industries where, as a matter of policy, employer had introduced dearness allowance schemes—as in the case of Calcutta, the jute mill industry and the engineering industry —which provided cash payment and/or the right to purchase definite quantities of cereals or foodstuffs at pre-war prices or at prices below the current market levels.

Government's proposals relating to the payment of bonuses and commissions to persons other than manual wage earners, as contained in clause 5 of the Rules, were considered objectionable by the Committee as they failed to make satisfactory provision for the payment of bonuses and/or commission which were the subject of a pre-war or pre-E.P.T. contract between an employer and his employee. It would be extremely hard on employees who had to rely on their commission for their main remuneration and who received little or no commission during the standard period, and/or for many years before that, to be deprived of the additional remuneration which they would be entitled to receive on the basis of the percentage profits they were entitled to by virtue of their pre-war contract with the employer. The increased commissions due to such employees could not by any means be termed as fictitious, nor could it be maintained that there had been any attempt to evade tax. On the contrary, taxation had been paid and had been paid on an ever increasing scale to the definite advantage of Government's revenues. In this view of the case, the Committee very strongly wished to state that they could not, in any circumstance, agree to the provisions of clause 5, and suggested that it should be amended to provide for pre-war (including contracts renewed during the war) and pre-E.P.T. contracts to be honoured and recognised in their entirety, and amounts of bonus and/or commission paid by virtue of and to the extent indicated in those contracts should be allowed as deduction.

It should also be understood that, where it had been proved that an employer had not been paying any regular dearness allowance as such, but that the increased cost of living had been compensated by the payment of a lump sum amount at the end of the year which represented dearness allowance as well as bonus, then the amount admissible for purposes of E.P.T. should be a combined amount applicable to bonus and dearness allowance.

The proposals incorporated in sub-clause (i) (*a*) of clause 5 might react very unfairly in the case of employees of companies which did not pay any bonus in the standard year, or which did not make any profit in the standard year. In this view of the case, it was thought that a provision should be inserted in this clause which would provide for at least three months' bonus in the case of non-manual employees also.

As regards clause 6, which dealt with trading stocks and stocks of raw materials, the Committee felt that it failed to take into account the fact that big manufacturing establishments like cotton mills had to take a long view of conditions and store up raw materials, particularly now with rail and sea transport so hard pressed and not to be relied upon with any degree of regularity. In this connection, it was pointed out that though Government controlled the imports of Egyptian cotton from March 1943, permits for importation were not really granted till December 1943 on a restricted scale under licence, and if mills had not been far-sighted enough to store up Egyptian cotton, some of them would have had to be closed down. The standards laid down were unfair in the sense that they sought only to maintain the relationship between sales and stocks which existed in the standard period.

The Committee noted that Government proposed to give effect to the different provisions on various dates, and desired to state that in no case should retrospective effect be given. As regards clause 6, they would point out that effect should be given to it only from 1944, i.e., in respect of chargeable accounting periods commencing on and after 1st January 1944.

Reading through the draft rules as a whole, the Committee did not find any provision made for an appeal from the decisions of the assessment officers on any matter arising from the rules. In the United Kingdom, so far as the Committee were aware, there was an appeal to Special Commissioners, and the minimum that seemed to be essential in this country was a provision for an appeal to the Board of Referees. The necessity for an appeal from the decision of the assessment officers could also be justified by the fact that it was very difficult to know in advance all the circumstances that existed in individual businesses, and a fixed and non-appealable ceiling might be unjust and inappropriate. Within the limited time which was available to the Committee, it had not been possible to put forward a representation which would cover the circumstances which existed in various businesses and, it was felt, that even if the Committee's proposals were adopted, individual cases would arise where the Committee's proposals might lead to hardships. It was therefore, suggested that these cases should be dealt with by the Department in a fair and reasonable spirit. (*Appendix* **11.**)

EXTRA DEPRECIATION FOR ABNORMAL USER AND/OR REHABILITATION ALLOWANCE.

(*See also pages* 75 *and* 244 *of Report for* 1941.)

Reference was made on pages 75-77 of the Report of the Association for the year 1941 to the discussions which the Income-tax Sub-Committee of the Association had with Sir John Sheehy and Mr. Ayers on the subject of extra depreciation for abnormal user and the subsequent representations made by the Committee.

Towards the end of June, this matter was followed up by the Committee in a representation addressed to the Textile Commissioner. It will be remembered that speaking to the textile representatives at a conference

held in Bombay on 1st June 1943, Mr. Hydari, Secretary to the Government of India, Department of Industries and Civil Supplies, stated :—

"It is realised, of course, that multiple-shift working involves a heavy strain on machinery, and considerations will have to be given to the problem of making satisfactory provision in respect of depreciation rates to cover the greater wear and tear, and so to make possible rehabilitation after the war."

One of the objects which the Textile Control Scheme had in view was increased production, and it, therefore, followed that mill machinery would be "worked to death." The industry had no reserve supply of machinery, and all machinery being in constant use, there would be no opportunity for regular and periodical stoppage for any serious overhaul or maintenance apart from the essential repairs which had to be made to keep the machinery running. Additional shifts required a large number of operatives, and in the initial stages, at any rate, many of them would only be partially trained, resulting in increased wear and tear. The additional shifts would also necessitate more than one person working on the same machinery in the course of 24 hours and as no two men would run a machine in the same manner, the effect on the machine was bound to be detrimental. In addition, the responsibility for the upkeep of machinery being divided and where, as in the case of the cotton textile industry, a large number of operatives were paid on piecework, the tendency was for repairs and adjustments to be left over for the next man, with the result that the machinery suffered considerably.

The Committee were prepared as a starting point, to accept that the rates of depreciation now laid down by the Central Board of Revenue were a fair reflection of the proper allowance for single-shift working. They were not, however, prepared to agree that the existing allowances for extra shift working, restricted as these were to a maximum of 50 per cent. of the normal allowance, were adequate to cover the abnormal depreciation occasioned by continuous working. In the opinion of the Committee, the following rates appeared to fairly reflect proper allowances for abnormal depreciation :—

(*a*) Existing rates for single shift of 9 hours.

(*b*) Double the existing rates for double-shift working not exceeding 18 hours in all.

(*c*) $2\frac{1}{2}$ times the existing single-shift rates for treble-shift working exceeding 18 hours.

The object of providing depreciation was to create a replacement fund for worn-out machinery, and the industry was not concerned with the price paid for the existing plant and machinery, but with the price, which would have to be paid for replacement of plant and machinery after the termination of the war. Replacement costs had already risen considerably over the pre-war rate and were still rising. Depreciation allowances were calculated on written-down values which bore no relation whatsoever to replacement costs, and in consequence, the depreciation fund which could be accumulated from current profits was inadequate for purposes of replacement of machinery when the time for such replacement came.

Under the present system, the additional depreciation allowance for extra shift working would be deducted from the written-down values, so that the depreciation allowance for subsequent years would be a gradually diminishing figure. If the industry were to establish an effective rehabilitation fund, it was essential that some concession should be made, and it was thought that the special allowance, arising from exceptional conditions, should be distinct from the existing allowance for single-shift working, and should not be deducted in calculating the written-down value, so that the annual depreciation allowance in subsequent years was not adversely affected.

Towards the middle of November, the Government of India appointed a Committee consisting of the following gentlemen to determine whether the textile industry was justified in asking for an increased rate of depreciation :—

Sir John Sheehy, C.S.I., I.C.S. (*Chairman*), Mr. G. W. Ayers, C.I.E., Sir Frederick Stones, Kt., O.B.E., M.L.C., Mr. M. K. Vellodi, I.C.S., Mr. D. M. Passmore, C.I.E. and Mr. J. B. Greaves, C.B.E.

The industry's case was presented to the Committee on 8th December 1943 by a Sub-Committee consisting of the Chairman and Deputy Chairman of the Association, Mr. Krishnaraj M. D. Thackersey, Chairman of the Textile Control Board, Sir Homi Mody, K.B.E., Seth Kasturbai Lalbhai, Mr. C. Atkinson and Mr. C. Pilkington. There was a further sitting of the Committee on 18th December 1943, when the industry's representatives answered certain special points raised by Sir John Sheehy and his colleagues. (*Appendix* **12.**)

TRADE MARKS ACT, 1940.

(*See also pages* 66 *and* 194 *of Report for* 1942.)

Reference was made on pages 70-72 of the Report for the year 1942 to the representations made by the Committee to Government in the course of which it was pointed out that the existence of two Registries with concurrent powers of jurisdiction and administering a complicated piece of legislation like the Trade Marks Act was likely to create difficulties not only from the point of view of administration but also from the point of view of trade. The Committee had, therefore, suggested the centralisation of all textile and non-textile marks under a single authority in Bombay instead of two authorities at Bombay and Calcutta.

Government accepted the suggestion and with a view to give effect to it introduced in the Legislative Assembly on 20th March 1943 a Bill to amend the Trade Marks Act 1940.

The statement of Objects and Reasons appended to the Bill read as under :—

"The Trade Marks Act, 1940 (V of 1940), as amended in 1941, provided for the establishment of two independent Registries at Calcutta and Bombay, with the jurisdictions of the two Registries defined on a territorial basis. Experience gained since has, however, revealed grave administrative difficulties in working the Act on account of the existence of dual authorities in respect of textile trade marks. It has been found necessary in the interests of sound practical administration to centralise registration of both textile and non-textile

trade marks at one centre under the jurisdiction of a single authority. The present Bill is intended to give effect to the above proposal as well as to remove a few obvious defects in the Act."

The amending Bill also set matters right in the following two respects:—

1. Sub-section (*d*) of section 64 of the Trade Marks Act restricted the application of any rules framed under the sub-section to such of the textile goods as could be called piecegoods. This created an anomalous position inasmuch as towels, napkins, dusters, etc., could not be covered by these rules though they constituted some of the sub-heads in which textile goods had been divided by the Association for the purpose of trade number registration. The position was rectified by the amending Bill by converting sub-section (*d*) into a separate clause (2) of section 64.

2. Section 69 of the Trade Marks Act, which seeks to prevent the unauthorised use of Royal Arms and State Emblems, was based on the British Act, but the corresponding proviso in the latter, which was meant to protect the rights of the proprietors of an existing trade mark containing any such Arms, device, emblems or title had been omitted from the Indian Act. The absence of this proviso was likely to create difficulties for those mills whose well-known marks consisted of or included Royal Arms and State Emblems. The amending Bill, therefore, inserted the necessary proviso.

PROPOSED AMENDMENT OF THE RULES UNDER THE TRADE MARKS ACT, 1940.

(*See also pages* 70 *and* 200 *of Report for* 1942.)

Reference was made on pages 70-72 of the Association's Report for the year 1942 to the representations submitted to Government by the Committee stressing the need for concentrating the registration of all trade marks in Bombay.

Early in June, the attention of the Committee was drawn to a Press Note and the draft of certain amendments to the Trade Marks Rules, 1942, published in the *Gazette of India Extraordinary* dated the 5th June 1943. The Press Note stated that the amendments in the rules were proposed with a view to implement the undertaking given by the Government of India in the Central Assembly, at the time of the discussion on the Trade Marks Amendment Bill, 1943, that such facilities would be provided for applicants at Calcutta, as would make it unnecessary for them to attend the Bombay Office. It was further stated in the Press Note that the Deputy Registrar of Trade Marks, when appointed in accordance with the provisions of the Amendment Act, would be stationed at Calcutta.

The undertaking given by Government in the Legislative Assembly did not imply that the Deputy Registrar of Trade Marks would be stationed at Calcutta. The matter was, therefore, taken up by the Committee, and after drawing Government's attention to the speeches made in the

Assembly on the Trade Marks (Amendment) Bill by Mr. T. S. Pillay (Government of India, nominated official) and Mr. Chapman-Mortimer (representative of the Bengal European group) it was pointed out that the undertaking given by Government and accepted by the Bengal group only covered facilities for filing applications, inspection of trade marks registers and hearing of objections in cases of disputes by the Registrar in appropriate cases, and this intention was made clear in sections 4(a) (1) & (2) of the (Amendment) Act. If the Calcutta office was to serve only the purpose indicated in these sections, then, there was no necessity for the Deputy Registrar to be permanently stationed there. The demand for the appointment of a Deputy Registrar was made by the Association in order to expedite disposal of cases in Bombay, and in seeking to station this officer at Calcutta, Government were doing a great injustice to the proprietors of the very large number of trade marks who had already sent their applications to Bombay. According to the information at the disposal of the Committee, more than 80,000 of these trade marks had already been filed in Bombay, and unless the Registrar was in a position to delegate his powers to somebody in Bombay, it would be impossible for him to dispose of all the 80,000 applications within a reasonable time, to the inconvenience of the very large section of the trading and commercial interests of the country who had filed their applications in Bombay.

The total number of applications for registration of textile trade marks filed in Calcutta did not seem to exceed 2,000, and a good many of these, it was understood, belonged to proprietors, who had their principal place of business in the United Kingdom, and to whom it was a matter of indifference whether their applications were heard and registered in Calcutta or Bombay. It was thought that a full-time Deputy Registrar in Calcutta to deal with this small number of trade marks in respect of which applications had been filed in Calcutta was a luxury, and was obviously unfair to the proprietors of trade marks in Bombay and other provinces who had filed their applications in Bombay. Apart from this, the arrangement was calculated to revert to the position which existed before the Amending Bill was passed into law and was likely to hamper the working of the Act. The Committee had no desire whatsoever to inconvenience the Calcutta merchants, who had made their applications in Calcutta and who desired that their cases should be heard there, but their contention was that at the appropriate time, it was for the Registrar himself or for the Deputy Registrar in Bombay, to go up to Calcutta to hear those cases. If the Registrar had to move up to Calcutta occasionally, as suggested by Government, then the work of the Bombay office was likely to suffer as nothing could be done in the absence of the Registrar unless provision were made for the delegation of his powers to a Deputy Registrar. (*Appendix* **13.**)

THE INDIAN MERCHANDISE MARKS ACT.

(*See also pages* 90 *and* 266 *of Report for* 1941.)

Cotton Yarn and Thread (*Marking*) *Rules*, 1943.—Towards the end of July, certain draft rules to provide for cotton yarn and thread marking, which were published by the Government of India for public criticism, were

considered by the Committee and in a representation submitted to Government towards the middle of October the following points were made :—

Section 20 (1) (*a*) of the Indian Merchandise Marks Act empowered the Central Government to make rules providing for the manner in which, for the purposes of section 12, cotton yarn and cotton sewing or darning thread shall be marked with the particulars required by section 12. Section 12 (2) lays down :—

"Cotton yarn such as is ordinarily sold in bundles and cotton sewing or darning thread, which have been manufactured, bleached, dyed or finished in premises, which are a factory, as defined in the Factories Act, 1934, shall not be removed for sale from those premises unless in accordance with any rules made under section 20 of this Act, in the case of yarn the bundles are conspicuously marked with an indication of the weight of yarn in each bundle and the count of the yarn contained in the bundle, and in the case of thread each unit is conspicuously marked with the weight of thread in the unit and the grist number and, except where the goods are sold from the factory for export from British India unless each bundle or unit is conspicuously marked with the name of the manufacturer or of the wholesale purchaser in India of the goods."

The draft rules were defective in the sense that they were not quite comprehensive on account of the fact that section 12 (2) was in itself defective in the following respects :—

(*a*) The section only covered "cotton yarn" and "cotton sewing or darning thread." Darning, crochet and handicraft threads, in which a large amount of business was being carried on in this country, were not covered by the section, and it was, therefore, suggested that the words "cotton sewing, darning, crochet or handicraft thread" might be substituted for the words "cotton sewing or darning thread."

(*b*) The provisions of section 12 (2) appeared to apply only to cotton yarn and thread manufactured in the premises which were a factory under the Factories Act, 1934. In this connection it was understood that a considerable amount of trade was carried on in winding sewing threads from hanks into cards and into balls and the premises in which these operations were carried on did not come within the scope of the Factories Act. There were also cases in which cotton thread was purchased in bulk from factories, but finished and wound into smaller units for retail sale and packed or boxed. A number of such establishments had grown in recent years, and most of these did not appear to be covered by the Factories Act. In order to protect the interests of establishments which came under the Factories Act and the trading public including the consumer against fradulent trade descriptions, it was thought that the small-scale establishments might be brought within the scope of section 12 (2) by adding the words, "and other premises" after the number "1934" where it occurred in the section.

(*c*) Section 12 (2) required, that in the case of thread, each unit should be conspicuously marked with the weight of the thread in the unit and the grist number, etc. As far as the Committee were aware, cotton sewing thread was marked by length and not by weight. Even in Government specifications regarding cotton thread, the length was quoted, and purchases were made on that basis. The public were accustomed to purchase thread in length units,

and the marking of the weight was likely to cause confusion in the trade. It also seemed to be the case that certain types of cotton threads were treated by special processes, such as glazing, which added weight to the thread, and if goods were to be marked with an indication of weight only, such special process, as glazing, was calculated to lead to serious malpractices as the weighting of cotton thread by the addition of lead products in the process of glazing could be easily effected. It was conceded that there were special trades where weight was marked, and the Committee had no desire to interfere with those trades. What they, therefore, had in mind was that it should be made permissible for a manufacturer to stamp the weight or length of the thread in the unit.

(*d*) The expression " grist number " which was required to be marked in the case of cotton thread was not used by the manufacturer in India, nor was it sufficiently understood by the public. It was usual for cotton sewing thread to be marked with a number to indicate the thickness of the thread, and if this was what was required it was suggested that the position might be made clear by an amendment in section 12 (2).

Turning to the draft rules the Committee had no serious criticisms to offer except the following :—

(1) Clause 6 (1) of the notification reads as follows :—

" Bundles of yarn shall be marked with the required particulars by one or more inscribed labels or cards applied, affixed or stitched to each bundle, provided that the details of each required particular shall be complete on one exposed surface."

This clause did not seem to cover the case of labels or cards pasted on bundles. If this was so, the phraseology of the clause should be suitably amended.

(2) Clause 9 (2) of the notification reads as under :—

" The grist number on each unit of thread shall be clearly indicated according to the manner recognised by the practice of the trade."

In this connection, as far as the Committee were aware, the number was marked on goods by importers of cotton thread. No standard practice was apparently in existence, every manufacturer having his own standard, although there was a fairly close resemblance between the standards employed. The number was applied as a guide to the thickness of the thread and although there should be a standard practice in this regard, makers appeared to have their own formulæ in arriving at the number applied on the thread. It was reported that in some instances there were wide variations in the numbers applied on threads. In view of the confusion which was likely to arise in the absence of a standard practice in arriving at the number, it was suggested that this clause might be omitted for the time being. (*Appendix* **14A.**)

Marking of Country of Origin on Foreign Goods.—Reference was made on page 90 of the Association's Report for the year 1941 to a press note issued by the Government of India on 27th March 1941, inviting

representations from the commercial community on the question of marking of the country of origin on foreign goods. The Committee, in reply, had stated that the notification requiring the marking of country of origin in the case of imported cotton piece goods should be issued simultaneously with the enforcement of the new provisions of the Indian Merchandise Marks Act.

Section 12A of the Indian Merchandise Marks Act empowered the Central Government to require, by notification in the official *gazette*, that goods of any class specified in the notification, which were made or produced beyond the limits of British India and imported into British India, or which were made or produced within the limits of British India, shall, from such date as may be appointed by the notification, not being less than three months from its issue, have applied to them an indication of the country or place in which they were made or produced.

Accordingly, towards the end of July, the Government of India published the following draft rules and invited suggestions and criticisms thereon before the 1st November 1943 :—

" In exercise of the powers conferred by sub-section (1) of section 12A of the Indian Merchandise Marks Act, 1889 (IV of 1889), read with section 22 of the General Clauses Act, 1897 (X of 1897), the Central Government, on the requirements of sub-sections (3) and (4) of the said section 12A having been fulfilled, is pleased to direct that,

(*a*) subject to the provisions of sub-section (5) of the said section 12A, the classes of goods specified in the Schedule hereto annexed shall on and after the (a date four months later than the date of the final publication of this notification) have applied to them in the English language on importation (where the goods have been imported) and at the time of sale, whether by wholesale or retail, an indication of the country or place in which they were made or produced, in the manner specified in the said Schedule against each of the said goods ;

(*b*) where such goods are made or produced in one country and packed in containers made or produced in another, the indication shall specify these countries if one or both of them are beyond the limits of British India ;

(*c*) where such goods are partly or wholly made or produced in one country and partly made or produced or finished or processed or embellished or completed in another country or other countries, the indication if expressed as " Made Abroad " or " Foreign Made " or " Manufacture of different countries outside British India " shall be deemed to be sufficient for purposes of this notification.

2. In this notification—

(*a*) the expressions " covering " or " container " include a wrapper, cover, band, packet, box, carton, capsule, stopper, cork, top, frame, case, tin, can, phial, bottle, jar, vessel, or any other covering or container in or with which the goods of any class specified in the Schedule are imported, sold or exposed for sale.

(*b*) ' label ' includes any ticket, band, card or tag ;

(*c*) ' applied ' includes attached, enclosed, annexed, inserted, secured, fastened, stitched or sewn.

SCHEDULE.

Item No. 1	Class of goods. 2	Manner in which the indication shall be applied 3
	Part I.	
	Goods made or produced beyond the limits of British India and imported into British India.	
	* * * * *	*
7	Fents	On the goods themselves at intervals of one yard.*
	* * * * *	*
10	Piecegoods of cotton, silk, artificial silk, staple fibre yarn and wool including mixture piecegoods, i.e. piecegoods made out of different kinds of yarns or piecegoods made out of yarns spun out of a mixture of different kinds of textile fibre	On the goods themselves.*
	* * * * *	*
16	Yarns of cotton, silks, artificial silk staple fibres and wool, including yarn spun out of a mixture with one or more kinds of textile fibres as well as yarns consisting of strands of different kinds of yarn combined by the process of doubling or twisting	On the reels, spindles, containers or coverings.*
	* * * * *	*
	Part II.	
	Goods made or produced within the limits of British India.	
	* * * * *	*
2	Cotton piecegoods	On the goods themselves at intervals of every yard thereof.*

* *Or* where this may not be possible or proves inconvenient to the consumer, on the wrapper or container or on a label attached.

The draft notification was considered by the Committee towards the middle of October, and the following points were made in a representation submitted to Government :—

Clause I—sub-paragraph (*b*).—The provision seemed to be in order, but it was thought that the method of stamping should be very clearly laid down, e.g. :—

"MADE IN HOLLAND
PACKED IN GREAT BRITAIN."

Clause I—sub-paragraph (*c*).—The expression "Made Abroad" was not likely to afford adequate protection to the consumer in this country in the sense that it might not help to prevent goods manufactured, e.g., in Japan

from being passed off as those of, say, the United Kingdom or Germany. In this view of the case the following type of stamping was recommended :-

"WOVEN IN FRANCE
PROCESSED, EMBROIDERED AND PACKED IN U. K."

Or

"MADE IN ENGLAND
PACKED IN INDIA FOR RETAIL TRADE."

Clause 2—*sub-paragraph* (*c*).—The expression "applied" might be extended to cover "pasted," "stamped" and "printed."

Schedule—Parts 1 *and* 2.—The draft notification laid down that in the case of piecegoods of cotton, silk, art silk, staple fibre yarn and wool including mixture piecegoods, etc. produced beyond the limits of British India and imported into British India, the indication as to the country of origin should be stamped on the goods themselves (*vide* Part I—item 10), whereas in the case of cotton piecegoods made or produced within the limits of British India, the indication was required to be stamped (*vide* Part II—item 2) on the goods themselves at intervals of every yard thereof, or where this might not be possible or proved inconvenient to the consumer, on the wrapper or container or on a label attached.

In this connection the Committee desired to make the following submissions :—

(*a*) Item 10 of Part I of the Schedule covered piecegoods made of cotton, or silk, or art silk, or staple fibre, or wool and included also mixtures, whereas item 2 of Part II covered cotton piecegoods only. So far as the Committee were aware, there was no justifiable ground for the exclusion of Indian manufactured piecegoods other than cotton piecegoods from the provisions of section 12 (*a*) of the Act, and it was felt that this defect in the wording in Part II of the Schedule should be set right.

(*b*) There also seemed to be no justification for providing for the name of the country of origin to be stamped on the goods themselves at intervals of every yard thereof in the case of cotton piecegoods of British Indian origin, whereas in the case of imported piecegoods, it would perhaps be sufficient if, for example, the name of the country of origin were stamped on the face plait only.

(*c*) According to the footnote in the Schedule, it was not necessary to stamp the name of the country of origin in the case of British-Indian-made cotton piecegoods as laid down in the Schedule at intervals of every yard in cases where "this may not be possible or proves inconvenient to the consumer," and in such cases stamping of the name of the country of origin on the wrapper or container appeared to be sufficient for purposes of the notification.

This was a very dangerous provision in the sense that it left things vague, for it was very difficult for a manufacturer to find out before hand what was likely to be convenient or otherwise to the consumer.

(*d*) Apart from the points made in the above sub-paragraphs (*b*) and (*c*), the Committee desired to oppose the suggestion regarding stamping at yard lengths for the following reasons :—

(i) Such stamping might damage the appearance of the piece resulting in a deterioration of its value ;

(ii) It would certainly increase the folding and stamping charges, and would necessitate the installation of automatic stamping machinery at very considerable expense, which it was not possible to do for some time at any rate after the war.

The Committee failed to appreciate the advantages which were likely to accrue from the stamping of the name of the country of origin at fixed intervals in the piece. They were aware that the name of the manufacturer and also the country of origin was stamped on the selvedge in the case of certain highly finished goods, but this procedure was being adopted to prevent substitution in the retail trade, but it would be an unwarranted imposition to insist upon such stamping on all goods owing to the expenses and practical difficulties involved. In the circumstances, the Committee strongly felt that it would be sufficient if the name of the country of origin in the case of cotton goods manufactured in British India, were stamped on the face plait only.

Item 16 *of Part I of Schedule.*—It was suggested that the expressions used in column 2 be extended to cover cotton sewing, darning, crochet and handicraft threads. The reason for this suggestion was that, as at present worded, it was not quite clear whether the yarns and threads referred to were covered by the clause.

Another point which arose from item No. 16 of Part I of the Schedule was with reference to the word spindles used in column 3. It was not clear what the word " spindles " was intended to cover. Sewing threads were very often wound on paper tubes, and if these tubes were intended, then it was suggested that the word " spindles " be substituted by the word " tubes." (*Appendix* **14B.**)

THE BOMBAY SHOPS AND ESTABLISHMENTS ACT.

Staff Employed in Mill Canteens and Mill Grain Shops.

(*See also pages* 76 *and* 204 *of Report for* 1942.)

Reference was made on pages 76-77 of the Association's Report for the year 1942 to the representations submitted by the Committee to the Government of Bombay suggesting that member mills in Bombay might be permitted to regulate the conditions of employment of the staff employed in mill grain shops and canteens on the same basis as clerical staff employed in mills.

Towards the middle of October, the committee were informed of Government's inability to accept the suggestion made by them, and mill managements were, therefore, advised that so far as the mill canteens and grain shops staff were concerned, the provisions of the Act should, for the time being be complied with as far as possible. The particular attention of the Committee was also drawn to sections 19 and 20 of the Act under which (*a*) the employment of a child (i.e., a person who had not completed his 12th year) was prohibited in any mill canteen or grain shop, and (*b*) employment of a young person (i.e., a person who had completed his 12th year but not the 17th) was disallowed before 6 a.m. and after 7 p.m.

The position arising from Government's refusal to grant exemption to the mill grain shop and the mill canteen staff from the operation of the Bombay Shops and Establishments Act was reviewed by the Committee towards the end of October, and in view of the practical difficulties involved, a further representation was submitted to Government in the course of which, the following points were made :—

(1) The Committee had been advised that mill canteen was not a " restaurant or eating house " as defined in section 2 (16) of the Act, but should be regarded as a " shop." The provisions contained in Chapter II of the Act, therefore, applied to mill canteens. Section 5 of Chapter II of the Act provided that no shop should on any day be closed later than 9 p.m. or such other earlier hour as might be fixed by the Provincial Government by a general or special order in this behalf. Mill canteens existed as an amenity to workers employed in cotton mills and must be kept open whenever mills were working. Most of the mills in Bombay and Sholapur were working night shift on the Supply Department and Standard Cloth orders of the Government of India, and unless an exemption were given from the provisions of section 5 of the Act, these canteens would have to be closed down at 9 p.m.

(2) Government had informed the Committee that they would be prepared to consider the question of declaring mill canteens as " restaurants " for the purposes of the Act, if so desired. The Committee, however, felt that from the point of view of administration, it would be preferable if the mill staff and mill labour were covered by one Act, but since Government had, for reasons which were not disclosed, refused to treat mill canteen and mill grain shop staff on the same footing as other employees for the purpose of the Bombay Shops and Establishments Act, the best solution of the problem appeared to be to arrange for mill canteen and mill grain shop staff at least to be covered by one set of rules and regulations. As the Committee had already been advised that " mill canteens " were not " restaurants " for the purposes of the Act, but should be regarded as " shops," they were prepared to regulate the conditions of work of mill canteen and mill grain shop staff on the basis of Chapter II of the Act subject to the exemption asked for. If, however, canteens were declared to be " restaurants " for the purposes of the Act, then, though the difficulty as regards the closing of the canteens at 9 p.m. could be overcome, canteen staff would be covered by Chapter IV, and the grain shop staff by Chapter II of the Act, which the Committee were

anxious to avoid under all circumstances, in view of the serious administrative difficulties, which were reported to be involved in this arrangement. In this view of the case, Government's offer did not appear to go far enough.

(3) Section 9 of the Act provided that every person employed in a shop should be given at least one holiday in a week. The " week " is defined in section 2 (19) as a period of seven days beginning at midnight of Saturday. Factory labour, for whose benefit mill canteens and mill grain shops existed, were regulated by section 35 of the Indian Factories Act, and though the latter Act also provided for a weekly holiday, it permitted certain variations which might result in a worker not having had any holiday at all in a week, i.e., Saturday to Saturday. The Factories Act provided for compensatory holidays subject to the conditions laid down in section 35, but there was no corresponding provision in the Bombay Shops and Establishments Act. If, therefore, an exemption was not granted from the provisions of section 9, on the lines of section 35 of the Indian Factories Act, mill canteens and mill grain shops might have to be closed down on mill working days resulting in considerable inconvenience and discontent among the mill staff.

(4) Government had pointed out that the difficulty as regards a weekly holiday to the employees of mill grain shops and canteens could be overcome by granting a weekly holiday to each of them by rotation so that the grain shops and the canteens need not be closed on any day on which mills were working. The suggestion regarding rotation of holidays was, however, not considered as a practical proposition and was calculated to lead to administrative difficulties. Mill grain shops were authorised dealers for rationed articles, and in view of the large number of operatives who had to be supplied from the grain shops, the mill staff had to be kept at the full strength throughout the working month.

(5) Section 4 (1) (*k*) of the Bombay Shops and Establishments Act empowered Government only to grant exemption to "any other establishment or class of establishments or person or class or persons " from the operation of the Act, and as far as the Committee were aware, there was no provision anywhere in the Act, which entitled Government to grant exemption from particular sections of the Act. If the position was as described, then, the mill grain shop and the mill canteen staff should be exempted from the operation of the Act subject to the understanding that the conditions of work of these employees would be regulated as in the case of mill clerical staff, by the Indian Factories Act. If, however, this was not possible, mill canteens and mill grain shops might be declared as " restaurants " for purposes of the Act. If this was done, the difficulties arising from section 5 would largely disappear, but the weekly holidays question would still remain. This difficulty could be overcome by an understanding that mill canteen and mill grain shop staff should be given the same number of holidays as ordinary mill labour.

Towards the end of December, the Government of Bombay agreed to exempt the mill canteens and mill grain shops staff from the operation of the Bombay Shops and Establishments Act on the understanding that they would be given the benefits of the Factories Act regarding hours of work,

payment of overtime work, holidays, etc., and that the mills would put up notices to this effect in prominent places. Member mills were duly informed about Government's decision. (*Appendix* **15.**)

PUBLIC DEBT (CENTRAL GOVERNMENT) BILL.

On 25th August 1943, the Honourable Sir Jeremy Raisman, Finance Member, introduced in the Legislative Assembly a Bill to consolidate and amend the law relating to Government Securities issued by the Central Government. The motion of the Finance Member for circulating the Bill with a view to elicit opinion thereon was adopted by the Assembly.

The necessity for introducing the Bill arose because the Law of Government Securities in India, as pointed out in the Statement of Objects and Reasons attached to the Bill, started as an appendage to the Law of Negotiable Instruments modifying it where necessary to meet the peculiar circumstances of Government promissory notes and did not always make adequate provisions in respect of Government obligations held in any other form. This position did not, in the past, lead to difficulties as the great bulk of Government obligations in India had, till very recently, been expressed in the form of promissory notes and as stock certificates were of comparatively recent introduction. As a result of war conditions and the efforts of the Reserve Bank as Agents of Government in the management of public debt to popularise stock certificates in the interest of safety and administrative convenience, the proportion of Government loans held in the form of stock certificates or in special subsidiary ledger accounts, which the Bank had undertaken to maintain for large institutional holders, had, however, substantially increased. It was, therefore, felt that the time was opportune for recasting the provisions of the Indian Securities Act, 1920, so as to provide more satisfactorily for the management of Central Public Debts.

Early in November, the Government of Bombay invited the views of the Committee on the draft of the Bill.

In reply, the Committee made the following observations :—

At the outset, it was stated that the securities of the Central as well as Provincial Governments should be governed by the same principles of law. The proposed measure covered the Central Government securities, and Provincial Governments had been given the option of introducing legislation in their own respective Provinces to amend the Indian Securities Act, 1920. The position was unsatisfactory, for the introduction of two sets of laws, one for Central Government securities and the other for Provincial Government securities, was likely to cause considerable inconvenience and adversely affect the popularity and negotiability of the securities issued by Provincial Governments.

Clause 5 of the Bill stated that in the case of any public office notified by the Central Government, a Government security in the form of stock or

of a promissory note might be held in the name of the office. In this connection, it was suggested that Bearer Bonds might also be included in the clause.

Clause 11 laid down that the issue of duplicate securities should be subject to such conditions as might be prescribed. The Committee thought that duplicate certificates in *bona fide* cases of loss, theft, destruction, defacement or mutilation, should be issued as a matter of course and should not be hedged by onerous conditions. The Committee also felt that the public should be given an opportunity of scrutinising in draft the conditions sought to be imposed.

Clauses 12 to 21 of the proposed Bill provided for summary determination of title to Government securities in case of disputes. The Committee recognised the necessity of summary determination and were in general agreement with the provision, but felt that sufficient safeguards should be provided to ensure that no injustice was done to rightful claimants. It was, therefore, suggested, firstly that the officers who might be appointed by the Bank to make such vesting orders should have the requisite legal qualifications which would enable them to weigh the evidence tendered to them in respect of rival claimants. The Committee also suggested that an appellate body consisting of, say, three members, may be appointed by the Local Board of Directors of the Reserve Bank to hear appeals against vesting orders issued by the Bank.

In this connection, it appeared that there was no provision in the proposed clause 12, sub-clause (2) to give notice of the nature of the claims put forward by the various claimants, and it was, therefore, suggested that the clause might be suitably amended so as to provide that the Bank should give notice to each claimant stating the names of all other claimants *with the nature of their claims, etc.*

Clause 24 of the proposed Bill sought to impose a limit of six years for terminating the liability of the Central Government in respect of a Government security. According to section 18 sub-section (1) of the Indian Securities Act, the liability of the Government would cease only on payment of the amount due on a Government security on or after the date on which payment became due. The Committee were of opinion that the liability of Government in this respect should cease only on repayment of the amount due, and that there should be no limitation whatsoever in regard to payment of principal and/or interest due on a Government security.

Several important matters relating to transactions in Government securities had been left over to be covered by rules to be framed under clause 28 of the Act, and the Committee urged that the rules should be circulated in draft for eliciting public opinion before they were given effect to.

(*Appendix* **16.**)

THE DEFENCE OF INDIA RULES—RULE 81A.

AWARDS OF ADJUDICATORS.

(*See also page* 78 *of Report for* 1942.)

Rule 81A of the Defence of India Rules empowers the Central Government (*a*) to prohibit a strike or lock-out in connection with any trade

dispute, and (*b*) to require employers to observe for such periods as might be specified in the order such terms and conditions of employment as might be determined in accordance with the order. Towards the middle of December, Government amended clause (*b*) of sub-rule (1) of Rule 81A of the Order with the result that the Central Government are now authorised to require not only employers, but also workmen to observe such terms and conditions of employment as might be determined by Government in any order issued in this behalf.

Clause (*d*) of sub-rule (1) of Rule 81A of the Defence of India Rules also authorised the Central Government to enforce for such period as might be specified in the order the decision of the authority to which a trade dispute had been referred for adjudication. In this connection doubts were expressed in certain quarters as to whether it was open to Government to issue an order enforcing some and not all of the decisions of the adjudicator. By an amendment of the clause, Government made it clear that they were empowered to enforce some only of the decisions of the adjudicator.

Government also amended clause 3 of an order issued by them previously under Rule 81A of the Defence of India Rules, the result of which was that no person employed in any undertaking concerned in a dispute could go on strike and no employer in any undertaking concerned in the dispute could lock-out or continue to lock-out his employees during the period from the making of the reference until the expiry of two months after the conclusion of the proceedings even when *only some of the matters in dispute* (*and not all*) had been referred to a Court of Inquiry. (*Appendix* **17.**)

SCOPE FOR CONCILIATION UNDER THE BOMBAY INDUSTRIAL DISPUTES ACT, 1938.

Khatau Makanji Mill's Case.

(*See also pages* 82 *and* 215 *of Report for* 1942.)

Reference was made on pages 82-84 of the Association's Report for the year 1942 to the Simplex Mill's case in which a notice of change was served on the Government Labour Officer by certain operatives of the mill demanding the reinstatement of an operative discharged in conformity with the Standing Orders. In spite of the contention of the management that the Conciliator had no jurisdiction in the case, the conciliation proceedings were held. Subsequently, representations were also made by the Committee to the Government of Bombay who expressed their inability to intervene in the matter in view of the judgment delivered by Mr. Justice Chagla in the Khatau Makanji Mill's case.

Briefly stated, the facts of the Khatau Makanji Mill's case were :—An operative employed in the Folding Department of the Mill was discharged on 7th November 1941 by giving 13 days' wages in lieu of notice. The action of the management was in conformity with the Standing Orders for Operatives, but on 24th November 1941, certain operatives of the mill gave a

notice of change under sub-section (2) of section 28 of the Bombay Industrial Disputes Act asking for the reinstatement of the discharged worker. The Committee felt that the management were perfectly within their rights in discharging a worker by giving him 14 days' notice or 13 days' wages in lieu of notice, as laid down in the Standing Orders, and as the Standing Orders themselves were determinative of the relations between employers and the employed, the reinstatement of a discharged worker was not a matter for conciliation. The Conciliator refused to accept this view, and the Mill Company obtained an interim injunction from Mr. Justice Wadia restraining the Conciliator from proceeding with the conciliation proceedings. The petition for restraining the Conciliator under the Specific Relief Act was argued out before Mr. Justice Chagla, who held that the Mill Company had no case for relief under the Specific Relief Act. The Mill Company, therefore, filed an appeal against the judgment. The appeal was heard by Their Lordships the Chief Justice and Mr. Justice Kania, who held that the language of section 28(2) of the Bombay Industrial Disputes Act was plain and that the action of the employees in giving a notice of change and asking for the reinstatement of the discharged worker was within the scope of that section. The injunction order was, therefore, lifted.

The Conciliator subsequently wanted to proceed with the conciliation proceedings but since three out of the five elected representatives of workers had already left the service of the mill, nothing further was done. (*Appendix* **18.**)

RECOGNITION OF TRADE UNIONS.

AMENDMENT OF THE TRADE UNIONS ACT, 1926.

(*See also pages* 92 *and* 231 *of Report for* 1942.)

Reference was made on pages 92-96 of the Association's Report for 1942 to Government's proposals for amending the Trade Unions Act with the object of compelling employers to recognise trade unions under certain conditions.

On 8th November 1943 the Hon'ble Dr. B. R. Ambedkar introduced in the Legislative Assembly "A Bill to amend the Indian Trade Unions Act, 1926," with the following statement of objects and reasons :—

" Trade disputes often occur or are prolonged because an employer refuses to recognise a trade union of his workmen.

The Royal Commission on Labour considered the question of the recognition of trade unions and gave the reasons for which employers were not inclined to recognise unions. These were that the union embraced only a minority of workers ; that another union was already in existence ; that the union had refused to dispense with the services of a particular official ; that outsiders had been included in the executive ; or that the union had failed to register under the Trade Unions Act. The Commission discussed these reasons and showed why all except the last, were invalid. Deprecating obligatory recognition it pleaded for recognition in the spirit as well as in the letter and expressed the view that ' recognition may mean much, but it may mean nothing. No law can secure that genuine and full recognition which we desire to see,'

The position has not much improved since the Royal Commission completed its report and it is felt that the time has now come when the compulsory recognition of trade unions must be provided for by legislation. With all its limitations, recognition by statute will at least clarify the position and give organised and well conducted trade unions the status they deserve. It may achieve much more.

The present Bill provides for the compulsory recognition of trade unions under certain conditions and defines what recognition will imply. Power is taken to set up tripartite Boards of Recognition which will report on the representativeness of trade unions and their fitness to be recognised. The main conditions of recognition will be that the trade union must have been a registered union for 12 months and that it must have previously applied to the employer concerned for recognition. Unions formed on a communal or sectarian basis will not be eligible for recognition. Besides laying down the basic conditions required for recognition, the Bill allows for additional conditions to be imposed by the appropriate Government and power is given to the Central Government to issue directions to Provincial Governments in this matter.

Recognition will be granted or withdrawn by the appropriate Government after receiving a report from the Board of Recognition, where one is appointed, or in other cases from the Registrar. Recognition will entitle a union to negotiate with the employer in respect of matters affecting the common interests of its members. The Bill also states the obligations of employers consequent on recognition."

On 8th November 1943, on the motion of the Hon'ble Dr. Ambedkar the House accepted a motion for circulating the Bill for eliciting opinion thereon.

SICKNESS INSURANCE.

(*See also pages* 51 *and* 199 *of Report for* 1940.)

Reference was made on pages 51-52 of the Association's Report for 1940 to the views expressed by the Committee on the question of sickness insurance. This matter was subsequently discussed by the Hon'ble the Labour Member with employers' and employees' representatives at Calcutta in January 1942 and also at the third Labour Conference held in the same month in Delhi. The Government of India thereafter addressed Provincial Governments who it appeared had agreed to give a guarantee to reimburse the Central Sickness Insurance Fund.

Early in March, the Government of India appointed Professor B. P. Adarkar of the Allahabad University as Officer on Special Duty for the purpose of preparing a rough scheme of sickness insurance for cotton and jute textile industries and heavy engineering industries in the first instance. The terms of reference of the appointment provided, *inter alia*, that " after a rough scheme had been prepared, the Provincial Governments and associations of employers and workers would be asked to express their view before any scheme is finally decided upon and legislation introduced for this purpose." Professor Adarkar was also required, according to the terms of his appointment, to take advice from a Panel of Advisers representing employers and workers in the preparation of the scheme. About the middle of March, the Association was requested by the Employers'

Federation of India to nominate a representative on the Panel of Advisers. The Committee appointed Mr. J. C. Lancashire as the Association's representative, but it was pointed out to the Federation as well as to Government that the appointment was without prejudice to the views held by the Association in the matter—views which were expressed in a representation addressed by the Association to the Commissioner of Labour, Bombay, in July 1940, in the course of which the following points were emphasised and to which the attention of the Federation was drawn :—

(*a*) The scheme should be on an all-India basis including Indian States.

(*b*) Contributions should be made by the State, employers and employees ; and

(*c*) The best time for consideration of questions relating to labour and social welfare would be at the end of the war, and even then the cumulative effect of all the burden which Government proposed to impose on the industry should be considered in relation to the industry's capacity to pay.

Early in April, Professor Adarkar met Mr. Lancashire and discussed with him, in general, the question of sickness insurance, and requested him to forward his replies to the questionnaire which he had prepared on the subject.

Briefly stated, the questionnaire dealt with the following subjects :—

(1) Workers' eligibility to contribute.
(2) Eligibility to receive benefits.
(3) Contributions.
(4) Cash benefits.
(5) Medical benefits.
(6) Conditions for receiving benefits.
(7) Machinery for medical benefits.
(8) Maternity benefits.
(9) Funeral benefits.
(10) Malingering and collusion.
(11) Financial organisation.
(12) Administrative machinery.
(13) Sickness incidence amongst workers.
(14) Workmen's compensation.
(15) Settlement of disputes.

Subsequently, Mr. Lancashire forwarded his replies to the questionnaire to Professor Adarkar.

This question was also discussed by the Committee towards the middle of May, with the Hon'ble Dr. B. R. Ambedkar, Labour Member to the Government of India, who, however, expressed inability to commit the Government of India on the question of Government contribution to the scheme, and stated

that this question would be examined by the Government of India in the light of discussions which had taken place at the meetings of the Standing Labour Committee. (*Appendix* **19.**)

INDUSTRIAL STATISTICS ACT, 1942.

(*See also page* 98 *of Report for* 1942.)

Reference was made on page 98 of the Report for the year 1942 to the Industrial Statistics Act, 1942, which was brought into force in the province of Bombay from 1st March 1943.

Early in April, the Government of Bombay appointed the Director of Industries, Bombay, to be the Statistics Authority for the purposes of the collection of statistics in factories in the province of Bombay.

EXPENSES IN CONNECTION WITH THE REGISTRATION OF TRADE MARKS UNDER THE TRADE MARKS ACT, 1940.

Early in August, the attention of the Committee was drawn to a decision given by one of the Income-tax Officers of Bombay, disallowing expenses incurred by an assessee mill company in registering its trade marks, as a business deduction under section 10 of the Indian Income-tax Act. The relevant extracts from the assessing officer's order were as follows :—

" The company has incurred an expenditure of Rs. 16,707 on trade designs. These are registration fees in part paid to the Registrar of Trade Marks in respect of the registration of the trade numbers, stamps, tickets and trade names (called trade marks) which were already registered with the Millowners' Association. Life of the registration is stated to be seven years when that will have to be renewed again. A trade mark is a capital asset though intangible and the registration expenses of a trade mark are, therefore, of a capital nature, just as the registration of any other capital and tangible asset. This amount shall, therefore, be disallowed."

The Committee felt that the above order was incorrect and was, further, at variance with the spirit of section 10 of the Income-tax Act. The assessing officer seemed to have overlooked the most important fact that the trade marks referred to, and in respect of which registration expenses were incurred, had been in existence for a number of years, the assessee concerned having already acquired proprietary rights over them by virtue of habitual user. Registration of trade marks did not confer on the registered proprietors thereof any more rights in respect of such trade marks than were already enjoyed by them prior to registration. The real advantage of registration, however, lay in the quick and inexpensive remedy which the Act provided against imitation and infringements. In other words, by registering their trade marks under the Act of 1940, the mill company concerned was protecting its well-known trade marks which, by virtue of habitual user, had already come to be regarded and recognised as one of the capital assets of the company. The expenses were not incurred in bringing about a capital asset, but in protecting a capital asset, which already existed when the Act came into operation.

After drawing the attention of the Board to the various judgments delivered in connection with the infringements of trade marks, the Committee, in a representation submitted in this behalf, pointed out that the act of registration was intended merely for the purpose of protecting existing profits and not for earning any new profits. The remedy against infringement of a trade mark provided under the Act merely reduced the expenditure involved in securing that remedy. Non-registration of a trade mark did not deprive its proprietor of his remedy against wrongful use of his mark, but he would have to go through the costly procedure involved in instituting a suit for passing off under Common Law, and expenses incurred in filing such a suit would have to be allowed as a deduction under section 10 of the Income-tax Act. In this view of the case, the Committee felt that Government should encourage the registration of trade marks as such registration would undoubtedly reduce claims for allowances to cover legal expenses involved in protecting them.

In this connection, it was further pointed out that there was a clear line of demarcation between expenses involved in registering trade marks by a mill and expenses involved by a mill in acquiring a trade mark with its good will from another proprietor. In the former case, as already pointed out, the expenses were not for the purpose of earning new profits and should not be regarded, therefore, as being of capital expenditure. On the other hand, in the latter case it was conceded that the sum paid to the proprietor of a trade mark for the sale or assignment of such mark together with its goodwill, was an expenditure which could be rightly regarded as of a capital nature and in respect of which no deduction should be made under section 10 of the Income-tax Act. The value of a trade mark depended upon its goodwill, and there were several instances where enormous amounts had been paid by traders for acquiring the rights in respect of trade marks having well established goodwill or reputation. The Committee, however, had no objection whatsoever if in such cases the expenses involved in acquiring a valuable trade mark from another proprietor was regarded as being of a capital nature.

The attention of the Board was also drawn to the fact that several thousands of trade marks were used by members of the Association before the Trade Marks Act came into operation, and the Committee felt that it would be unfair to assessees owning these marks to disallow the expenditure incurred by them in registering such marks. In most cases, the expenses had been incurred in the year which was shortly to be assessed or which was already under assessment, and the Board was, therefore, requested to pass early orders in this matter.

Towards the middle of November the Central Board of Revenue issued the following circular on this subject :—

" The question has arisen whether the cost of deposit and registration of trade marks incurred under the Trade Marks Act, V of 1940, is an admissible expense in the computation of profits for the purposes of income-tax assessments. The Board consider that in so far as the cost of initial registration of new trade marks under Act V of 1940 is concerned, it should be treated as of a capital nature since such registration creates a capital asset. Any expenditure incurred on the renewal of registration should however be allowed as a revenue expense

as the purpose of such renewal is not to create any new asset but merely to preserve an existing one. In the case of old trade marks in which a right has been acquired by exclusive and prior use, the cost of first registration under Act V of 1940 should be treated in the same way as the cost of initial registration in the case of new trade marks. For this purpose any trade marks the use of which was declared in the application form under section 85 of the Trade Marks Act 1940, to be prior to the 25th February 1937, should be regarded as having been acquired by exclusive and prior use."

According to the Board all expenses connected with the initial registration of new and old trade marks would be regarded as of a capital nature and would not be allowed as business expenditure under section 10 of the Indian Income-tax Act and that only the cost of renewal would be admitted as deduction. A representation was, therefore, addressed to the Finance Department of the Government of India and the following points were made :—

(1) In addition to the cost of deposit and fees for registration payable to the Registrar under the Trade Marks Act, there was other incidental expenditure which had to be incurred by an applicant for registration, such as fees paid to trade mark agents, lawyers' fees for appearances before the Registrar, or the High Court in connection with the proceedings under the Act and the cost of separate establishments to keep watch over new registration and generally maintain touch with applications made and advertised in the *Trade Marks Journal*. According to the Board's ruling, all these expenses would be regarded as of a capital nature, which was absolutely unfair.

(2) Lord Justice Cotton, in his judgment in *Edward* v. *Dennis* ((1885) 30 Ch. D. 454 at page 470), referring to the Trade Marks Registration Act in the United Kingdom, said :—

" In the first place what is the object of that Act ? Speaking generally, its object is, not to give new rights, but to place restrictions on the bringing of actions for infringement of trade marks by requiring that a trade mark shall be registered before any action to prevent its infringement can be brought. Another object of the Act is to facilitate evidence of title to trade marks by means of registration ; for the Act provides that registration of a person as first proprietor of a trade mark shall be *prima facie* evidence of his right to the exclusive use of the trade mark, and that five years' registration shall be conclusive evidence of his right to such exclusive use."

It was clear from the above judgment that the registration of a trade mark by a mill was intended merely for the purpose of protecting existing profits of a business and not for earning any new profits. The remedy against infringement of a trade mark proposed under the Act merely reduced the expenditure involved in securing that remedy and from that point of view, Government should, in their own interest, allow expenses of registration as a business expense.

In a reply received towards the middle of January the Central Board of Revenue stated that they were unable to accept the suggestion of the Committee for amending the instructions so as to allow the cost of first registration and other incidental expenses in the case of old trade marks as revenue expenditure in income-tax assessment. The Board, however, pointed

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out that the cost of establishment set up for keeping watch over new registrations, etc., stood on a different footing and would generally be allowed as a trading expense, if separately claimed.

The position arising out of Government's refusal to accept the suggestion is at present being reviewed by the Committee. (*Appendix* **20.**)

ADMISSIBILITY OF LOSS BY EMBEZZLEMENT OR THEFT AS ALLOWANCE UNDER THE INCOME-TAX ACT.

Towards the end of June, the attention of the Committee was drawn to the following facts of an income-tax assessment case of a member mill.

The assessee member, whose place of business was in the mill area of Bombay, had sent four of his employees with a cheque for a large sum of money to cover the wages due to the workmen, with instructions to cash the cheque in one of the banks situated in the main business centre of the city in the Fort area, and bring the cash to the mills. One of the employees cashed the cheque, but the proceeds were lost in the main hall of the Reserve Bank from the hands of one of the employees while the other three had all been sent by the former to bring small change. The assessee prosecuted the employee concerned, but the prosecution failed for want of sufficient evidence. The assessee claimed the amount lost as deduction under section 10 of the Indian Income-tax Act in computing assessable income for the year in question, but this claim was disallowed by the Assessing Officer, with the result that an appeal was filed by the assessee with the Appellate Assistant Commissioner.

In this connection, the Committee drew the attention of the Central Board of Revenue to its circular No. 25/1939, dated the 17th August 1939, addressed to the Secretary, Indian Merchants' Chamber, Bombay, setting forth the procedure to be followed by the assessing officers in dealing with claims by assessees regarding loss by embezzlement, etc. The circular contained an extract from the judgment delivered by Rawlatt J. in the case of Curtis *vs.* J. & G. Oldfield, Ltd., in which it was enunciated that " if you have a business in the course of which you have to employ a subordinate, and owing to the negligence or dishonesty of the subordinate some of the receipts do not find their way into the bill, or some of the bills are not collected at all, that may be an expense connected with and arising out of the trade in the most complete sense . . . "

The extract quoted above covered theft or embezzlement due to negligence or dishonesty, but the penultimate paragraph of the Board's circular which contained the essence of the Board's instructions to Assessing Officers only covered loss by theft or embezzlement by an employee, *and did not cover loss or theft arising from negligence of the employee.* In this connection, there seemed to be no doubt that the broad principles enunciated in the judgment of Justice Rawlatt referred to above had been accepted by the Board. If this was so, then the omission to cover loss or embezzlement arising from negligence of an employee in the Board's circular appeared only to be an oversight which, the Committee felt, should be rectified immediately.

Government had also laid down the principle that the Assessing Officers should be " fully satisfied from the evidence that the theft or embezzlement has in fact taken place and that the claim is genuine." In the particular assessment case referred to in this letter, the assessee prosecuted the employee concerned, but the prosecution had failed. The Committee, however, felt that this fact did not prove that the loss referred to had not taken place. The loss of the amount claimed was one thing and the guilt of the accused was another thing, and if the accused was not found guilty, it did not mean that loss had not taken place. The Committee, therefore, considered it highly desirable that, in cases where such claims were made, the assessing officer should not insist upon a case for prosecution against the employee concerned having been successfully maintained in a Court of Law.

A representation was, therefore, addressed to the Central Board of Revenue on the lines of the points made by the Committee, but no reply has so far been received. (*Appendix* **21.**)

CONTROL OF CAPITAL ISSUES.

Towards the middle of May, the Government of India added the following new rule to the Defence of India Rules :—

" 94-A. Control of capital issues—

(1) For the purpose of this Rule—

(a) securities shall include shares, stocks, bonds, debentures and debenture stocks, issued by or for the benefit of a company ;

(*b*) a person shall be deemed to make an issue of capital who issues any securities whether in cash or otherwise.

(2) Subject to such exemptions as may be granted by order of the Central Government, no company, whether incorporated in British India or not, shall except with the consent of the Central Government—

(*a*) make an issue of capital in British India ;

(*b*) make in British India any public offer of securities for sale ;

(*c*) renew or postpone the date of maturity or repayment of any security maturing for payment in British India.

(3) Subject to such exemptions as may be granted by order of the Central Government, no company incorporated in British India shall, except with the consent of the Central Government, make an issue of capital anywhere.

(4) Subject to such exemptions as may be granted by order of the Central Government, no person shall issue in British India any prospectus or other documents offering for subscription or publicly offering for sale any security which does not include a statement that the consent of the Central Government has been obtained to the issue or offer of the securities.

(5) No person shall subscribe for any securities issued by a company in respect of any issue of capital made in British India or elsewhere unless such issue has been made with the consent of the Central Government.

(6) If any person contravenes the provisions of this rule he shall be punishable with imprisonment for a term which may extend to five years or with fine or with both."

At a Press Conference held on 17th May 1943, the Finance Member was reported to have stated that applications to the Central Government in accordance with the provisions of Rule 94(*a*) should be addressed to the Secretary to the Government of India, Finance Department, and that such applications in so far as they related to issues of capital in connection with proposed industrial enterprises would be considered by a Departmental Committee on which representatives of commerce and industries and other departments would be associated with the Finance Department. The Reserve Bank of India would, it was stated, be consulted in regard to applications involving issue of capital for proposed financial enterprises including banks, investment and finance and insurance companies. The object of the new rule, the Finance Member was further reported to have stated, was to prevent the growth of mushroom companies which stood little chance of survival in the post-war period and other undesirable practices, such as the reconstitution or re-capitalisation of concerns on the basis of their present abnormal profits to the detriment of an indiscriminating investing public. There was no intention of handicapping or retarding sound and legitimate industrial development or expansion calculated to promote war effort of the country or to increase production to meet the civil requirements of the country at the present time or in the near future, in which cases, the application for sanction would encounter no difficulties. The Committee welcomed Rule 94 (*a*) of the Defence of India Rules which, in their opinion, was a step in the right direction. However, as regards the procedure which Government proposed to follow in disposing of applications for issues of new capital in connection with the proposed industrial enterprises, the Committee strongly felt that to ensure prompt disposal of such applications, non-official industrial interests should be associated with the Departmental Committee which Government proposed to set up. In the Committee's view, the adoption of this suggestion was calculated not only to expedite disposal of applications, but would also help commercial and industrial interests in understanding Government's point of view in every case and eliminate misunderstanding. In a representation addressed to Government, the Committee made it clear that the idea underlying the suggestion was not to interfere with Government's discretion in the matter of granting permits to applicants but to help Government in coming to quick decisions in such matters and also to help the commercial interests to understand Government's point of view. No reply has, so far, been received from Government. (*Appendix* **22.**)

PROPOSAL FOR THE ESTABLISHMENT OF AN INSTITUTION FOR THE PROMOTION OF TECHNICAL RESEARCH.

In para 240 of their Report, the Textile Labour Inquiry Committee stated :—

"We recommend that the Government of Bombay should, in consultation with industry, take suitable measures for the promotion of technical research. The details of the scheme may be worked out in collaboration with the three institutions referred to below, and towards the expenses of the proposed additional research equipment and establishment, half may be contributed by industry and half by Government.

1. Technological Laboratory of the Indian Central Cotton Committee.
2. Department of Chemical Technology of the University of Bombay.
3. Victoria Jubilee Technical Institute, Bombay."

It appeared from a communication received from Government that in their view the Victoria Jubilee Technical Institute and the Department of Chemical Technology of the University of Bombay were not suitable for undertaking sustained researches of real industrial value and merit. In this view of the case, Government felt that in order to implement the above recommendation a separate research institution controlled and run by the textile industry itself on a co-operative basis was required, and inquired whether the Committee were agreeable to this proposal in principle.

The Committee agreed that there were obvious advantages in the textile industry establishing a distinct and separate institution for textile research including spinning, weaving and chemical processing run under the control of the industry alone, or in conjunction with Government, but such an institution was not likely to be established within a reasonable period on account of the difficulties which might be experienced in getting machinery during the war and in the immediate post-war years. The question of expenditure was a vital one, and in this view of the case, it was considered desirable that the industry should, for the time being, co-operate with the Department of Chemical Technology, the Technological Laboratory of the Indian Central Cotton Committee and the Victoria Jubilee Technical Institute in organising a co-ordinated research plan. It was thought that the entire field of research might be divided into three parts, viz., (i) raw cotton, (2) spinning, and weaving, which might also include engineering problems, and (3) chemical processing. The first might be entrusted to the Technological Laboratory at Matunga, the second to the Victoria Jubilee Technical Institute and the third to the Department of Chemical Technology. The three institutions, it was thought, might be assisted to equip themselves with the additional equipments and staff and to prepare themselves for the additional work thrown on them. The Committee felt that if these proposals were accepted, the industry would be getting all it wanted at a comparatively small cost, and suggested that a Committee consisting of the representatives of the Millowners' Associations of Bombay and Ahmedabad, the East India Cotton Association and the Government of Bombay, might be appointed to go into this matter in all its aspects and submit an early report.

Government agreed with the Committee, and proposed to appoint a Co-ordinating Committee under the chairmanship of the Director of Industries, and invited the Association to nominate a representative thereon. The Committee was to consist of representatives of the Indian Central Cotton Committee, the Victoria Jubilee Technical Institute, the Millowners' Associations at Bombay and Ahmedabad, the University of Bombay and the East India Cotton Association, with the following terms of reference:—

(1) the type of research problems to be tackled;

(2) the equipment, staff and other facilities available at the three institutions referred to above and the extent to which and the

cost at which each of these institutions must be strengthened for the purpose of research ;

(3) how the additional cost is to be met ; and

(4) administrative arrangements for running the scheme which may be finally adopted.

The Committee appointed Sir Sorab Saklatvala as the Association's representative on the proposed Committee. (*Appendix* **23.**)

THE POST-WAR REQUIREMENTS OF CAPITAL GOODS (MACHINERY).

The attention of the Committee was drawn at a recent Conference by the Hon'ble Member in charge of the Department of Industries and Civil Supplies to the advisability of the industry taking immediate steps to ascertain its post-war requirements of capital goods (machinery).

Machinery in the cotton textile industry was being worked to destruction, and it was possible that the individual millowners might like to purchase machinery from overseas suppliers, either for purposes of replacement of existing machinery, which was worn out, or for extension in the immediate post-war period. The Committee did not desire to interfere with arrangements, if any, made by the individual mills with private manufacturers or their representatives, for the supply of machinery in the post-war period ; but it was understood that orders from all over the world were already being placed with the chief manufacturing countries, which were likely to be in a position to make deliveries after the war, namely, the United Kingdom and the United States of America, and it appeared that the production of capital goods would be insufficient to meet all demand and that it would, in all probability, be necessary for the exporting countries to ration their overseas customers and to apply priority ratings to them. In order to enable the Government of India to assist the Indian cotton textile industry in securing some priority for its requirements, the Committee considered it imperative that the industry's requirements in the early post-war period should be made known to Government at an early date.

A statistical enquiry form was, therefore, drawn up in consultation with the representatives of the machinery manufacturing concerns and a circular letter was addressed to member mills asking them to furnish the Association with information regarding their requirements of capital goods during a period of, say, two years after the end of war under the following heads :—

(*a*) Particulars of machinery required for replacement of existing machinery which is worn out ;

(*b*) Particulars of new machinery required for extensions ; and

(*c*) Machinery already ordered out, but not yet delivered to the mills.

As regards (c), it was pointed out that the information was asked for in order to give an indication to Government as to the extent, if any, to which orders had already been placed by the industry for delivery immediately after the cessation of hostilities.

It was, however, made clear to members that the Association did not guarantee the supply of goods which would entirely depend upon the post-war development.

A.R.P. MEASURES IN COTTON MILLS.

(*See also page* 107 *of Report for* 1942.)

Fire Services.—Towards the middle of January the Government of Bombay suggested to the Committee that in order to make best use of fire services available in the city, the fire services of cotton mills in Bombay should be co-ordinated with the joint fire services under Mr. N. Coombs so that the fire-fighting personnel of mills would have the knowledge and experience gained by Mr. Coombs, his officers and men, in actual fire-fighting methods. The A.R.P. Sub-Committee, while agreeing that co-ordination between the various fire-fighting services of Bombay had many advantages, felt that the fire-fighting personnel of individual mills might not be available to take part with the regular fire-fighting services of Bombay in dealing with fires outside their respective mill premises, as they were already engaged on important war work. However, in view of the experience which would be gained, it was recommended that such of the employees as were willing to volunteer themselves for service outside the mill premises should be encouraged by the management by compensating any loss in earnings which might be occasioned by such service outside the mill premises.

A.R.P. Organisation in Mills.—Reference was made on pages 107-110 of the Association's Report for the year 1942 to the A.R.P. measures undertaken by member mills of the Association.

Towards the end of last year, at the instance of the A.R.P. Sub-Committee of the Association, the Committee recommended member mills to appoint :—

(1) A full-time A.R.P. Officer for organising mill A.R.P. recruitment, training of mill A.R.P. staff and supervision and maintenance of A.R.P. equipments.

(2) Two attendants per shift of 12 hours to work as Trailer pump men, i.e., a minimum of 4 persons for each mill.

As difficulties were experienced by a number of mills in recruiting the right type of men, the matter was taken up with the Bombay Fire officers who agreed to make available, trained fire-fighting service men to such of the mills as were in need of assistance.

Lighting Restrictions in Mill Premises.—Reference was made on page 109 of the Association's Report for the year 1942 to the measures taken by member mills for enforcing black-out arrangements within the mill premises.

Early in March, it was represented to the Committee that an organised attack on Bombay by sea or by air by hostile air or surface craft had become a remote possibility, and the danger of such attack had certainly become very much less as compared with the time when the black-out orders were issued. Conditions inside cotton mills during hot weather had become very uncomfortable on account of the adoption of various devices to make lights invisible from outside, and it was felt that production in the night shift might suffer to a considerable extent if lighting restrictions were not relaxed. The Committee, therefore, took the matter up with the Government of Bombay, and suggested that, so far as cotton mills were concerned, Government might relax lighting restrictions wherever they hindered ventilation. Mills in Bombay had already arrangements for a crash black-out, and it was thought that they would certainly be prepared to retain their curtains in an undrawn position so that the restrictions could be reinstated at a moment's notice.

Towards the end of October, the Government of Bombay issued the following Press Note announcing relaxation of lighting restrictions :—

"In view of the improvement in the war situation the Government of Bombay has decided that all restrictions imposed on the internal lighting of buildings should be withdrawn.

At the same time all householders, landlords, tenants and occupants of premises are warned that, should an emergency arise and it be necessary to re-impose these restrictions, they will be required to re-install all light shades, screens and black-out materials, etc., within 48 hours. They should, therefore, preserve all light shades and screens for immediate use in case of necessity. Should it become necessary to re-impose lighting restrictions, these will be enforced rigorously.

The orders of the Commissioner of Police, issued to-day cancelling these lighting restrictions do not in any way cancel restrictions on lighting used externally on buildings for decoration or advertisement. These remain as heretofore.

Restrictions on street lighting will also be withdrawn as far as is compatible with re-imposition of restrictions at 48 hours' notice. In view of the rationing of coal suitable for coal-gas production, however, there is every possibility of curtailment in the hours of coal gas supply which will affect street lighting. In view of this uncertainty it will not be possible to relax the existing restrictions on the lighting of motor vehicles."

Mills were, advised not to dismantle their curtains or remove paints from windows which could not be replaced within 48 hours. As regards compound lighting, the Committee were able to secure special permission from the Commissioner of Police for relaxing restrictions subject to the condition that steps would be taken to see that the tops of the compound lights were so shaded or screened that no glare was thrown upwards or was visible from the sky.

ASSOCIATION'S FIRE EXPERTS.

Term of Office of the Fire Experts.

(*See also pages* 107 *and* 260 *of Report for* 1942.)

Reference was made on page 107 of the Association's Report for the year 1942 to the engagement by the Association of two Fire Officers trained in the United Kingdom for assisting Member mills in organising their A.R.P. fire practice units.

According to the arrangement originally made, services of these Fire Officers were only available till the end of July 1943. Member mills were, therefore, advised that efforts in the direction of improving the efficiency of fire-fighting personnel in mills should be intensified and the services of the Fire Officers should be utilised to the maximum extent in this direction. The Committee further recommended member mills to keep a log book in which fire officers could, when paying visits to individual mills, record the results of their investigation, instructions to mill personnel and suggestions, if any, which they might make. Mill managers were requested to examine the log book and take appropriate action in accordance with the suggestions or criticisms of the Fire Officers.

The question of extending the services of the Fire Officers was considered by the Committee towards the end of July, and in view of the fact that the fire-fighting organisations of some of the mills had not attained the requisite degree of proficiency, it was decided to retain their services till the end of December 1943 and Government were informed accordingly.

COMPETITION DRILL AMONG A. R. P. PERSONNEL.

Early in December, the A.R.P. Sub-Committee of the Association organised, under the supervision of the Association's Fire Officers, a competition drill among A.R.P. personnel employed in mills. The finals of the competition took place at the Fire Brigade Headquarters, Byculla, on Monday, the 6th December 1943. Mr. N. Coombs, Officer Commanding, Fire Services, Bombay, acted as the judge and Mr. Neville N. Wadia, presided over the function and distributed the prizes. The details of the competition were as under :—

Drill No. 1—*Hydrant* (3 *men*).—This consisted of getting one line of hose to work from a hydrant and knocking down the target.

Drill No. 2—*Trailer Pump* (*Sepoys Staff*).—This consisted of getting two lines of hose to work from a large trailer pump drawing water from a tank and knocking down two targets.

Drill No. 3—*Trailer Pump* (*Departmental Staff*).—This consisted of getting one line breeched into two lines of hose to work from a large trailer pump, drawing water from a tank and knocking down two targets.

Cash prizes were awarded to the winners, runners-up and the competing team coming in third. Consolation prizes were also awarded to three other competing teams.

LEASE-LEND MOTOR TRUCKS.

Early in November, the Committee understood that a certain number of motor lorries would be made available for distribution to the mills engaged on war work under the Lease-Lend Scheme on the following terms and conditions :—

(1) Lorries to be used only for mills' own transport work and not for hire to outside parties.

(2) Mills having in their possession any Lease-Lend vehicles to deliver them to the authorities in accordance with an order which the Central Government or the Provincial Motor Transport Controller might serve upon the mills.

(3) Registered owners of Lease-Lend vehicles in British India not to remove them outside the limits of British India otherwise than in accordance with the written permission of the Provincial Motor Transport Controller.

(4) Lease-Lend vehicles issued to mills not to be transferred to any other person.

(5) The issue of the Lease-Lend motor vehicles to individual parties to be subject to the provisions of the Lease-Lend Control of Distribution, Sale and Use, Order published in the *Bombay Government Gazette* on 19th August 1943.

(6) The use of the lorries to be restricted to specified zones, not extending beyond the limits of the Bombay Province.

(7) The lorries to be run on producer gas.

(8) No special or general guarantees for the replacement of tyres or re-purchase of the lorries would be given by Government.

(9) In an emergency, the lorries to be returned to Government at 48 hours' notice, but compensation would be given at a rate to be decided by Government.

(10) The lessees would be responsible for the proper upkeep and maintenance of the vehicles and also for their insurance and registration.

From enquiries made, it appeared that about 33 trucks were required by 27 member mills of the Association. An application was, therefore, made to the Provincial Motor Transport Controller requesting the release of 33 trucks, and it is understood that these would be available for distribution some time in February 1944.

UPGRADING OF LABOUR.

Towards the end of September, the Employers' Federation of India, at the instance of the Government of India, Department of Labour, invited the Committee's views on a scheme to provide for the systematic and continual upgrading of men from the less skilled to the more highly skilled posts after a short period of training with a view to releasing a number of highly skilled men in each factory for transfer to more important war work.

While the Committee were willing to do everything possible to assist Government's war effort, they felt that it might not be possible to adopt the scheme in its entirety. The main difficulty in this direction was in providing

the necessary training facilities. Cotton mills in India were not equipped for the training of highly skilled mechanics, nor had they the necessary staff or class of work for giving such training. Workshops in cotton mills were, essentially, repair shops, and had not the facilities usually available in engineering establishments. Departmental machinists in mill workshops were only semi-skilled labour trained for dismantling and assembling of their particular machines, which work did not call for highly skilled workmanship, and the nature of their work did not give them an opportunity to acquire skilled training. Foreman machinists were generally upgraded after years of experience, but even then their ability was always found to be very limited. The Employers' Federation was made aware of the Committee's views.

CO-OPERATIVE SOCIETIES IN MILLS.

Early in September, the question of encouraging the formation of co-operative credit societies among workers of member mills was considered by the Committee, and following recommendations were issued :—

(1) Mills, which had not so far established co-operative societies for their workpeople, should take the earliest opportunity to do so ;

(2) Mills, which had co-operative societies, should ask the managing committees of such societies to make it a point to investigate the *bona fides* and other details with regard to applications for loans ; and

(3) Mills should emphasise the desirability of thrift and take steps to start a " Thrift Fund " and persuade members of the co-operative societies to contribute small sums every month.

CLERICAL PERSONNEL IN ESTABLISHMENTS.

Towards the end of June, the Employers' Federation of India requested the Committee to furnish them with information on the following two points in connection with a communication received from the Government of India, Department of Labour :—

"(1) Whether it is generally felt that there is any shortage in respect of clerical personnel in industrial and commercial undertakings—leading to undesirable competition as between various undertakings for available clerical personnel.

(2) Whether, if such undesirable competition in fact exists, your Federation has taken any steps to control it in so far as employment by members of your Federation is concerned."

From enquiries made, it appeared that, while there was no shortage in respect of clerical personnel, there had been a slight drift from one establishment to another or from industial establishments to Government

offices. No special action had been taken by employers to stop it though efforts were being made to retain the services of existing employees, by paying them high dearness allowances, bonuses, etc.

THE BOMBAY PRESIDENCY RELEASED PRISONERS' AID SOCIETY.

Appeal for Assistance for Employment of Released Prisoners in Mills.

Early in February, the Bombay Presidency Released Prisoners' Aid Society approached the Committee for assistance in giving employment to released prisoners in mills. In the course of a communication received from the Society, it was mentioned that there were many ex-prisoners with experience of work in textile mills, and some of the prisoners had technical knowledge useful in mills. The Committee agreed that members might render all possible assistance to the Society, but felt that discretion as regards employment must rest with the management. They, therefore, suggested that the Society should approach individual mill managements direct.

DONATIONS TO THE TECHNOLOGICAL DEPARTMENT OF THE UNIVERSITY OF BOMBAY.

Towards the end of February, the Committee considered a letter received from the Vice-Chancellor of the University of Bombay requesting donations to the Technological Department of the University, and the matter was referred to a Special Sub-Committee for consideration and report. Briefly stated, the University authorities asked for a donation of Rs. 5 lakhs each from the Bombay and Ahmedabad Millowners' Associations, and the Committee were generally inclined to consider the request favourably.

The Special Sub-Committee subsequently met the Vice-Chancellor and three of his colleagues to ascertain the University's requirements and also their reactions to the following proposals :—

(*a*) If a donation were made, the Association would expect a right to nominate a few students for admission to the Department, provided such students had the requisite qualifications laid down by the University from time to time ; and

(*b*) The right to nominate a second representative on the Senate of the University.

The Vice-Chancellor thought that the Sub-Committee's demands were reasonable, and stated that he would place them before the Senate.

The Sub-Committee of the Association, in recommending support to the appeal made by the University, traced the previous history of the

Department of Chemical Technology. The idea of establishing a Department of Chemical Technology was mooted in the University in or about the year 1930. A committee under the Chairmanship of Sir M. Viswesvarayya was appointed to make recommendations to the University Senate. The Viswesvarayya Committee made a very comprehensive report, but as the funds then at the disposal of the University were not adequate to give effect to their recommendations in their entirety, a smaller committee composed of University experts presided over by Dr. Wheeler, the then Principal of the Royal Institute of Science, was appointed to work out a scheme for starting two departments, one for Textile Chemistry and the other for Chemical Engineering. The idea of concentrating on Textile Chemistry was that Bombay being essentially a province where the textile industry was predominant, the University should cater for the needs of the province, and the Chemical Engineering Section was started because it was the basis of training for all industrial chemists, and for a textile chemist to be quite efficient in his job, he had to undergo a basic training in Chemical Engineering. The University subsequently accepted the Wheeler Committee's Report, and set up a separate department early in 1933.

As soon as the University announced its decision to start the new department, it received two donations amounting to Rs. 4,16,300, out of which Rs. 1,36,300 was utilised for the equipment of the Tulsidas Surji Dye House, and Rs. 2,80,000 for contribution towards the salary of the Professor of Chemical Technology. The University then proceeded, with the help of the Government of Bombay, with the scheme, and up to date, they had spent out of their own funds, a little under Rs. 15 lakhs, and will, it is understood, be spending a further Rs. 5,87,000, making in all about Rs. 21 lakhs for the building and equipment of the department. In 1939, five years after the department had started functioning, the University received an endowment, under the will of the late Mr. P. G. Singhanee, of Rs. 12,83,300, and since then further endowments have been received, one for Rs. 40,000 and the other for Rs. 2 lakhs from the House of Tatas for the establishment of a Department of Pharmaceutical Chemistry.

That the department has been doing very useful work, had been proved by the fact that it had already received large endowments from the public and had been well spoken of by all experts, Indian as well as foreign. The Government of Bombay have also recognised the usefulness and importance of the Institution to the industrial progress of the province by sanctioning an annual grant of Rs. 34,000, and very recently an endowment of Rs. 1 lakh had been received from the Poonamchand Kotawala Trust for equipping a Department of Plastics, Paints and Varnishes.

With regard to the purposes for which the moneys donated by the Association would be utilised, the University authorities had stated :—

> " The first is the creation of a new section dealing with the technology of intermediates and dyes and the second is the provision of better and wider facilities for work on bleaching, dyeing, printing and finishing."

Taking all these facts into consideration, the Sub-Committee recommended to the Committee that the Association and its members should

render all possible assistance to the University for the attainment and development of the two objects specified in the extract, and for this purpose, they suggested a levy on individual members of the Association with mills situated in the province of Bombay, equivalent to four times their annual subscription to the Association.

The Sub-Committee's recommendations were accepted in their entirety by the Committee of the Association, and as desired by them an appeal to all members of the Association was issued over the signature of the Chairman in the middle of December.

The total amount collected up-to-date is Rs. 3,59,480. (*Appendix* **24.**)

BOMBAY RED CROSS WEEK—CONTRIBUTION BY MEMBER MILLS.

Sir Ness Wadia, as the Chairman of the Bombay Red Cross Week Committee, requested the Committee towards the end of January to support an appeal for funds. In the course of the appeal, it was stated that with the progress of hostilities the scope for Red Cross service had greatly increased, and money was urgently needed for the care of the sick and wounded. The Committee forwarded the appeal to member mills for favourable consideration, and suggested that an amount equivalent to the membership subscription paid by individual mills to the Association for a period of two years may be contributed to the fund.

The total contribution made by member mills towards the Red Cross Week amounted to Rs. 1,50,770.

RAJPUTANA, BENGAL AND RAYALASEEMA RELIEF FUNDS.

In response to appeals for assistance received from the Marwari Sammelan and the Bengal Relief Committee member mills were invited to send in contributions.

As a result of these appeals the following donations were received from member mills :—

RAJPUTANA RELIEF :	
Monetary donations	Rs. 11,153-0.
Cloth	10 bales.
BENGAL RELIEF :	
Monetary donations	Rs. 60,423-3-9.
Cloth	..132 bales.

The Committee also issued appeals for donations to the Rayalaseema Famine Relief Fund and the Bijapur Famine Relief Fund and received cash donations to the extent of Rs. 8,551 and Rs. 1,001 respectively.

BLEACHING POWDER AND CHLORINE CONTROL ORDER, 1943.

Early in February, the Government of India issued the Bleaching Powder and Chlorine Control Order, 1943, which provided that no manufacturer or importer shall sell or otherwise transfer bleaching powder or chlorine except on the authority and in accordance with the permit issued under this order.

Under the order, persons wishing to purchase or acquire bleaching powder or chlorine are required to apply to the Textile Commissioner, Bombay.

BOBBINS CONTROL ORDER, 1943.

Towards the middle of April, the Government of India issued the Bobbins Control Order, 1943, which provided that no person shall sell or otherwise dispose of, or purchase or otherwise acquire any of the undermentioned articles except under and in accordance with the terms of a license granted by the Textile Commissioner, Bombay :—

(*a*) Slubbing tubes. (*b*) Roving tubes. (*c*) Ring rabbeth. (*d*) Ring weft pirns (including Universal and Wadia pirns). (*e*) Ring doubler bobbins. (*f*) Warper bobbins. (*g*) Paper tubes and cones.

RING TRAVELLER CONTROL ORDER, 1943.

Towards the end of May, the Government of India issued the Ring Traveller Control Order, 1943, which provided that no person shall sell or otherwise dispose of ring travellers except under a licence granted by the Deputy Director General and in accordance with such terms as may be laid down by him in this behalf.

Early in December this Order and the Bobbins Control Order, 1943, were replaced by the Textile Industry (Miscellaneous Articles) Control Order, 1943.

TEXTILE INDUSTRY (MISCELLANEOUS ARTICLES) CONTROL ORDER, 1943.

Early in December, the Government of India cancelled the undermentioned orders :—

1. The Cotton Card Clothing and all Card Clothing Sundries Control Order, 1942. 2. The Healds and Reeds Control Order, 1942. 3. The Shuttles Control Order, 1942. 4. The Bobbins Control Order, 1943. 5. The Ring Traveller Control Order, 1943,

and issued the Textile Industry (Miscellaneous Articles) Control Order, 1943, which provided that no person shall sell or otherwise dispose of or purchase

or otherwise acquire any of the articles given below, except under and in accordance with the terms of a general permit or a special licence issued by the Controller.

Cotton card clothing and card clothing sundries.

For flat cards.

(1) Cylinder fillet.
(2) Doffer fillet.
(3) Sets of tops.
(4) Stripping fillet.
(5) Burnishing fillet.
(6) Hand stripping cards.
(7) Walton's brushes.
(8) Spiral strips.
(9) Philipson's sheets.
(10) Philipsons top clearer strips.
(11) Ashworth's top clearer strips.
(12) Ashworth's dirt roller fillet.
(13) Rhodes' stripping fillet.
(14) Lickerin wire.
(15) Blued steel wire for roving waste openers.
(16) Card tacks.
(17) Raising fillet.

For waste and wadding cards.

(18) Cylinder fillet.
(19) Doffer fillet.
(20) Roller fillet.
(21) Clearer fillet.
(22) Fancy fillet.
(23) Under clearer fillet.
(24) Fancy stripper fillet.
(25) Humbug fillet.
(26) Feed roller fillet.
(27) Lickerin fillet.
(28) All other card clothing and sundries.

Healds and reeds, for use on textile looms other than jute and hemp.

(1) Cotton healds. (2) Wire healds. (3) Reeds.

Shuttles for use in textile looms other than jute and hemp.

(1) Shuttles for looms (ordinary). (2) Shuttles for looms (automatic).

Bobbins for use on textile machines other than jute and hemp.

(1) Slubbing tubes.
(2) Roving tubes.
(3) Ring rabbeth.
(4) Ring weft pirns (including Universal and Wadia pirns).
(5) Ring doubler bobbins.
(6) Warper bobbins.
(7) Paper tubes and cones.

Ring Travellers.

Ring travellers of all types used by the textile industry other than jute and hemp.

Government also issued a general permit allowing owners and managers of cotton, woollen or silk textile mills, handloom weavers and persons engaged in any cottage industry to purchase or otherwise acquire for purposes of their business any of the articles specified in the above lists except items 1 to 7 under the head " Bobbins, for use on textile machines other than jute and hemp." Thus mills are required to apply for a special permit in respect of only these seven items.

BOMBAY COTTON CLOTH DEALERS' LICENSING ORDER, 1943.

Early in August, the Government of Bombay issued the Bombay Cotton Cloth Dealers' Licensing Order, 1943, which provided that :—

(1) No person shall, on and from 15th October, 1943, sell or store for selling, cloth except under and in accordance with the conditions of a license granted by the licensing authority.

(2) The fee charged to a hawker for the grant of a license shall be Re. 1 and that to any other dealer shall be Rs. 5.

(3) Every license granted under this order shall be valid for the period specified in the license, but may be renewed from time to time for a period of one year on payment of a fee of Re. 1.

It was, however, provided that this order shall not apply to:—

(*a*) The owner of a textile mill, or,

(*b*) Any person selling or storing for sale cloth manufactured by himself or members of his family.

The Order also provided for the exemption of any person or class of persons from the operation of all or any of the provisions of this order and to suspend or cancel such exemption at any time.

Government subsequently extended the time limit for securing licenses up to 15th of November 1943.

CONTROL OF IMPORTED ENGINEER STORES ORDER, 1943.

Early in December, the Government of India issued the Control of Imported Engineer Stores Order, 1943, which provided that no owner or consignee of any engineer stores landed at, or in transit to, any place in British India by sea, land or air, from outside the limits of India, shall sell, transfer or otherwise dispose off, or use such consignment or part thereof except under a general or special licence granted by the Controller.

The Order also requires every person who imports or causes to be imported into British India any engineer stores from outside the limits of India :—

(*a*) to submit to the Controller within 20 days of the date of the issue of the Order a return declaring the total stock of each item of engineer stores held by him, the particulars of which had not already been submitted to the Director of Munitions Production ;

(*b*) to intimate to the Controller the arrival of any fresh stores within 15 days of their arrival ; and

(*c*) to keep and maintain certain books of accounts relating to the handling and sale of engineer stores as prescribed by the Controller.

COTTON BALING HOOPS (CONTROL OF MOVEMENT) ORDER, 1943.

Towards the middle of October, the Government of India issued the Cotton Baling Hoops (Control of Movement) Order, 1943, which provided that no person shall move or attempt to move by road, river, sea or air used or defective cotton baling hoops beyond the limits of the premises at which such baling hoops were for the time being situated otherwise than in accordance with a general or special order issued by the Controller.

COTTON CLOTH AND YARN (FORWARD CONTRACTS PROHIBITION) ORDER, 1943.

Towards the end of June, the Government of India issued the Cotton Cloth and Yarn (Forward Contracts Prohibition) Order, 1943, which laid down that no person shall, after the 24th June 1943, enter into any forward contracts in respect of cloth or yarn excepting contracts in respect of cloth or yarn of specified qualities and for specified delivery at specified prices against which delivery orders, railway receipts or bills of lading and other documents of title were not transferable to third parties.

COTTON CLOTH MOVEMENT CONTROL ORDER, 1943.

Towards the end of October, the Government of India issued the Cotton Cloth Movement Control Order 1943, which provided that no person shall offer for transport by rail or cause to be transported by rail any consignment of cotton cloth except under and in accordance with the terms of

(*a*) a general permit notified by the Central Government in this behalf, or

(*b*) a special permit issued by the Textile Commissioner and countersigned by the Regional Controller of Railway Priorities, Bombay, in the prescribed form.

Transport by rail of cotton cloth not exceeding 1½ maunds in weight by railway passenger as part of luggage is, however, exempted from the application of this order.

COTTON (FORWARD CONTRACTS AND OPTIONS PROHIBITION) ORDER, 1943, AND COTTON (FORWARD CONTRACTS IN CURRENT CROPS PROHIBITION) ORDER, 1943.

Early in May, the Government of India issued the Cotton (Forward Contracts and Options Prohibition) Order, 1943, which provided that no person shall enter into :—

(*a*) any forward contract in respect of new crops, i.e., cotton crops sown after the 28th February, 1943, or

(*b*) any option in cotton.

Government also issued, towards the end of May, the Cotton (Forward Contracts in Current Crops Prohibition) Order, 1943, which provided that no person shall after the 20th May 1943, enter into any forward contract in respect of current crops, i.e., cotton sown before 1st March, 1943.

COTTON TEXTILES SIZING AND FILLING CONTROL ORDER, 1942.

(*See also pages* 113 *and* 270 *of Report for* 1942.)

Reference was made on pages 113-114 of the Association's Report for the year 1942 to the Cotton Textiles Sizing and Filling Control Order issued by the Government of India.

Towards the end of September, a new clause was added to the Order which provided that no person shall on or after the 1st October 1943, use wheat flour for the purpose of sizing and filling cotton piecegoods except with the permission in writing of the Textile Commissioner, Bombay, or any other officer authorised by him in this behalf.

Clause 5 of the Order, as amended, stated that the proportion of sizing or filling material or both relative to the weight of the cotton in any finished cotton piecegoods shall be determined by such tests carried out by such authority as the Central Government might from time to time prescribe.

Accordingly, early in November, the Central Government notified the following tests and authorities in this behalf :—

"I. *Tests.*—Any one of the following two tests may be adopted :—

(1) A square cloth weighing roughly 5 grams shall be cut from the sample, as much care as possible being taken to cut parallel to warp and weft threads. The sides of the square shall be trimmed to a complete thread and five of these shall then be pulled out around the square so as to leave a fringe which enables the sample to be handled without the loss of yarn fragments. The samples shall be weighed at room humidity. It shall then be dried in an air oven at 105° C.-110° C. until its weight is constant. The difference in the two weights is the moisture content of the sample.

It shall then be immersed in a solution containing 1 per cent. soap and 1 per cent. soda, in a liquor ; material ratio of 20 : 1, and boiled with frequent stirring for 30 minutes. The loss due to evaporation shall be constantly replenished. The sample shall then be removed, rinsed, and replaced in a fresh solution of the same concentration, and the boiling repeated a further 30 minutes. The sample shall then be rinsed thoroughly in water at 60° C. and finally in cold distilled water, and dried to constant weight. The difference in weight between this and the dry weight is the size content of the sample. The percentage of size shall then be calculated from the original weight.

(2) The sample of material for analysis shall be prepared as above and the moisture content determined. It shall then be extracted for one hour with chloroform or carbon tetrachloride in a soxhlet apparatus. The solvent shall be allowed to dry off in the air and the cloth shall be well washed by alternate immersion in hot running water and wringing by hand twelve times in succession. It shall then be alternately immersed in 0.5 per cent. aqueous solution of diastase (20-30 times the weight of the cotton) at 50° C., and wrung by hand three times in succession, finally being returned to the solution which shall then be

heated to 70° C. The cloth shall be allowed to remain in the solution for 15 minutes in all; it shall then be well washed in hot running water exactly as before, and dried at 105° C—110° C. to constant weight. The difference in this latter figure and the dry weight will be the size content.

II. *Authorities.*—The test may be carried out by any of the following authorities :—

1. The Government Test House, Alipore, Calcutta.
2. The Deputy Controller of Inspection, Lahore.
3. The Ordnance Laboratory, Cawnpore.
4. The Industrial Research Laboratory, Delhi.
5. The Inspector of Textiles, Cotton Textiles Directorate, Hararwalla Building, Wittet Road, Ballard Estate, Bombay.
6. The Ordnance Laboratories (Cawnpore), Calcutta Branch.
7. The Government Textile Institute, Madras.
8. Chemical Examiners in Custom Houses at the ports of Calcutta, Bombay, Madras and Karachi.
9. Central Revenues Control Laboratory, New Delhi."

FACTORIES (CONTROL OF DISMANTLING) ORDINANCE, 1943.

Towards the middle of September, the Government of India promulgated the Factories (Control of Dismantling) Ordinance, 1943, which provided that no person shall, without the written permission of the Central Government or of an officer authorised in this behalf by the Central Government, dismantle any factory or remove from a factory any spare parts kept for maintaining the machinery of the factory in order.

HOARDING AND PROFITEERING PREVENTION ORDINANCE, 1943.

Towards the middle of October, the Government of India issued the Hoarding and Profiteering Prevention Ordinance, 1943, which empowered the Central Government to fix in respect of any article :—

(*a*) the maximum quantity which may at any time be possessed by a dealer or producer;

(*b*) the maximum quantity which may in any one transaction be sold to any person; and

(*c*) the maximum price or rate which may be charged by a dealer or producer.

The Order also imposed restrictions on possession and sale by dealers and producers in the case of articles for which maximum was fixed as well as those for which maximum was not fixed.

HYDROSULPHATE OF SODA CONTROL ORDER, 1943.

Early in October, the Government of India issued the Hydrosulphate of Soda Control Order, 1943, which provided that no person shall sell or otherwise dispose of, or purchase or otherwise acquire, hydrosulphate of soda except under a valid licence granted by the Textile Commissioner. The Textile Commissioner was also authorised to require any dealer in hydrosulphate of soda to sell to any person such quantities of the stuff as may be indicated by him.

MOTOR VEHICLE SPARE PARTS CONTROL ORDER, 1943.

Towards the middle of September, the Government of India issued the Motor Vehicle Spare Parts Control Order, 1943, with a view to ensure that spare parts for a few selected makes of motor vehicles employed in essential services, would be available at controlled prices from registered dealers and approved sub-dealers who were required to exhibit the controlled price lists in their premises.

Under the Order only the following makes of transport vehicles and motor cars employed on essential work were made eligible to purchase parts under the Order.

(1) *Transport Vehicles* (Models 1935-42).—Chevrolet, Ford, G.M.C., Oldsmobile and Bedford.

(2) *Cars* (Models 1937-42).—Chevrolet, Ford and Vauxhall.

PAPER (PACKING OF COTTON TEXTILES) CONTROL ORDER, 1943.

Early in March, at the instance of the Textile Commissioner, the Committee put forward certain proposals for economising the use of paper for packing purposes in cotton mills. Following the Committee's recommendations, Government issued the Paper (Packing of Cotton Textiles) Control Order, 1943, which *inter alia* prohibited the use of paper or straw board for the packing of cotton cloth or yarn. It was, however, provided that paper may be used for packing purposes in the case of unbleached cotton cloth not coarser than 60s warp or weft, or bleached or dyed cotton cloth, provided that not less than five pieces of such cloth are packed together. The Committee pointed out that this provision was defective in the sense that, in the case of fine goods and fancies, such packing was calculated to lead to the deterioration of the cloth, which they were anxious to prevent. The Textile Commissioner subsequently made an exception in the case of fine cloths, excluding saries and dhoties, and permitted the packing of two pieces per bundle, but the Committee in a further representation to the Textile Commissioner stated that even the amended provision was not satisfactory in the sense that it did not cover certain types of fancies, which could not be packed in a bundle of more than one or two pieces. This matter was considered by the Millstores

and Priority Assistance Committee of the Textile Control Board, and the Association was subsequently asked to produce an estimate regarding the quantity of paper which would be involved if the recommendation of the Association were accepted. An estimate has since been submitted, and it is understood that the whole question is being considered by the Textile Commissioner at present.

STARCH CONTROL ORDER, 1943.

Towards the middle of May, the Government of India issued the Starch Control Order, 1943, which provided that no person shall use wheat in any form for the manufacture of starch except with the permission in writing of the Starch Controller and in accordance with such terms as may be laid down by him in this behalf. Clause 4 of the Order also provided that no person shall sell or otherwise dispose of or purchase or otherwise acquire starch except against a valid permit granted by the Starch Controller.

At the instance of certain member mills, an enquiry was addressed to the Government of India as to whether under Clause 4 of the Order it was necessary for mills using starches for sizing purposes to secure permit to enable them to use the stock. In reply, Government stated that a permit was not necessary under the Starch Control Order for use of stocks already held by mills for sizing purposes, though the use of the stocks must conform with the weight provisions of Sizing and Filling Control Order.

Towards the end of May, the Government of Bombay issued an order which provided that no person holding any stock of tapioca starch shall remove or dispose of such stocks without the written permission of the Government of Bombay. The attention of the Government of Bombay was, therefore, invited to the Starch Control Order issued by the Government of India and the subsequent reply received by the Association from Government regarding the position of stocks held by mills for sizing purposes, and they were asked to state whether member mills were required to obtain a permit before using the stocks of tapioca starch held by them for sizing purposes.

Towards the middle of July, the Government of Bombay amended the Order issued by them in this connection in May and exempted stocks of tapioca starch held by cotton spinning and weaving mills and intended to be used by them for sizing purposes from the provisions of the Order.

ZINC CHLORIDE CONTROL ORDER, 1943.

Towards the middle of October, the Government of India issued the Zinc Chloride Control Order, 1943, which provided that no person shall purchase or otherwise acquire Zinc Chloride except under and in accordance with the terms of a valid licence, granted by the Textile Commissioner. The Textile Commissioner was authorised to require any dealer in Zinc Chloride to sell to any person such quantities of the stuff as may be indicated by him.

All manufacturers, stockholders and users of zinc chloride and all dealers in zinc chloride were required to maintain true and accurate accounts and submit the returns to the Textile Commissioner in the prescribed form giving such information as may be required by him.

DIVERSION OF GOODS TRAFFIC BETWEEN BOMBAY AND KATHIAWAR FROM RAIL TO COUNTRY-CRAFT.

Towards the middle of February, the Board of Transport, Bombay, invited the views of the Committee on a proposal to close the booking by rail during fair season between Bombay and stations in Kathiawar beyond Viramgam in respect of the undermentioned commodities and to divert the goods traffic in these commodities to country-craft.

From Bombay.

Acids.
Bleaching Powder
Chemicals
Coconuts
Colours and paints
Cotton (raw)
Carbonic Acid Gas (cylinders)
Grain (rice)
Groceries
Gunnies
Hardware
Metals
Millstores
Millboard or strawboard
Newspapers, old
Paper
Piecegoods
Ropes
Rubber (manufactured)
Starch (Farina)
Timber (Planks and Scantlings).

To Bombay.

Cotton (raw)
Earthenware or stoneware
Fire bricks
Fireclay
Garlic
Grain, pulses and seeds
Hides and skins.
Oils, vegetable
Oilcake
Piecegoods
Magnesium Chloride
Wool (raw)
Empty Carbonic gas cylinders
Sodas (ash, bicarb and caustic)

It was also pointed out that the Government of India had arranged for the reduction of war risks insurance rates on goods carried between Bombay and Karachi by country-craft to 1 per cent. subject to 10 per cent. discount to the shipper.

The Committee generally agreed with the proposal put forward by the Board of Transport, but felt that the diversion of the railway traffic to country-crafts might result in an increased demand for freight by country-craft. It was, however, hoped that it would be possible for Government to control rates by country-craft from Bombay to stations in Kathiawar beyond Viramgaum.

The proposal of the Board of Transport was also considered by the Cotton Movements Panel who decided that, in view of the fact that the port of Broach was opened for loading for only six days before and two to three days after the new moon and for similar periods at full moon and since special railway rates to Bombay from Broach and Surti Districts had been cancelled, booking by the all-rail route should remain open, but at the same time the trade should be urged to ship as much cotton as possible by country-craft.

PROPOSAL FOR THE ESTABLISHMENT OF A CIVIL DEFENCE INDUSTRIAL SCHOOL AT BOMBAY.

(*See also pages* 110 *and* 264 *of Report for* 1942.)

Reference was made on pages 110-113 of the Association's Report for the year 1942, to the representation submitted by the Committee to Government suggesting the establishment of a Civil Defence Industrial School at Bombay. Government had turned down the Committee's suggestion and further representation was made asking Government to reconsider their decision. Towards the middle of March, Government informed the Committee that they were unable to revise their decision.

PACKING OF YARN IN GUNNY BAGS.

In view of the acute shortage of nails and wooden planks, the G.I.P. Railway invited the views of the Committee, towards the middle of April, on the desirability of mills packing their consignments of yarn " on cheeses " or " cones " in gunnies. The Committee were also asked to express an opinion as to whether the railway should treat this mode of packing for purposes of freight charges in the same way as press packed piecegoods or yarn provided a full wagon load was offered for despatch.

The Committee agreed with the Railway's proposal and further suggested that this facility might also be extended to non-wagon load also. The G. I. P. Railway, however, expressed their inability to extend the facility to small consignments.

INTER-MILL WRESTLING TOURNAMENT, 1943.

The Inter-mill Wrestling Tournament, which the Association had been conducting for the last three years, was also organized in 1943, and the finals of the Tournament were held on 23rd May 1943, at the St. Xavier's College Gymkhana Ground, Parel. There were four bouts to decide the championship in each class and the wrestlers competing in the Tournament were classified as under :—

Class 1.—Not exceeding 9 stone in weight.

Class 2.—Exceeding 9 stone, but not exceeding 10 stone.

Class 3.—Between 10 stone and 11 stone.

Class 4.—Exceeding 11 stone, but not exceeding 13 stone.

Suitable cash prizes along with turbans were awarded to the winners and runners-up in each of the four contests.

Mr. J. C. Lancashire, the Deputy Chairman of the Association, presided and distributed the prizes.

RAW COTTON STOCK.

In accordance with the usual practice, a census of stocks of raw cotton held by the cotton spinning and weaving mills in the City and Island of Bombay on 28th February 1943, and 31st August 1943, was undertaken by the Association, and the results are summarised below :—

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.)
28-2-1943 ..	575,189	291,609	64,515	33,230	639,704	324,839
31-8-1943 ..	522,962	271,035	19,347	9,884	542,309	280,919

PIECEGOODS MARKET REPORTS.

During the year the weekly service of the Reports by Mr. Rama Kant Bhandari on the Amritsar Piecegoods and Yarn Markets was continued and this together with the weekly Reports submitted by Mr. Jamshed N. Modi on the Bombay Piecegoods and Yarn Markets were sent out regularly to all members of the Association.

MEMBERSHIP SUBSCRIPTION.

In accordance with the Rule 35 of the Association's Rules and Regulations, the following rates of membership subscriptions for the year 1944 were fixed at a meeting of the Committee held on Monday, the 13th December, 1943.

	Bombay City and Island (Including Kurla).		Up-country.	
	Woollen Mills.	Cotton Mills.	Woollen Mills.	Cotton Mills.
	Rs. a.	Rs. a.	Rs. a.	Rs. a.
For every 1,000 mule spindles or part thereof	15 0	8 12	12 0	5 0
For every 500 ring spindles or part thereof ..	15 0	8 12	12 0	5 0
For every 50 looms or part thereof, set up in the mill or mills, factory or factories, which, for the time being, shall belong to each member	11 4	20 0	9 0	12 8
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 or dyeing and/or bleaching and/or printing and/or mercerising factories or departments owned, by a member	2 8	2 8	2 0	2 0

All the above rates are subject to an increase of 25 per cent.

In the case of minimum subscription, the Committee passed the following resolution :—

"Resolved that the minimum annual subscription be increased from Rs. 100 to Rs. 750 per annum in the case of cotton mills, woollen mills and dyeing and bleaching establishments situated in the City and Island of Bombay and Thana ; from Rs. 100 to Rs. 500 per annum in the case of cotton mills, woollen mills and dyeing and bleaching establishments situated elsewhere in India; and from Rs. 100 to Rs. 300 per annum in the case of ginning and pressing factories."

MILL HOLIDAYS AND PAY DAYS FOR THE YEAR 1944.

The following mill holidays and pay days, which are in conformity with the provisions of the Indian Factories Act, 1934, and the Payment of Wages Act, 1936, respectively were recommended by the Committee of the Association for adoption by all Bombay member mills during the year 1944.

It was, however, made clear that the holidays and pay-days prescribed by the Committee would be subject to any scheme for staggering of holidays which might be introduced by Government in 1944.

Month.	Date.	Day.	Festival.	Pay Day. Mills employing 1,000 or more operatives.	Pay Day. Mills employing less than 1,000 operatives.
January	1st	Saturday	*New Year Day*	Mon. 10th	Fri. 7th
	9th	Sunday			
	16th	Sunday			
	23rd	Sunday			
	30th	Sunday			
February	6th	Sunday		Thur. 10th	Mon. 7th
	13th	Sunday			
	22nd	Tuesday	*Maha Shivratri*		
	27th	Sunday			
March	5th	Sunday		Wed. 8th	Tues. 7th
	9th	Thursday	*Holi*		
	10th	Friday	*Holi*		
	11th	Saturday	*Holi*		
	19th	Sunday			
	25th	Saturday	*Gudi Padva*		
April	1st	Saturday	*Ram Navami*	Mon. 10th	Fri. 7th
	9th	Sunday			
	16th	Sunday			
	23rd	Sunday			
	30th	Sunday			
May	7th	Sunday		Wed. 10th	Sat. 6th
	14th	Sunday			
	21st	Sunday			
	28th	Sunday			
June	4th	Sunday		Sat. 10th	Wed. 7th
	11th	Sunday			
	18th	Sunday			
	25th	Sunday			
July	2nd	Sunday	*Ashadi Ekadashi*	Mon. 10th	Fri. 7th
	9th	Sunday			
	16th	Sunday			
	20th	Thursday	*Solar Eclipse*		
	25th	Tuesday	*Nag Panchami*		
	30th	Sunday			
August	4th	Friday	*Narli Purnima*	Thur. 10th	Mon. 7th
	12th	Saturday	*Gokul Ashtami*		
	22nd	Tuesday	*Ganesh Chaturthi*		
	29th	Tuesday	*Gowri Visarjan*		
September	1st	Friday	*Anant Chaturdashi*	Sat. 9th	Thur. 7th
	10th	Sunday			
	17th	Sunday			
	27th	Wednesday	*Sarva Pitri Amvasa*		
			Dasara		
October	8th	Sunday		Tues. 10th	Sat. 7th
	16th	Monday	*Diwali*		
	17th	Tuesday	*Diwali*		
	18th	Wednesday	*Diwali*		
	22nd	Sunday			
	29th	Sunday			
November	5th	Sunday		Fri. 10th	Tues. 7th
	12th	Sunday			
	19th	Sunday			
	26th	Sunday			
December	3rd	Sunday		Sat. 9th	Thur. 7th
	10th	Sunday			
	17th	Sunday			
	24th	Sunday			

STAGGERING OF MILL HOLIDAYS.

With a view to conserve electric power and to smooth out the demands for power made by the cotton textile industry so as to release it for the benefit of factories other than cotton mills engaged solely on war work, the Government of India submitted for the consideration of the Committee a memorandum prepared by the Electrical Commissioner. The proposals were examined by the Committee who held that it was very difficult to give effect to them without the co-operation of labour which was a condition precedent to the introduction of any such scheme. It was also felt that if a scheme for staggering were introduced it must be made applicable to all industries and not to the cotton textile industry of Bombay alone. The Committee, therefore, made it clear to Government that they were prepared to render all possible assistance to Government in conserving electric power as a war measure and would agree to the introduction of the scheme if Government would accept the responsibility for securing the co-operation of labour prior to its introduction.

Accordingly, towards the end of June, the Government of Bombay declared their intention to proceed with the scheme by executive order and the Commissioner of Labour, Bombay, requested the Committee to prepare a tentative scheme dividing cotton mills into seven groups according to their situation so that the scheme might be given effect to with least inconvenience to all concerned.

The scheme prepared by the Committee was adopted by Government with certain alterations and by an order published in the *Bombay Government Gazette Extraordinary* dated the 12th July 1943, Government introduced the staggering scheme with effect from 15th July 1943, for a period of 2 months in the first instance. A Press Note issued in this behalf is reproduced below :—

" The ' staggering ' of mill holidays in Bombay is announced in a *Bombay Government Gazette Extraordinary* published to-day (July 12).

The increasing industrial activity in Bombay City is placing an increasingly heavy pressure upon the electric supply. The supply, as is well known, is mainly derived from hydraulic power, but increased demand involves the use of coal. The textile mills, which are by far the largest consumers of electricity under existing arrangements, all work on the same days and all close for holidays on the same day.

In order to conserve coal and to utilize water which spills during the monsoon and is thus wasted, the Government of Bombay has decided to stagger the holidays which would otherwise be observed by mills on Sunday during the present monsoon. Less than 1 per cent. of employees in mills belong to communities which attach religious importance to Sundays.

The Government consulted the interests concerned and gratefully appreciates that the most prominent trade union among mill labour, the Bombay Girni Kamgar Union (Red Flag), has actively supported the proposal to stagger holidays in the monsoon, while the Millowners' Association's co-operation has been tempered only by its anxiety not to disturb its harmonious relations with its labour.

Intimations of change were received from workers in 52 mills. Owing, however, to the shortage of time the procedure under the Bombay Industrial Disputes Act has proved impracticable, and the Government has accordingly issued an order under the Defence of India Rules dividing the mills into seven groups, roughly according to areas, and each group

will observe a different day of the week as its weekly holiday instead of the usual Sunday holiday. This will not affect those Hindu festivals during the monsoon which, according to the custom in this industry, take the place on Sundays.

This step has been taken in order to save a large amount of coal and transport for diversion to other urgent purposes, and to prevent a reduction in employment and output which might otherwise have resulted."

The staggering scheme was subsequently extended till the end of the year. As Government wanted to extend the scheme for the first three months of 1944, the Committee invited individual mills to submit to the Association any changes which they desired in the staggered holidays. The suggestions received from individual mills were examined and incorporated in a tentative scheme which was adopted by Government with certain alterations for the first three months of 1944.

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 on 1st January 1944), 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 for purposes of assessment of customs duties with effect from 1st January 1944, and (2) the rates of duty leviable on articles the produce or manufacture of Burma, during the twelve months, January to December 1944, are reproduced in full in *Appendix* **25.**

THE MILLOWNERS' ASSOCIATION, BOMBAY.

Balance Sheet as at 31st December, 1943.

LIABILITIES.	Rs. a. p.	Rs. a. p.
Auditors' Fees, Advertisements, Printing, Stationery, Electric Lights, Fans, Salary and Bonus paid to staff, refund of subscriptions, etc., unpaid	1,15,278 10 1	
Subscription received in advance for 1944	15,058 11 0	
Deposits : Arbitration Fees (Contracts)	2,765 8 0	
,, From Staff (Security)	6,000 0 0	
Recoveries from Mills in connection with Municipal Assessments.	2,217 1 0	
Recoveries from Mills for donation to Department of Chemical Technology	59,889 0 0	
Recoveries from Mills in connection with Wrestling Tournament.	6,093 5 0	
Recoveries from Mills in connection with expenses of Fire Experts	25,506 5 3	
Deposits : From Mills against purchase of Iron and Steel Materials	45,000 0 0	2,77,808 8 4
Balance of Amount appropriated for future propaganda and action for the promotion of the piecegoods and yarn trade of Member Mills		31,835 4 10
General Fund :—		
Balance as on 31st December, 1942	3,61,033 11 10	
Excess of Income over Expenditure during the year	77 11 4	3,61,111 7 2
Total Rs. ..		6,70,755 4 4

ASSETS.		Rs. a. p.	Rs. a. p.
Interest accrued on General Fund to 31st December, 1943, but not received		2,594 13 0	
Outstandings due		1,660 5 0	4,255 2 0
Advance payments made for Books and Periodicals, Telephone, Salary of Clerk at Calcutta and other sundry items ..			28,287 5 7
Investments (At Cost)	Face value. Rs.	Cost	
3½ per cent. Government Loan, 1947-50 ..	83,100	81,401 0 0	
3 per cent. Government Loan, 1951-54	10,000	10,187 8 0	
4 per cent. Government Loan, 1960-70.. ..	1,10,000	1,10,072 8 0	
2¾ per cent. Government Loan, 1948-52 ..	10,000	10,050 0 0	
Government 3-year Interest Free Defence Bonds	1,00,000	1,00,000 0 0	
3 per cent. Government Loan, 1963-65 ..	1,10,000	1,05,062 8 0	
Government of India Defence Bonds, 1946 ..	45,000	45,281 4 0	4,62,054 12 0
	Rs. 4,68,100		
(Market value of the above was Rs. 4,83,620-4-0 on 31st December 1943.)			
Cash :—			
With the Imperial Bank of India on General Account ..		1,74,602 12 9	
With the Imperial Bank of India on Secretary's Account ..		824 4 0	
In hand		131 0 0	1,75,558 0 9
Total Rs. ..			6,70,755 4 4

Examined and found correct.

A. F. FERGUSON & CO.,
Chartered Accountants,
Registered Accountants,
Auditors.

BOMBAY, *30th March*, 1944.

N. S. V. AIYER,
Secretary.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

Dr. *Income and Expenditure Account for the year ended on the 31st December, 1943.* *Cr.*

EXPENDITURE.	Rs. a. p.	Rs. a. p.	INCOME.	Rs. a. p.	Rs. a. p.
To Establishment	67,801 12 0		By Subscriptions for 1943	1,17,143 0 0	
„ Dear Food Allowance	13,785 15 0		„ Miscellaneous Receipts	2,021 12 2	
„ Conveyance Allowances to Secretary, Labour Officer and Assistant Labour Officer	3,360 0 0		„ Registration of Trade Numbers	279 8 0	
„ Preparation of Monthly Import and Export Statistics for 1943	2,873 8 0		„ Registration of Trade Names	62 0 0	
„ Preparation of Statistics for the Bombay Cotton Mill Industry for 1942	500 0 0		„ Interest on Investments of General Fund, etc. (including interest accrued Rs. 2,594-13-0)	12,578 8 0	
„ Office Rent	3,300 0 0				1,32,084 12 2
„ Printing Statistical Returns, Mill Statement for 1943, and Annual Report for 1942, etc.	7,089 4 0				
„ Stationery	3,744 10 6				
„ Advertisements	519 8 0				
„ Books and Periodicals	794 3 6				
„ Auditors' Fees	300 0 0				
„ Telephones	1,245 9 0				
„ Electric Lights and Fans	1,390 14 2				
„ Law Charges	497 12 0				
„ Furniture and Fixtures	218 4 0				
„ Petty Charges, Sundry expenses including Postage and Telegrams	2,665 9 3				
„ Association's Contribution to Provident Fund	3,668 8 0				
„ Membership subscription to the Employers' Federation of India, the Textile Institute and the Royal Asiatic Society for 1943	1,318 10 0				
„ Income-tax on interest on Securities for 1942-43 deducted at source .. .. Rs. a. p. 3,184 12 5					
Less—Refund for 1942 Account 1,318 14 0					
Less—Refund from Brokers on Purchase of Securities .. 89 1 0					
1,407 15 0					
	1,776 13 5				
„ Bonus to Staff	9,036 0 0				
„ Cost of Passage money	1,120 4 0				
		1,27,007 0 10			
„ Contributions for the year to :—					
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		77 11 4			
Total Rs. ..		1,32,084 12 2	Total Rs. ..		1,32,084 12 2

Examined and found correct.

A. F. FERGUSON & CO.,
Chartered Accountants,
Registered Accountants.

BOMBAY, 30*th March*, 1944.

N. S. V. AIYER.

THE MILLOWNERS' ASSOCIATION PROVIDENT FUND.

Statement of Funds for the year ended on the 31st December, 1943.

PROPERTY AT OPENING AND RECEIPTS	Rs. a. p.	Rs. a. p.	Rs. a. p.
Funds as at 1st January, 1943		1,86,601 1 2	
Subscriptions received from members during 1943	3,702 13 4		
Contributions from the Association for 1943	3,668 8 0		
	Rs. a. p.		
Interest (including interest accrued Rs. 832-8-0) ..	3,378 11 1		
Less—Bank Charges ..	33 14 0	3,344 13 1	
		10,716 2 5	
		1,97,317 3 7	
Less—Claims paid	1,33,440 15 0		
„ —Claims forfeited	193 1 6		
		1,33,634 0 6	
			63,683 3 1
Lapses and Forfeitures :—			
Balance as per last statement		12,324 7 5	
Add—Amount forfeited during the year.		193 1 6	
„ profit on sale of investments ..	1,468 8 0		
Less—Loss on sale of investments ..	24 6 0		
		1,444 2 0	
			13,961 10 11
Total Rs. .			77,644 14 0

PROPERTY AT CLOSING.	Face Value. Rs.	Rs. a. p. Cost.	Rs. a. p.
Investments held at Cost :—			
4 per cent. Government Loan, 1960-70 ..	70,500	70,082 8 0	
3 per cent. Government Loan, 1963-65 ..	4,000	3,940 0 0	
	74,500		74,022 8 0
(Market value of these securities was Rs. 82,988-2-0 on 31st December, 1943.)			
Advance to Members			145 0 0
Interest accrued on the above securities			832 8 0
Cash with the Imperial Bank of India on current account ..			2,644 14 0
Total Rs. ..			77,644 14 0

Examined and found correct.

BOMBAY, 30*th March*, 1944.

A. F. FERGUSON & Co.,
Chartered Accountants,
Registered Accountants,
Auditors.

N. S. V. AIYER,
Secretary.

Report for the Year 1943.

Section III.

CORRESPONDENCE.

APPENDICES 1—25.

APPENDIX 1.

MUNICIPAL ASSESSMENT OF COTTON MILLS.

REVISION.

Copy of circular No. 29, dated 11th February, 1944, from the Association to all Mills in the City and Island of Bombay.

I reproduce below for your information the terms of the agreement which has been reached as a result of negotiations between the Committee of the Association and the Municipal Commissioner on the subject of mill assessments.

"(*a*) With effect from 1st April 1943, the rateable value of mill buildings with machinery (motive or process) should be Rs. 4-4-0 per 100 sq. feet of floor area per month.

(*b*) Outhouses, godowns and the like be rated at Rs. 3 per 100 sq. feet of floor area per month.

(*c*) *Status quo* to be maintained in regard to classifications of the various departments and mill properties for purposes of assessment subject to re-classification where the nature of user has changed or where demolitions had taken place.

Provided that in the case of mechanic shops, motor platforms, hand reeling departments and dining sheds, the following arrangement shall be observed :—

(i) *Mechanic shops.*—Mechanic shops with motive machinery should attract the higher rate.

(ii) *Motor platforms.*—Motor platforms should be rated at the higher rate, but that a corresponding area should be reduced from the area on the floor below them to be rated at the lower rate.

(iii) *Hand reeling departments.*—Hand reeling departments, when working, are to be assessed at the higher rate, but if the departments are closed entirely, but not partially, for one year, the lower rate should apply for the ensuing year.

(iv) *Dining sheds.*—Dining sheds, if in a separate block, to be assessed separately from canteens, but at the rate applicable to canteens, viz., at a rental value of Rs. 100 per month if the mill is working single shift, or Rs. 150 per month if the mill is working double shift.

(*d*) Mill water reservoirs and tanks and water and fuel oil storage tanks, both old and new, would not be assessed, and coal stack yards would also be free of assessment.

(*e*) A.R.P. shelters and the land on which such shelters have been put up would be free of assessment for the duration of the war.

(*f*) *Status quo* would be retained as regards the principle underlying the assessment of all mill lands including mill lands reserved for future extensions.

(*g*) *Status quo* would also be retained regarding the principle underlying the treatment to be accorded by the Municipality in regard to mill properties, if any, not specifically mentioned in this agreement.

(*h*) As soon as the Municipality accept this agreement, the Assessor and Collector will dispose of the complaints against mill valuations in pursuance of this agreement with the co-operation of the Association's Surveyor."

In pursuance of the above agreement, the Assessor and Collector of Taxes has already started the work of disposal of complaints against assessments filed by the mills, in consultation with the Association's Surveyor. Mr. Rangnekar, the Association's Surveyor, has been asked by the Chairman to represent the Association in the fixation of rateable values in terms of the agreement. The question of Mr. Rangnekar's fees for the extra work is at present under discussion, and a further communication will be sent to you in due course. Mr. Rangnekar will act for those mills for which he took out measurements.

APPENDIX 2.

FUEL OIL SUPPLIES TO COTTON MILLS.

Copy of draft Furnace Oil contract forwarded to the Association for comments by Messrs. Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., with their letter No. B/LF.7.D/O, dated the 22nd February, 1943.

Memorandum of Agreement No. made this day of 194 between (hereinafter called "the buyers") of the one part and Burmah-Shell Oil Storage and Distributing Co. of India, Ltd. (incorporated in Great Britain), Burmah-Shell House, Ballard Estate, Bombay (hereinafter called "the sellers"), of the other part.

Clause 1.—The sellers undertake to supply a maximum quantity of tons of 2,240 lbs. furnace oil naked per contractual year for the purpose of burning under boilers or other furnaces at the sellers' current day-to-day rate per ton of 2,240 lbs. delivered free at the buyers' premises within the island of Bombay in accordance with clause 2, below.

The buyers undertake to purchase from the sellers during the currency of this agreement and from no other source the whole of their requirements for the purpose above mentioned up to the maximum quantity stated herein. The sellers shall not be bound to make delivery during any calendar month of the contract period of more than one-twelfth of the maximum quantity of furnace oil agreed to be sold in any contractual year and in the event of the buyers' failure to take delivery of one-twelfth of the annual maximum quantity aforesaid the sellers may at their option decline to supply to the buyers subsequently the whole or any portion of the furnace oil which the buyers might have taken delivery of in a previous month or months. In the event of the buyers requiring at any time quantities larger than their usual monthly quantities they shall give to the sellers not less than two months' previous notice in writing of the quantities so required. Orders for delivery of furnace oil must be notified to the sellers at least three days before the date on which delivery is expected.

Clause 2.—The furnace oil is sold delivered at the buyers' premises within the island of Bombay in the sellers' bulk tank lorries.

Clause 3.—The sellers' weights and measurements shall be accepted as conclusive evidence of the quantities delivered. The buyers, however, are at liberty to be represented at the measuring, if they so wish, and to verify the correctness of the sellers' measurements, but the sellers shall be entitled to proceed in the absence of such representatives, and the weights ascertained by them shall be accepted by the buyers as correct.

Clause 4.—The terms of payment shall be settlement of the sellers' bills within 30 days of each delivery of oil; the sellers reserving to themselves the right to demand cash against delivery.

Clause 5.—The price quoted is inclusive of all amounts paid by the sellers as at date in respect of the oil to be supplied under this agreement on account of import duty, excise, harbour dues, tariff valuation, Provincial Governments/Indian States sales tax, turnover, terminal, or octroi tax and other imposts imposed by Governments, Municipal, Port, Harbour, Dock, Railway or any other Public Authority. During the currency of this agreement any increases or decreases or any new impositions on account of import duty, excise, harbour dues, tariff valuation, Provincial Governments/Indian States sales tax, turnover, terminal, or octroi tax and other imposts imposed by Governments, Municipal, Port, Harbour, Dock, Railway or any other Public Authority, shall be on the buyers' account from the date of application of the said increases or decreases or impositions, and the price quoted shall be raised or reduced forthwith by the amount of such increases or decreases or impositions on account of import duty, excise, harbour dues, tariff valuation, Provincial Governments/Indian States sales tax, turnover, terminal, or octroi tax and other imposts imposed by Governments, Municipal, Port, Harbour, Dock, Railway or any other Public Authority.

Provided always that the amount to be added or deducted from the price on account of an alteration or on account of successive alterations in respect to the charges mentioned in this clause shall be not less than one anna per ton and any alterations or successive alterations in respect to the charges mentioned in this clause which would involve an increase or decrease in the price of less than one anna per ton shall be disregarded. But successive alterations which individually would involve an increase or decrease in the price of less than one anna per ton but which in the aggregate amount to one anna or more shall be taken into account and shall be added or deducted from the price.

Clause 6.—The buyers shall not assign or transfer this agreement or any benefit thereunder to any other person, firm or corporation without the consent in writing of the sellers, which consent shall not be unreasonably withheld.

The buyers shall not—without the consent in writing of the sellers, which consent shall not be unreasonably withheld in the case of sale between one mill and another in Bombay—at any time dispose by resale of any furnace oil delivered to them hereunder. If this condition is infringed or broken in any manner whatever the sellers shall have the right of stopping supplies and cancelling this agreement and shall not in any way be under any liability to the buyers.

Clause 7.—Each delivery shall constitute a separate contract.

Clause 8(*a*).—Neither the sellers nor the buyers shall be responsible for any failure to fulfil any term of this agreement if fulfilment has been delayed, hindered, or prevented by strikes, lockouts, riots or civil commotions, war, hostilities, embargoes or other import or export restrictions, arrest or restraint of princes, rulers or peoples, perils of the sea, accidents of navigation, breakdown or injury to ships, curtailment, failure or cessation of the sellers' supplies, whether of furnace oil or crude petroleum, breakdown or injury to or expropriation or confiscation of the plant or facilities used for the production, transportation, receiving, manufacturing, handling or delivery of furnace oil or crude petroleum, or by any other circumstance of whatsoever nature which is not within the immediate control of the sellers or the buyers as the case may be, and is not preventable by reasonable diligence on their part.

Notice shall be given by the sellers to the buyers of any such curtailment, failure or cessation of the sellers' supplies as aforesaid with, if possible, the quantity likely to be available for delivery under this contract (but without commitment and subject to alteration) and the buyers shall be at liberty to purchase from other oil suppliers any quantity of fuel oil the delivery of which by the sellers is prevented by any such circumstance as aforesaid and, in the event of their doing so, the buyers shall notify the sellers accordingly.

Clause 8(*b*).—In the event of any deficiency of deliveries caused by any such curtailment, failure or cessation of the sellers' supplies as referred to in clause 8(*a*) above, the sellers would do their best to draw the attention of the buyers to any opportunities of obtaining supplies from elsewhere and, if possible, would act on behalf of the buyers to obtain possession of such supplies as might be available.

Clause 9.—The sellers have the right to suspend or cancel this agreement in the event of the buyers failing to make payment as above provided, or if the buyers become bankrupt, or commit an act of bankruptcy, or being a limited company if a receiver be appointed or a resolution passed for voluntary liquidation or a petition be presented for an order for winding-up, or to withhold further supplies till payment is received in full and decline further indents from the buyers unless accompanied by full cash payment in advance, without thereby absolving the buyers from any of their obligations under the terms hereof.

Clause 10.—Any question or dispute arising under this agreement shall be referred to two merchants resident in Bombay appointed respectively by the sellers and the buyers and both parties shall abide by the decision of these arbitrators, or, in the event of the arbitrators disagreeing, by the decision of an umpire chosen by the arbitrators before commencing the reference. The expenses of the arbitration shall be borne by the losing party.

Clause 11.—This agreement is to commence on the day of 194 and unless otherwise determined as hereinbefore provided shall continue in force until determined by either party giving to the other not less than 3 calendar months' previous notice in writing to expire at any time of their intention to determine it, and upon the expiration of any such notice this agreement shall terminate but without prejudice to the rights of either party against the other in respect of any matter or thing antecedent to such termination.

Clause 12.—In the event of this agreement determining without running for the full period of a year commencing from the day of 194 and in like manner for further year or years commencing from the anniversary thereof the sellers shall be discharged from their obligation as to the supply of the quantity to the buyers provided for under this agreement.

Copy of letter No. 208, *dated* 1*st April*, 1943, *from the Association to Messrs. The Burmah-Shell Oil Storage and Distributing Co. of India Ltd., Bombay.*

Further to my letter No. 208 dated the 23rd February 1943*, I am directed to inform you that, purely as a war measure, my Committee generally agree with the draft of the new Fuel Oil Contract forwarded by you. They would, however, like to make the following point in respect of clause 8(*a*) of the new contract and trust that due consideration will be given to it before fixing up the final draft :—

Under clause 9(*a*) of the old contract, in the event of curtailment of supplies, there was an obligation on the sellers to apportion fairly among buyers taking delivery from them at any particular place, the total supplies which were available or expected. Under clause 8(*a*) of the new contract, however, there seems to be no such obligation, with the result that it appears to be open to the sellers to stop supplies to any particular buyer on the ground of curtailment and to continue to supply to one or more of the other buyers without committing a technical breach of clause 8(*a*). No particular reasons have been advanced by you in support of this change and I am not sure whether the change has anything to do with any rationing which may be necessary, strictly on the basis of a priority granted by Government, in the future in the unfortunate event of a curtailment of supplies. My Committee would like to have your views in this matter.

This matter may please be treated as urgent.

Copy of letter No. M.S. 25, *D/O., dated* 5*th/*6*th April*, 1943, *from the Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., to the Association.*

We thank you for your letter No. 208, of the 1st instant, and note that, purely as a war measure, your Committee generally agrees with the draft of the new Furnace Oil Contract which we sent to you with our letter of the 22nd February.*

You have, however, asked us to comment on the omission of the section which placed upon us the obligation " fairly to apportion " among buyers the available supplies in the event of any curtailment or cessation of supplies. This particular section was included in our contract form before the appointment of the Controller ; in fact, it was introduced before the war. It would appear to us that in war-time the words " fairly to apportion " do not describe the objective which would be in view in the event of a shortage. The objective of all concerned, buyers and sellers, would be distribution with the object of assisting the war effort to the maximum extent. In our opinion, only the Controller could decide how this could be effected, and he would take the necessary steps as soon as it was realised that deliveries on the present scale could not be continued. The Controller has, of course, full powers already. Both yourselves and we would have an opportunity of putting forward our views since we are both represented on the Controller's Advisory Committee.

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* Not printed.

We should be glad to know whether your Committee now agrees that we may proceed with the distribution of the new contract form.

Copy of letter No. 208, *dated 7th April,* 1943, *from the Association to the Burmah-Shell Oil Storage and Distributing Co. of India, Ltd.*

I am directed to acknowledge the receipt of your letter No. M.S. 25, D/O. dated the 5th/6th April, 1943.

With regard to the observations contained in the second paragraph of your letter, my Committee agree that in an emergency the Controller would decide how the available stocks of oil should be apportioned between the various consumers according to the nature of the war work done by them. This apportionment would be in pursuance of the special powers conferred on him under the Defence of India Rules, and when the Defence of India Rules are in operation any contract entered into between the Oil Company and the consumer or at least those clauses of the contract which are inconsistent with these powers would automatically stand revoked. In this view of the case, it is felt that the provisions of the old clause 9(*a*) regarding fair apportionment by sellers among buyers of the available stocks should be retained.

Copy of letter No. M.S. 25, *D/O., dated* 17*th April,* 1943, *from the Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., to the Association.*

We thank you for your letter No. 208 of the 7th instant.

We regret that in our letter of the 5th/6th instant, we made a mistake. We advised that the " fairly to apportion " section was introduced before the war. Actually this was not the case. The clause was introduced in December 1939, and was drafted in London to meet war conditions but before there had been any suggestion of control in India.

We are now under control and the disposal of our available stocks is directed by the Controller. We think it can be assumed that control will continue throughout the war. Apart from other considerations, the fact that the Royal Navy, R.I.N. and the shipping companies require large quantities will, in our opinion, necessitate the continuation of control. Although our stocks hitherto have enabled us to cover the quantities sanctioned by the Controller, we have not been given discretion to increase or decrease the quantities delivered to mills. If, therefore, a crisis occurred, the Controlling Authority would have to impose an even higher degree of control than at present.

If we continue to insert in our contracts the " fairly to apportion " section, we would, in our opinion, be acting directly contrary to the intentions of the Central Government which prompted the appointment of the Controller and would be suggesting to buyers of our furnace oil that in a crisis we and not the Controller would have the option of allocating such reduced quantities as might be available.

Copy of letter No. 208, *dated* 21*st April,* 1943, *from the Association to the Burmah-Shell Oil Storage and Distributing Co. of India, Ltd.*

I am in receipt of your letter No. M.S. 25, D/O, dated 17th April, 1943.

I appreciate what you say, but may I submit that that does not vitiate the argument which I put forward in mine of the 7th instant ? Anyway, purely as a war measure, my Committee agree to accept the revised contract suggested by you.

Copy of letter No. M.S. 25, *D/O., dated* 30*th April,* 1943, *from the Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., to the Association.*

We thank you for your letter No. 208, of the 21st instant, and note that purely as a war measure your Committee agree to accept the revised contract suggested by us.

We are now proceeding to print the contract which will be sent to the parties concerned in due course.

We understand that S.V.O.C. will be adopting a similar form.

APPENDIX 3.

WATER SUPPLY TO MILLS.

SHORTAGE

Copy of demi-official letter No. 265, dated 16th March, 1943, addressed to Mr. E. A. Nadirshaw, Hydraulic Engineer, Bombay Municipality, by Mr. Krishnaraj M. D. Thackersey.

Several complaints have recently been received by the Association from member mills regarding the very low pressure of water in Municipal mains. In some cases the pressure gauge on the mill pipes registers 6 to 7 lbs. per square inch, and their water levels continue to remain subnormal. Most of the complaints are from mills situated round about Fergusson Road area, but if in your opinion other localities are also affected, then, I think, something should be done to set matters right. No doubt, this will take some time in view of the area to be covered. If, however, low pressure is only experienced in Fergusson Road area, then I would be grateful if you could look into this matter and let me know what could be done to give immediate relief to the mills concerned.

Copy of letter No. D.O. dated 23rd March, 1943, from Mr. E. A. Nadirshah, Hydraulic Engineer, to Mr. Krishnaraj M. D. Thackersey.

I am in receipt of your D. O. No. 265, dated 16th March, 1943, about shortage of water supply at some of the mills, especially at those situated round about Fergusson Road area.

Water is at present supplied under pressure from 2 a.m. to 8-30 a.m. (Bombay Time) and from 3 p.m. to 6 p.m. (Bombay Time) and during the remaining periods the municipal mains are kept just sufficiently charged for fire purposes.

The area on the south of a line drawn along Kalachowki Road, Arthur Road, Clerk Road, upto Hornby Vellard and Tardeo Road junction is supplied water from the two reservoirs—one at Malabar Hill and the other at Bhandarwada Hill, Mazgaon, whereas the rest of the area to the north of this line is supplied water *directly from the Trunk mains* and, therefore, in the latter area it is very difficult to control and regulate the pressures, particularly during supply hours, which entirely depend upon the rate of draw off by the various consumers.

We bring into the city a total quantity of 104 million gallons per day in 24 hours whereas the same is distributed to the various parts of the city in 9½ hours only. It is not possible looking to the size of the mains, lake levels, etc., to bring in more than this quantity at present into the city. The scheme for augmentation of Bombay's water supply is already before the Corporation and probably it might take some years before the work could be taken up.

Most of the complaints of shortage from the mills are found on investigation to be due to either defective meters or temporary obstructions in these meters on account of accumulation of dirt, etc., or due to non-availability of supply during non-supply hours. The local defects are attended to immediately on receipt of complaints. As regards shortage of water during non-supply hours, under the present conditions of city's water supply, I regret, it is beyond my control to supply any water during these hours as stated previously until more quantity of water could be brought into the city.

If the mills do require water during these hours, then there is no alternative for them but to make suitable arrangements to store up water in sufficient quantity to tide over the period of non-supply hours. If sufficient storage is provided by the mill authorities, it could be filled in during night without pumping.

If necessary the distribution system inside the mill premises should also be inspected and improved by providing large size pipes with suction tanks, pumping arrangement and cisterns of sufficient storage capacity.

In case if the present connections are not capable of delivering the full requirements of water to the mill premises during supply hours, this Department will sanction additional connections of adequate size if applied for.

If any mill authorities require any assistance or guidance to improve the supply, I shall indeed be too pleased to do so after going through each individual case.

It might also interest you to know that in the Fergusson Road area pressures varying from 20 to 40 lbs. per square inch are always maintained during supply hours. But the pressure in the inside distribution pipe in the mill premises will no doubt depend on the size of the distribution mains. The smaller the main there will be more frictional losses for the same draw and thus a reduction in pressure. If it is attempted to draw double the quantity of water from a main of certain size, then the loss in pressure head would be four times, other conditions remaining the same.

Copy of circular No. 265, *dated* 19*th April*, 1943, *from the Association to all mills in Bombay.*

I enclose herewith for ready reference extracts from a letter* received by the Chairman of the Association from the Hydraulic Engineer of the Bombay Municipality regarding water supply in Bombay cotton mills. It has been suggested that the question of water supply in Bombay mills be discussed informally with the Hydraulic Engineer, and it would facilitate matters if you could depute your Engineer or Mill Manager to attend a meeting, which will be held in the rooms of the Association (Patel House, Churchgate Street, Fort, Bombay) on Wednesday, the 21st instant† at 3 p.m. (S.T.). I may kindly be informed in advance, of the name of your representative who will attend the meeting.

Copy of letter No. C/1257/M IV of 1943-44, *dated 5th June*, 1943, *from the Hydraulic Engineer, Bombay Municipality, to the Association.*

With reference to the meeting I had with the engineers of the various mills at the Millowners' Association's premises on 17th May, 1943, I have to request you to furnish the following information at an early date to enable me to go into the question carefully and suggest remedial measures.

(i) the number and size of connections supplying the mill working and their location.

(ii) The total quantity of water required in gallons per day and the hours during which the supply is required.

(iii) The size, capacity and location of existing suction storage tanks with their heights with reference to ground level.

(iv) The size, capacity and location of the existing overhead storage tank with their heights with reference to ground level.

(v) Any other information that would help me in arriving at suggestions to improve your water supply.

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* Already published.

† This meeting was postpond to 17th May, 1944.

Copy of circular No. 265, dated 8th June, 1943, from the Association to all member mills in Bombay.

In connection with the recent meeting which the mill engineers had with the Hydraulic Engineer of the Bombay Municipality with regard to water supply in Bombay mills, I have received the following letter from the Hydraulic Engineer. The information* required by the Hydraulic Engineer in respect of each mill may please be forwarded to me as early as possible with a ground plan showing the pipe connections and the position of storage tanks, etc.

APPENDIX 4.

FEES FOR INSPECTION OF ELECTRICAL INSTALLATIONS AT THE MILLS.

Notification No. 2891/36, dated 5th December 1942, issued by the Government of Bombay regarding fees for the testing and inspection of electrical installations in mills.

No. 2891/36.—In exercise of the powers conferred by sub-rule (2) of rule 7 of the Indian Electricity Rules, 1937, and in supersession of Government orders in the Public Works Department, No. 6617/27, dated the 10th July, 1933, published at pages 1605-1608 of Part I of the *Bombay Government Gazette*, dated 13th July, 1933, as subsequently amended, the Government of Bombay is pleased to order that with effect from the 1st January 1943, fees for testing and inspection and generally for the services of Electric Inspectors under the Indian Electricity Act, 1910 (IX of 1910), shall be levied in accordance with the following rules, namely :—

LEVY OF FEES FOR THE SERVICES OF ELECTRIC INSPECTORS.

1. *Definition.*—In these rules "owner" includes an occupier of any building, place, carriage or vessel in which energy is, or is about to be, generated, received or used.

2. *Levy of Fees.*—(1) Fees for periodical inspections, examinations or tests made under the provisions of the Indian Electricity Act, 1910, and the rules thereunder, shall be levied in accordance with the rates prescribed and from the persons mentioned in scales " A " to " D " in the Schedule hereto :

Provided that in the case of a second or subsequent inspection, examination or test made within a period of twelve months from the date of the first inspection, examination or test :—

(*a*) one-half of the fees prescribed in the said scales " A " to " D " shall be levied if in the opinion of the Electric Inspector the second or subsequent inspection, examination or test is necessitated by the neglect or failure of the licensee or owner to carry out within a stipulated time any written order of the Electric Inspector or by a breach of any of the provisions of the Indian Electricity Act, 1910, or the rules thereunder, and

(*b*) no fees shall be levied if the second or subsequent inspection, examination or test is not so necessitated.

(2) Fees for initial inspections, examinations, or tests of an installation made under the provisions of the Indian Electricity Act, 1910, and the rules thereunder shall be levied in accordance with and from the persons mentioned in scales " E " to " G " and as expressly provided in scale " C " in the Schedule hereto :

* The information collected from member mills was subsequently forwarded to the Hydraulic Engineer, Bombay Municipality.

Provided that, if in the opinion of the Electric Inspector, a second or subsequent inspection, examination or test of the installation is necessitated by the neglect or failure of the licensee, the telephone company or the owner, as the case may be, to carry out within a stipulated time any written order of the Electric Inspector, or by a breach of any of the provisions of the Indian Electricity Act, 1910, or the rules thereunder, the fee for such second or subsequent inspection, examination or test shall be one-half of the fee prescribed in the said scales " E " to " G." :

Provided further that if an extension to or an alteration in the installation made since the date of the last initial or periodical inspection, examination or test of the installation, is inspected, examined or tested within twelve months of that date, a separate fee shall be levied in respect of such extension or alteration in accordance with the rates prescribed and from the persons mentioned in the said scales " A " to " D."

(3) Fees for the services of an Electric Inspector requisitioned by a consumer or by a member of the public shall be levied in accordance with and from the persons mentioned in scales " H " to " N " in the Schedule hereto.

3. *Payment of fees.*—(i) The fees payable under these rules may be paid prior to, or at the time of the inspection, examination or test either :—

(*a*) into the Government Treasury or the Reserve Bank of India to the credit of the Electrical Department under " XIII Other Taxes and Duties—B-Receipts from Electricity Duties—Fees under the Indian Electricity Rules, 1937, and fees for the electrical inspection of cinemas " by chalan in triplicate, the receipted duplicate being forwarded to the Electric Inspector by the Treasury Officer direct, or

(*b*) at the office of the Electric Inspector, the Assistant Electric Inspector or the Electric Sub-Inspector, in cash or by money-order or cheque.

(ii) If for any reason the fee is not paid either prior to or at the time of the inspection, examination or test, such fee shall be paid within ten days from the date of such inspection, examination or test.

SCHEDULE.

Scale " A."

(1) For an inspection, examination or test made in pursuance of rules 60 to 64 of the Indian Electricity Rules, 1937, where energy is or is about to be supplied or used at high and medium pressure except in those cases to which scales " B " to " N " of this Schedule specifically refer :—

Capacity.	Fees.
Up to and including 5 kilowatts	Rs. 5.
Exceeding 5 kilowatts but not exceeding 10 kilowatts	Rs. 7-8-0.
Exceeding 10 kilowatts but not exceeding 20 kilowatts	Rs. 10.
Exceeding 20 kilowatts but not exceeding 50 kilowatts	Rs. 20.
Exceeding 50 kilowatts but not exceeding 100 kilowatts	Rs. 30.
Exceeding 100 kilowatts but not exceeding 500 kilowatts	Rs. 30 for the first 100 kilowatts plus Rs. 15 for every 50 kilowatts or part thereof in excess of 100 kilowatts ; provided that if the part does not exceed 5, 10 or 20 kilowatts Rs. 5, Rs. 7-8-0 or Rs. 10 respectively shall be charged for such excess.

Capacity.	Fees.
Exceeding 500 kilowatts but not exceeding 1,500 kilowatts	Rs. 150 for the first 500 kilowatts plus Rs. 10 for every 50 killowatts or part thereof in excess of 500 kilowatts.
Exceeding 1,500 kilowatts	Rs. 350.

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

Scale " B."

(1) For an inspection, examination or test of any generating station, receiving station or other place in which energy is generated or distributed at a pressure of 100 volts or more :—

Capacity.	Fees. Rs.
(i) Domestic Lighting Sets in Residential Premises :—	
Up to and including 10 kilowatts	10
(ii) For cases other than mentioned in item (i) above :—	
Up to and including 25 kilowatts	25
Exceeding 25 kilowatts but not exceeding 50 kilowatts	50
Exceeding 50 kilowatts but not exceeding 100 kilowatts	75
Exceeding 100 kilowatts but not exceeding 250 kilowatts	125
Exceeding 250 kilowatts but not exceeding 500 kilowatts	175
Exceeding 500 kilowatts but not exceeding 750 kilowatts	225
Exceeding 750 kilowatts but not exceeding 1,000 kilowatts.. ..	275
Exceeding 1,000 kilowatts	300

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

Scale " C."

(1) For an inspection, examination or test of any electric installation, appliance or apparatus in any place of public entertainment as defined in section 2 of the Bombay Entertainments Duty Act, 1923 (Bom. I of 1923) :—

	Rs.
(i) For the initial inspection, examination or test of any electric installation, appliance or apparatus in a cinema or a theatre other than a travelling cinema or other temporary place of public entertainment referred to in clause (iv)	100
(ii) For every subsequent inspection, examination or test of the installation, appliance or apparatus in such cinema or theatre as is referred to in clause (i)	50
(iii) For an inspection, examination or test of any authorised addition or alteration to the electric installation in a cinema or a theatre ..	10
(iv) (*a*) For an inspection, examination or test of any electric installation appliance or apparatus in a travelling cinema or other temporary place of public entertainment	50
(*b*) For every subsequent inspection, examination or test of any electric installation, appliance or apparatus in such cinema or place of public entertainment necessitated on account of a change of place or premises	25

Rs.

(v) For an inspection, examination or test of any electric installation, appliance or apparatus in a travelling or temporary cinema or other temporary place of public entertainment necessitated on account of a change of installation, appliance or apparatus so as to conform to the rules and regulations for permanent places of public amusement .. 50

(2) The feel shall be paid by the owner.

Scale "D."

(1) For an inspection, examination or test of any electric installation, appliance or apparatus (other than a generating station or a receiving station for which a separate fee will be charged under scale "B") in a factory within the meaning of the Factories Act, 1934 (XXV of 1934), to which energy is supplied by a licensee or in which energy is generated.

(i) For lighting or for purposes other than power (provided that no fee under this item shall be charged in respect of an electric installation, appliance or apparatus in any factory where not more than 20 workers are employed .. .. .. Rs. 10 per kilowatt or part thereof subject to a maximum of Rs. 100.

(ii) For power .. .. Fees as per scale "A."

Note.—In any factory to which energy is supplied by a licensee or in which energy is generated both for lighting and for power, separate fees under clauses (i) and (ii) shall be charged, provided the combined fees shall not exceed Rs. 450.

(2) The fee shall be paid by the owner.

Scale "E."

(1) For an inspection or examination in pursuance of rules 38 to 40 and 72 of the Indian Electricity Rules, 1937 :—

Rs.

(*a*) of a new medium or high pressure service 10

(*b*) of a new medium or high pressure sub-service tapped from the main service cutouts 5

(2) The fee shall be paid by the licensee.

Scale "F."

(1) For an inspection or examination of every new aerial line including a service line, crossing either above or below a telegraph, telephone or other aerial line at one or more spans, places or points in pursuance of rule 74 of the Indian Electricity Rules, 1937 10

Provided that where more than one crossing situated within a distance of half a mile of each other are inspected at the same time, the fee shall be as follows :—

Rs.

For inspection of first crossing 10

For inspection of every additional crossing 5

(2) The fee leviable under this scale shall not be charged when the inspection has been carried out in conjunction with an inspection for which a fee is levied under scale "E" or "G."

(3) The fee shall be paid by the person whose line was last erected.

Scale "G."

(1) (*a*) For an inspection or examination of a new high pressure aerial line, in pursuance of rule 79 of the Indian Electricity Rules, 1937.	A minimum charge of Rs. 100 for a distance up to 10 miles and beyond this distance Rs. 5 for every mile or part thereof.
(*b*) For an inspection, examination or test of a medium or low pressure aerial distributing main.	Rs. 10 per mile or part thereof subject to a maximum of Rs. 100.

(2) The fee shall be paid by the licensee.

Scale "H."

	Rs.
(1) For an inspection and/or issue of a certificate under rule 70 (3) of the Indian Electricity Rules, 1937	15

(2) The fee shall be paid by the person who proposes either to erect a new building or structure or to make any temporary addition or alteration in or upon any building or a structure.

Scale "I."

(1) For an inspection or examination of any electric traction system, including trolley wires and overhead equipment and test of bonding and leakage currents .. .. Rs. 100 per day or part thereof.

(2) The fee shall be paid by the licensee or the owner of the electric traction system as the case may be.

Scale "J."

(1) For the testing of energy meters :—

	Rs.
(*a*) For testing in the laboratory a single meter of any description :—	
(i) up to a capacity of 50 amperes	10
(ii) of a capacity exceeding 50 amperes but not exceeding 200 amperes.	15
(iii) of a capacity exceeding 200 amperes but not exceeding 300 amperes.	20
(iv) of a capacity exceeding 300 amperes but not exceeding 500 amperes	35

(*b*) If a meter is to be tested on the consumer's premises, the fees prescribed in clause (*a*) shall be increased by Rs. 5 per meter.

(2) The fee shall be paid by the owner of the meter.

Scale "K."

(1) For an inspection, examination or test of any main, distributing main, or service line for the existence of leakage therein which may result in electrolysis or other injury to any water, gas or other pipe or to any appliance connected therewith.	Rs. 30 for the first hour or part thereof and thereafter Rs. 15 per hour or part thereof.

(2) If any leakage is discovered in any such main, distributing main, or service line, the fee shall be paid by the licensee or the owner of the main, distributing main, or service line, as the case may be.

If no leakage is discovered, the fee shall be paid by the owner of the water, gas or other pipe or of the appliance connected therewith.

Scale " L."

	Fees.
(1) For the testing of an installation for the existence of leakage to earth ..	Rs. 10
(2) The fee shall be paid by the party making application.	

Scale " M."

(1) For the localising of leakage to earth in any installation.	Rs. 10 for the first hour or part thereof and thereafter Rs. 5 per hour or part thereof.
(2) The fee shall be paid by the party making the application.	

Scale " N."

For deciding any case of difference or dispute arising under sections 21 (4), 26 (4) or 26 (6) of, or clause V (2) or VI (3) of the Schedule to, the Indian Electricity Act, 1910, referred to the Electric Inspector.	Rs. 15 for each case.

Provided that in the case of a difference or dispute referred to the Electric Inspector for being decided under section 26 (6) of the said Act, an additional fee for the testing of a meter in accordance with scale " J " shall be recoverable.

Copy of letter No. 242 dated 11th January, 1944, addressed to the Secretary to the Government of Bombay, Public Works Department.

I am directed by the Committee of the Association to address you in connection with the interpretation of Government order No. 2891/36 dated the 5th December 1942, published in the *Bombay Government Gazette*, revising the scale of fees for testing and inspection of electrical installations in cotton mills.

Scale " A " of the schedule attached to the Order is applicable to cases where energy is or is about to be supplied or used at high and medium pressure except in those cases to which scales " B " to " N " of the schedule attached to the Order specifically refer.

Scale " B " is applicable in the case of inspection, examination or test of any generating station, receiving station or other place in which energy is generated or distributed at a pressure of 100 volts or more.

Scale " D " prescribes fees for an inspection, examination or test of any electrical installation, appliance or apparatus (other than a generating station for which a separate fee will be charged under scale " B ") in a factory within the meaning of the Factories Act, 1934, to which energy is supplied by a licensee or in which energy is generated.

The position appears to be that where scale " A " is applicable, " B " will not apply or *vice versa*, and so far as cotton mills are concerned, the basis of the charge will be either " A " and " D " or " B " and " D," but cannot be " A," " B " and " D."

Notices are understood to have been served on certain Bombay mills by the Assistant Electrical Inspector, P.W.D. calling upon them to pay a fee which is apparently calculated

on the basis that cotton mills are liable to be charged under scales "A," "B" and "D" at the same time. The following figures are extracted from the notice received by one mill :—

Rs.	350	under scale	"A"	of the Schedule.
Rs.	300	„	"B"	„ „
Rs.	100	„	"D"	„ „
Rs.	750			

In my Committee's view, the levy made by the authorities is inconsistent with the terms of Government Order referred to. The Electrical Inspector to Government, P.W.D. to whom matters were represented by the mills has held that the levy has been correctly made, but my Committee still feel that the charge sought to be made is inappropriate. They have, however, asked the mills to pay up the bills presented under protest, and would greatly appreciate it if Government would kindly go into this matter and give their decision.

APPENDIX 5-A.

WAR RISKS (GOODS) INSURANCE ORDINANCE

Reduction of Premium.

Copy of letter No. 145A, dated 14th June 1943, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed by my Committee to address you in connection with the rate of premium payable under the War Risks (Goods) Insurance Scheme.

When the War Risks (Goods) Insurance Ordinance was first promulgated, the rate of premium under the Rules was fixed at ½ anna per Rs. 100 per month. This rate was raised from time to time and was fixed at three annas per Rs. 100 per month at the end of March 1942 in the face of an imminent Japanese invasion of this country. In a previous representation submitted on 1st September 1942 suggesting a reduction in premium rates, my Committee had pointed out that the circumstances which necessitated the increase to 3 annas in March 1942 no longer existed, but Government were unable to accede to the request. Since the submission of the last representation, the war situation has definitely taken a further turn in favour of the Allies, and my Committee strongly feel that there is no justification for the continuance of the present high rate of premium.

When the War Risks (Goods) Insurance Scheme was introduced Government assured the public that the rate of premium will be adjusted every three months in the light of future developments. The most important development that one looks for in such cases is the claims experience, and in this respect, up to the end of September 1942, no payments have been made in respect of claims, and only two small claims have been registered. The position of the fund for the periods subsequent to September 1942 has not yet been published, but it is estimated that the total is not likely to be less than seven crores of rupees at present. The expenditure on the fund is not likely to exceed 10 lakhs of rupees and Government thus are in a position to command more than 6½ crores of rupees so that not only is a rate-reduction justified, but insurance can be undertaken without a levy for some time without affecting Government's finances. My Committee are aware that the Government of India have effected a substantial reduction in civil defence expenditure in areas other than those adjoining the Eastern Frontiers of the country. This proves that in their view risks of enemy action have considerably abated, and since the premium should be based on the risks, a reduction is legitimately called for.

My Committee would be grateful if the points made in this representation would be considered by Government and early orders passed.

APPENDIX 5-B.

WAR RISKS (GOODS) INSURANCE ORDINANCE.

VALUATION OF GOODS FOR INSURANCE PURPOSES.

Copy of circular No. 145, *dated* 14*th May* 1943, *from the Association to all members of the Association.*

The attention of member mills is invited to the following ruling given by the Government of India in regard to valuation of sugar for purposes of insurance under the War Risks (Goods) Insurance Ordinance :

"VALUATION OF GOODS FOR INSURANCE PURPOSES.

It has been decided by Government that, in the case of sugar factories and other manufacturers who produce goods, the value of goods that should be taken into account for the purpose of War Risks Insurance should be the cost of production at the time of insurance, that is to say, in their case goods should be insured for the cost for which they could be produced by the assured at the time when they are insured. It has been decided that excise duty payable on sugar stocked in a factory or with the permission of the authorities in authorised godowns outside a factory should not be included in the insurable value."

Copy of letter No. 145, *dated* 25*th May* 1943, *from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.*

I beg to confirm having wired you to-day as under :—

"Attention Committee Millomutua drawn to certain rulings given by Government for purposes valuation of goods for insurance purposes under War Risks Insurance Goods Ordinance which states that in case of sugar factories and other manufacturers who produce goods value of goods that should be taken into account for purposes of War Risks Insurance should be cost of production at time of insurance. Please wire whether this decision is applicable to cotton mills. Matter urgent."

The decision referred to by the Government of India, it is understood, was quoted in Bulletin G. No. 4 of 1943 dated the 4th May 1943, apparently issued for the use of Government Agents issuing war risks policies, and reads as under :—

"It has been decided by Government that, in the case of sugar factories and other manufacturers who produce goods the value of goods that should be taken into account for the purpose of war risks insurance should be the cost of production at the time of insurance, that is to say, in their case goods should be insured for the cost for which they could be produced by the assured at the time when they are insured. It has also been decided that excise duty payable on sugar stocked in a factory or with permission of the authorities in authorised godowns outside a factory should not be included in the insurable value."

In view of the importance of this matter, the Committee of the Association would be grateful if Government would be good enough to send a very early reply to the Association's enquiry.

Copy of telegram dated 17*th September* 1943, *from the Government of India to the Association.*

Your telegram 16th* stop Matter under consideration stop Reply will be sent very shortly stop Meanwhile proceed on the assumption that sugar mills decision will apply to cotton mills also.

* Not published.

Copy of letter No. 1794, *dated* 21*st December* 1943, *from the Khatau Makanji Spinning and Weaving Co., Ltd., to the Association.*

We have received a letter from Messrs. The New India Assurance Co., Ltd., War Risks Department, including, among other things, the following matter :—

> " We beg to invite your attention that Government have now decided that in calculating the insurable value of manufactured goods in the possession of manufacturers, profits, if any, accrued upto the time of the insurance may be taken into account but not the prospective profits. In other words, the insurable value of the goods of a manufacturer should be the market value to the manufacturer at the time of insurance and not the market value to the merchant who purchases from the manufacturer."

We shall thank you to please let us know your viewpoint on the above, letting us know at the same time what procedure should be adopted by us in calculating the above insurance.

APPENDIX 6-A.

WAR RISKS (FACTORIES) INSURANCE ORDINANCE.

ADVISORY COMMITTEE.

Copy of letter No. 145, *dated* 30*th March* 1943, *from the Association to the Joint Secretary to the Government of India, Department of Commerce, New Delhi.*

WAR RISKS (FACTORIES) INSURANCE ORDINANCE.

I am directed to refer to the resolution No. 13-W.R.I.(F)/43 published in the *Gazette of India* dated the 27th February 1943 on the above subject, by which the Government of India have appointed an Advisory Committee representing commercial and industrial interests for consultation on :—

(*a*) Important questions of policy arising out of the Administration of the War Risks (Factories) Insurance Ordinance, 1942, and the Rules made thereunder, so far as they affect owners and occupiers of factories, and

(*b*) any other matter connected with the Ordinance which may be referred to the Committee by the Government of India.

Representation on the Advisory Committee has been accorded to certain commercial and industrial interests, to the exclusion of this Association. The Millowners' Association, Bombay, covers more than 50 per cent. of the productive capacity of the cotton mill industry of the country. My Committee are not aware of the circumstances under which representation was not accorded to this Association on the Advisory Committee, and would be glad if you could go into this matter and let me know what can be done to set it right.

Extract from the " Gazette of India," dated 19*th June* 1934, *Part I—Section* 2*—page* 660.

RESOLUTION.

WAR RISKS INSURANCE.

NEW DELHI, *the* 19*th June* 1943.

No. 28-W.R.I.(F)/43.—The Government of India are pleased to appoint Sir Vithal N. Chandavarkar as a member of the Advisory Committee representative of commercial and industrial interests constituted in the Resolution of the Government of India in the Department of Commerce, No. 13-W.R.I.(F)/43, dated the 27th February 1943.

APPENDIX 6-B.

EXTENSION OF THE WAR RISKS (FACTORIES) INSURANCE SCHEME BEYOND 31ST MARCH 1944.

Copy of letter No. 104-*W.R.I.*(2)/43, *dated 26th November* 1943, *from the Under Secretary to the Government of India, to Sir Vithal N. Chandavarkar.*

I am directed to address you on the question of the War Risks (Factories) Insurance Scheme which, as you are aware, was started by Government in 1942 to ensure that the economic structure of the country was kept intact and to maintain industrial production as much as possible unimpaired from war damage. The existing scheme provides cover against war risks from the 1st of April 1942 to the 31st March 1944.

2. The question of providing a fresh period of cover from the 1st April 1944 is now under the active consideration of the Government of India. It has been suggested that with an important theatre of war next door to India, the possibility of war damage in India cannot be ruled out, and, further, having once started a war risk insurance scheme, it would be illogical and unsafe to discontinue the provision of cover and that the proper course would be to continue cover for the duration of the war. It is, therefore, felt that the War Risks (Factories) Insurance Scheme should be continued, in the first instance, for another year from the 1st April 1944 to the 31st March 1945. The premia payable during this extended period cannot be anticipated now and will be fixed early in the new year after considering the circumstances existing at that time.

3. As a decision regarding the continuance of the War Risks (Factories) Insurance Scheme has to be taken urgently, the Government of India will be much obliged to have your views on the proposal mentioned in the preceding paragraph by the 18th December 1943.

4. I am to add that this letter has also been addressed to the other members of the Advisory Committee appointed in this Department Resolution No. 13-W.R.I.(F)/42, dated the 27th February 1943.

Copy of letter No. 145, *dated 14th December* 1943, *from Sir Vithal N. Chandavarkar, M.L.A., to the Under Secretary to the Government of India, Department of Commerce, New Delhi.*

I have the honour to acknowledge the receipt of your letter No. 104-W.R.I.(2)/43, dated the 26th November 1943, in which you request my views on the question of continuance of the Insurance Scheme beyond 31st March 1944.

My view is that, in view of the unsettled conditions in the Eastern frontiers of Bengal and the possibility of enemy air raids on the East Coast of India, it may perhaps be a mistake to discontinue insurance altogether. At the same time, I feel that due consideration must be given to the fact that there was to the credit of the fund a sum of about 11 crores of rupees on 30th June 1943, and since then, further amounts have been added. The total outgoings up-to-date from the fund have not been very substantial, and though there is a case for the continuance of the insurance scheme, there is to my mind a very good case for a reduction in the insurance premium. The present rate of premium is 4 per cent. spread over a period of two years, and I suggest that the scheme be extended by a further period of two years at a premium rate of 1 per cent., i.e., the premium calculated at 1 per cent. should become payable within a period of two years or eight quarterly instalments.

APPENDIX 6-C.

WAR RISKS (FACTORIES) INSURANCE ORDINANCE.

RECTIFICATION OF OVER-INSURANCE ARISING FROM NON-REPLENISHMENT OF STOCKS.

Copy of letter No. 105-*W.R.I.*(138)/43, *dated 26th November* 1943, *from the Under Secretary to the Government of India, to Sir Vithal N. Chandavarkar.*

As you are no doubt aware, the War Risks (Factories) Insurance Scheme is worked on a single premium basis. Each insurable asset is insured for its actual value less depreciation on the date of application for insurance. In the case of wasting assets, no adjustment of the sum insured due to wear and tear or scrapping during the period of insurance is allowed.

2. Section 2 (i) of the War Risks (Factories) Ordinance, 1942, was amended on the 27th January 1943 and under this amended section all materials in a factory for use in the production or transmission of motive power, or in the maintenance of plant and machinery or in the construction, reconstruction or maintenance of factory buildings are insurable. It has been decided that stocks of such stores should be insured for their actual value on the date of the application for insurance. For subsequent addition to the quantity of stocks, supplementary policies should be taken out but no rectification due to *temporary* non-replenishment of stocks would be allowed.

3. A case has arisen—*vide* the enclosed copy of letter from the Yorkshire Insurance Co., Ltd., Bombay, to the War Risks Insurance Advisory Committee, Bombay, No. CRA/KNM, dated the 25th August 1943, and enclosure, in which the original value of mill stores of a factory decreased from Rs. 3,67,860 to Rs. 1,61,439 on the 30th June 1943, due to non-availability of coal. It is reported that in view of the present difficulties in obtaining coal, there is hardly any chance of increasing this depleted stock to any appreciable extent, and the case is one where decrease in the value of stores is of a permanent or at least semi-permanent nature and not a feature of normal fluctuations. The Government of India have no doubt that you will appreciate that in these abnormal times it can be urged in almost every case that decrease in the value of stocks is more or less of a permanent nature and that if Government accept the position in one case and allow the policy to be rectified it will be an invitation to shoals of similar applications which it may be difficult, if not impossible, to reject.

4. Before coming to a final decision in the matter, the Government of India will be glad to have your views in the matter with particular reference to the case referred to by the Yorkshire Insurance Company, Limited, Bombay.

Copy of letter No. A/15*A*/2541, *dated* 17*th August* 1943, *from the Ahmedabad Electricity Company, Limited, Bombay, to the "Yorkshire Insurance Co., Ltd.," Bombay.*

FOR THE ATTENTION OF MR. AGAR—WAR RISKS (FACTORIES) INSURANCE.

On reviewing the position of the capital assets of this Company at 30th June, 1943, we find that during the quarter ended at that date the steam station stores (mostly comprising coal) were reduced by Rs. 85,323. You will remember that sometime about the end of May or early in June, we took up with Mr. Agar the question of a refund of premium on this account and he gave us a copy of Government's ruling on this matter, which does not contemplate any such refund. Mr. Agar, however, suggested that we should approach Government if at any time the decrease in the stock of coal was proved to be of a permanent nature and not of a feature of normal fluctuations. During a period of 6 months we find the stock has been

reduced by about Rs. 1,20,000 and in view of the present difficulty in obtaining coal, we do not think the existing stock could be increased to any appreciable extent. In the circumstances we shall be obliged if you will let us know where we stand in regard to obtaining a refund on this account. We might say that Government's ruling in this respect is rather one-sided.

Copy of letter No. CRA/KNM, dated 25th August 1943, *from the "Yorkshire Insurance Co., Ltd.," Bombay, to the Secretary, Government of India War Risks Insurance Ordinance Advisory Committee, Bombay.*

PERMANENT DECREASE IN THE VALUE OF MATERIALS AND/OR STORES.

We refer to item 3 of Bulletin No. F.4 of 1943 in which it is laid down that Government decline to allow revaluation in the case of temporary non-replenishment of stocks.

We have, however, a case where the decrease in value appears to be of a permanent or at least semi-permanent nature and where permission to decrease the amount insured would appear to be warranted. A copy of our clients' letter is enclosed and we shall be glad to know whether you consider the matter to be one which may reasonably be submitted to Government. If so, such particulars as are required will be submitted to you. The original amount of stores insured was Rs. 3,67,860 so the decrease in value is approximately one-third.

Copy of letter No. CRA/KNM, dated 7th September 1943, *from the Yorkshire Insurance Co., Ltd., Bombay, to the Secretary, Government of India War Risks Insurance Advisory Committee, Bombay.*

PERMANENT DECREASE IN THE VALUE OF MATERIALS AND/OR STORES.

Referring to our letter of 25th August on the subject of the Ahmedabad Electricity Company's coal, the following are particulars of the policy in question :—

Policy No. 5775 of 2nd March 1943 ; property insurable from 1st December 1942.

Additional insurance effected thereby :—

Buildings	Rs. 15,000.
Plant and machinery	Rs. 14,560.
Stores	Rs. 3,67,860.

Situation—Sabarmati Power Station, Ahmedabad.

Of the foregoing the value of the steam station stores (mostly coal) was Rs. 2,80,581, by 31st March 1943 this had been reduced to Rs. 2,46,762 and by 30th June to Rs. 1,61,439.

Copy of letter No. 145, *dated 14th December* 1943, *from Sir Vithal N. Chandavarkar, M.L.A., to the Under Secretary to the Government of India, Department of Commerce, New Delhi.*

I have the honour to acknowledge the receipt of your letter No. 105-W.R.I.(138)/43, dated the 26th November 1943, in which you request my views on the question of rectification of over-insurance arising from non-replenishment of stocks of mill stores. My own view is that factories have a good case for rectification of the insurable value where drop in value arises from a fall in quantities of mill stores due to temporary or permanent reasons. Shortages in materials used in the production or transmission of motive power or in the maintenance of the plant and machinery, or in the construction and reconstruction, or maintenance of factory buildings insurable under the Ordinance, have, in view of the general shortage which is being

experienced in various types of goods insured by cotton mills under the Factories Ordinance, become a permanent feature, and Government would not be justified in delaying relief to cases falling within this category. There is a provision in the scheme of factories insurance which requires a supplementary policy to be taken out where the insured value goes up, and I feel that a reciprocal arrangement should be introduced to provide for a rebate in cases where there is a drop in value arising from a fall in the quantities of goods insured in the Factories Insurance Scheme.

APPENDIX 7.

SPINNING TESTS ON TRADE VARIETIES OF INDIAN COTTON.

Copy of letter No. 2286, *dated 7th August* 1943, *from the Director, Technological Laboratory, Indian Central Cotton Committee, Matunga, Bombay, to the Association.*

I have the honour to invite reference to the correspondence on the above subject resting with your letter No. 941/41, dated the 5th May 1930, and to say that your Association entered into an arrangement with the Indian Central Cotton Committee by which the member mills of your Association were to supply samples of early arrivals of trade varieties of Indian cottons for tests at the Technological Laboratory. In accordance with this arrangement, these tests have been carried out since 1930-31 cotton season, and the results of the tests are first reported in the form of 2-3 page technological circulars and later published in the form of a Technological Bulletin entitled " Technological Reports on Trade Varieties of Indian Cottons." During this period some of the older varieties have either gone out of cultivation and have been replaced by new ones or they have decreased in relative importance, while new varieties, developed as a result of the efforts of the Indian Central Cotton Committee and the Provincial Agricultural Departments, have come into general cultivation. At the same time the view has been expressed that as some of these varieties are grown over fairly large areas and are consequently susceptible to environmental variation, tests should be made on more than one sample originating from different parts of the tract in order to give a better picture of their spinning performance. The Indian Central Cotton Committee at its last meeting held on the 23rd/24th July 1943 considered all these points and have approved of a new list of the cottons on which tests should be made in future. They have furthermore decided that the old distinction between early arrivals and samples of fair average quality should now be dropped and that all tests should be made on samples of fair average quality which should be obtained either from the East India Cotton Association, Ltd., Bombay, or from mills which are large consumers of these cottons. Out of the samples in the new list the East India Cotton Association has agreed to supply samples of a number of cottons, while as regards the rest it is necessary that I should make arrangements through you with the mills which are large consumers of these cottons. I give below a list of the cottons for which the East India Cotton Association have expressed their inability to supply the samples, and shall be glad to know the names of the cottons of which samples can be supplied through your agency by your member mills. The points which may kindly be borne in mind in this connection are as follows :—

(1) Each mill may kindly undertake to supply samples of those cottons of which it uses a large quantity every year.

(2) The samples supplied by the mills should be of a fair average quality and should be accompanied by a valuation report prepared by the mills which will be published along with the results of the tests. The name of the mills, however, will not be divulged.

(3) In order to preserve continuity it is desirable that tests should be made on the same varieties in successive seasons so that if any particular variety is showing signs of deterioration, it may be detected as a result of these tests. Therefore, those mills may kindly offer to supply samples of particular types which they are likely to use in the successive seasons and for which they can maintain the continuity of supply :

List of samples.

1. Gaorani 6.
2. Nanded Bani.
3. Viramgam.
4. Bawla.
5. 4F—Gujrat.
6. 289F/43—Montgomery.
7. 289F/43—Multan.
8. 289F/K.25—Montgomery.
9. 289F/K.25—Multan.
10. L.S.S.—Shahpur.
11. Westerns—Anantapur.
12. Kumpta—Dharwar.
13. Kumpta—Bhagalkote.
14. Kumpta—Bijapur.
15. Bailhongal.
16. Miraj.
17. Malvi.

It is possible that all the cottons listed above may not be used in large quantities by mills situated in Bombay City. There is, however, no objection to some of the up-country mills, especially in Ahmedabad, Sholapur, Nanded, etc., entering into this arrangement and supplying samples of those cottons which they use in large quantities. In fact it will be a distinct advantage if a certain number of samples are supplied by the mills situated in Ahmedabad and other centres, and if an indication is given I shall be very glad to correspond with the Ahmedabad Millowners' Association on this subject.

The quantity of lint required for these tests, as you know, will be only 12 lbs. net and as these tests are made in the general interest of the industry and the results are published in the form of technological circulars, the mills will be expected to supply them free of charge.

I shall be glad if you will kindly bring this matter to the notice of your mill members in order to find out which of them would be in a position to supply samples from the 1943-44 season onwards.

Copy of letter No. 91, *dated* 21*st September* 1943, *from the Association to the Director, Technological Laboratory, Indian Central Cotton Committee, Matunga.*

I am directed to acknowledge the receipt of your letter No. 2286 dated the 7th August 1943, in which you request the Association to make arrangements for the supply of samples of early arrivals of trade varieties of Indian cottons for tests at the Technological Laboratory. As a result of a recommendation issued by the Committee of the Association, I have received offers from the undermentioned groups of mills to send in samples of the varieties indicated in each case :—

1.	Mr. J. C. Lancashire (Simplex and Gokak Mills) ..	Bailhongal.
2.	Sir Ness Wadia, K.B.E., C.I.E. (Bombay Dyeing and Manufacturing Co., Ltd.)	Gaorani 6 and Nanded Bani.
3.	Sir Frederick Stones, O.B.E., M.L.C. (E. D. Sassoon group of mills)	L.S.S.—Shahpur.
4.	Mr. L. F. H. Goodwin (Vishnu and Lakshmi Cotton Mills)	Gaorani 6 and Nanded Bani, Kumpta—Bhagalkote and Miraj.
5.	Sir Sorab Saklatvala, M.L.A. (Tata, Svadeshi, Ahmedabad Advance and Central India Mills)	Gaorani 6, Kumpta—Dharwar and Jayavant.

Sir Sorab points out that Kumpta has been mostly replaced by Jayavant, and if the Indian Central Cotton Committee so desire, his group of mills can supply Jayavant in place of Kumpta.

6.	Mr. H. F. Milne (Kohinoor Mills)	289F. (It will be very difficult to say whether this will be 6, 7, 8 or 9.)

It is suggested that the gentlemen whose names have been indicated in the above list may please be written to direct by you and informed as to when and how these samples should be forwarded.

As regards the varieties not covered by members of this Association, it is suggested that a reference be made to the Millowners' Associations of Ahmedabad, Indore, Baroda and Coimbatore.

Copy of letter No. 2852, *dated 29th September* 1943, *from the Technological Laboratory, Indian Central Cotton Committee, Matunga, to the Association.*

I acknowledge with many thanks receipt of your letter No. 91, dated the 21st September 1943, regarding the supply of samples of cotton for spinning tests on trade varieties of Indian cottons. I am taking the necessary action in the matter as indicated by you.

APPENDIX 8.

IMPORTS OF AFRICAN COTTON—ASSOCIATION'S REPRESENTATIVE ON THE ADVISORY BODY.

Copy of letter No. 1(9) *I.T.C./43, dated 29th March,* 1943, *from the Under Secretary to the Government of India to Mr. Krishnaraj M. D. Thackersey.*

I am directed to enclose herewith a copy of a Press Note issued on the 24th March, 1943, in connection with the import of cotton from Egypt, the Anglo-Egyptian Sudan and British East Africa. You will observe therefrom that it is intended to set up a small advisory body in Bombay to assist the Deputy Chief Controller of Imports in the issue of Import Licences.

2. The Advisory Body will consist of about five or six members with the Deputy Chief Controller of Imports as Chairman, and I am to say that, if you would be prepared to accept the position, the Government of India would be very pleased to appoint you as a member thereof. Information would be given to you later concerning the exact duties of the Advisory Body, the date, place and times of meetings, etc. Meanwhile, would you very kindly inform the Government of India by telegram, whether you will be willing to serve on the Advisory Body ?

Press Note.

IMPORTS OF AFRICAN COTTON TO BE CONTROLLED.

Owing to the continued heavy demands for, and short supplies of, Egyptian Sudanese and East African cotton, the Government of India have decided that controlled buying, in consultation with other consuming countries, is essential in the general interest and to ensure for the Indian mills a fair share of the current year's crop.

2. It is proposed to give effect to this arrangement immediately. The import licensing system will be employed for this purpose. It is intended to empower the Deputy Chief Controller of Imports at Bombay to issue the necessary import licences and a small Advisory Body representing both importers' and consumers' interests, will be appointed to assist him in this task.

3. Importers are warned that, whatever view Government may take of shipments already made without licence, any shipments of Egyptian, Sudanese or East African cotton

made without licence after the date of this announcement will be liable to confiscation. Those who have entered into commitments prior to that date are advised to forward immediately, for the consideration of the Deputy Chief Controller of Imports at Bombay, applications in the usual form covering the quantities contracted for.

Copy of letter No. 248, *dated* 31*st March*, 1943, *from Mr. Krishnaraj M. D. Thackersey to the Under Secretary to the Government of India, Department of Commerce, New Delhi.*

I thank you for your letter No. 1(9) I.T.C./43, dated the 29th March, 1943, in connection with the Press Note issued by Government regarding the importation of cotton from Egypt, Anglo-Egyptian Sudan and British East Africa. I am already representing the Association on several Committees and Sub-Committees constituted by the Government of India and the Government of Bombay, and I would, therefore, greatly appreciate it if Government would be pleased to nominate another representative from the Association to serve on the proposed Advisory Committee to be set up in connection with the licensing of African, Egyptian and Sudanese cottons. If Government agree with me, then I suggest that Mr. A. Geddis, who is one of the senior members of the Association, be appointed as our representative. Mr. Geddis's address is given below :—

A. Geddis, Esq.,
c/o Messrs. James Finlay & Co., Ltd.,
Chartered Bank Building, Fort,
Bombay.

APPENDIX 9.

EXPORTS OF COTTON MANUFACTURES TO EMPIRE COUNTRIES.

Copy of letter No. 67-*C.W.*(6)/43, *dated* 28*th February*, 1943, *from the Under Secretary to the Government of India, to the Association.*

I am directed to say that the Government of India have decided to constitute a committee to be associated with the Export Trade Controller, Bombay, for the purpose of facilitating the administration of the quota scheme prescribed by the Government of India to regulate exports of cotton yarn and picegoods from India. The Committee will consist of :—

(i) A representative of the Bombay Millowners' Association,
(ii) A representative of the Ahmedabad Millowners' Association,
(iii) A representative of the Bombay Chamber of Commerce,
(iv) A representative of the Indian Merchants' Chamber, Bombay,
(v) A member of the Export Advisory Council, to be nominated by Government.

The Export Trade Controller, Bombay, will be *ex officio* Chairman of the Committee and will act as convener.

The functions of the Committee will be :—

(1) to advise Government as to the principles which should govern the allocation of quotas for cotton yarn and piecegoods to shippers, and
(2) in the light of such principles, as may receive the final approval of the Government of India, to assist the Export Trade Controller in dealing with applications for licences.

2. The Government of India will be glad if you will nominate a representative to serve on the Committee and intimate his name and address at an early date.

3. The exact date from which the Committee will commence to function will be decided by the Government of India and communicated to you in due course.

4. I am to add that no travelling or other allowances will be admissible to the members for attending meetings of the Committee.

Copy of letter No. 48, *dated* 12*th March*, 1943, *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 confidential communication D.O. No. 67-C.W. (6)/43, dated the 29th January, 1943,* and enclosure. My Committee welcome Government's decision to appoint a small committee consisting of representatives of the trade to be associated with the Export Trade Controller, Bombay, to facilitate the administration of the quota scheme prescribed by the Government of India to regulate the exports of cotton yarn and piecegoods from India. They have, however, two or three points to put forward in this connection, which, they hope, would receive the careful consideration of Government. The first is : my Committee desire it to be understood that the decisions of the proposed Committee should, as a matter of convention, be accepted by the Export Trade Controller. If, for any reason, the Export Trade Controller is unable to accept the verdict of the Committee, the matter should be referred to the Government of India by the Export Trade Controller before passing orders. The second point is that, in granting export quotas to various merchants, licences should be given to established firms, that is to say, firms which were doing export business in the year 1940-41, and that the quota allotted to each firm should bear the same ratio to the total exports in 1943 as the total exported by them in the year 1941-42 bears to the total exports for the year 1941-42. The third point which my Committee would like to emphasise is that applicants for permits should be called upon to produce contracts from mills, certifying that the goods in respect of which export licences have been applied for have been specifically made for the export market in question, and contracts for the supply of cloth signed by the overseas importers must also be produced.

In this connection, I am directed to point out that when the Honourable the Commerce Member was in Bombay recently, my Committee were given to understand that all exports of cloth from India, irrespective of the port from which the goods were exported, were covered by the quota scheme. My Committee understand that the authorities in Bombay recently discovered surreptitious exports of cotton piecegoods worth about Rs. 8 lakhs from Bombay by country craft, the ultimate destination of these goods being the Middle East after transhipment in a port in one of the Indian States. My Committee are raising this point particularly with reference to the total permissible quota of 600 million yards during 1943, which the Commerce Member indicated was their maximum figure, and the Association is very anxious that nothing should happen which would lead to this figure being exceeded.

It has been reported to my Committee that cloth is being exported from certain ports situated in Indian States without any restriction whatsoever. It has not been possible for the Association to verify the accuracy of these reports, but my Committee feel that all possible steps should be taken by the Government of India to prevent any unauthorised export of cloth from this country.

My Committee have since received Government's letter No. 67-C.W.(6)/43, dated the 28th February, 1943, and they have great pleasure in appointing Sir Ness Wadia, K.B.E., C.I.E., as their representative on the proposed Committee. Sir Ness Wadia's address is given below :—

Sir Ness Wadia, K.B.E., C.I.E.,
c/o Messrs. Nowrosjee Wadia and Sons,
Neville House, Ballard Estate,
Bombay.

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* Not published. The letter dated 29th January, 1943, from the Under-Secretary to the Government of India, Department of Commerce, is the same as the letter of 28th February, 1943, and is therefore not published.

Copy of letter No. 67-CW(6)/ 43, dated 2nd April, 1943, from the Under Secretary to the Government of India, to the Association.

I am directed to acknowledge the receipt of your letter No. 48, dated the 12th March, 1943, on the subject of exports of cotton yarn and piecegoods. The Government of India note that your Association have nominated Sir Ness Wadia to serve on the Advisory Committee in connection with the regulation of exports of cotton yarn and piecegoods.

2. With regard to your suggestion that the decisions of the Committee should, as a matter of convention, be accepted by the Export Trade Controller, I am to invite your attention to the functions of the Committee, as indicated in this Department letter dated the 28th February, 1943. The first of these functions is to advise Government as to the principles which should govern the allocation of quotas for cotton yarn and piecegoods to shippers and the recommendations of the Committee on this point have necessarily to be referred to Government for their approval. The second function of the Committee will be to assist the Export Trade Controller in dealing with the applications for licences and it is hoped that the Export Trade Controller will normally be able to accept the recommendations of the Committee in this matter. Where the Export Trade Controller has difficulties in accepting the recommendations, he will no doubt make a reference to the Government of India for further instructions.

3. I am to add that the other suggestions, made in your letter, regarding the principles on which licences should be issued, will have first to be considered by the Advisory Committee, as a whole, and then referred to the Government of India for their consideration.

4. With reference to your apprehensions regarding surreptitious exports of cotton piecegoods outside the quota, I am to say that the Customs Department are taking all possible steps to prevent unlicensed exports taking place, while the Indian States also have been fully co-operating with the Government of India in enforcing export control. Any specific reports of unauthorised exports will, however, be carefully investigated.

APPENDIX 10.

CONTROL OF CLOTH AND YARN.

THE COTTON CLOTH AND YARN (CONTROL) ORDER, 1943.

Copy of Notification dated 17th June, 1943, issued by the Department of Industries and Civil Supplies (amended up to 24th June, 1944).

No. 34-Tex. (1)/43.—In exercise of the powers conferred by sub-rule (2) of rule 81 of the Defence of India Rules, the Central Government is pleased to make the following order, namely :—

1. (1) This Order may be called the Cotton Cloth and Yarn (Control) Order, 1943.

(2) It shall come into force at once.

2. The provisions of this Order shall be in addition to and not in derogation of any other law for the time being in force.

3. In this Order, unless there is anything repugnant in the subject or context,

(*a*) "cloth" and "yarn" mean respectively any type of cloth or yarn manufactured either wholly from cotton, or partly from cotton and partly from any other material and containing not less than 10 per cent. of cotton by weight, but " cloth " does not include :—

(i) ready-made clothing other than *dhoties* and *sarees ;*

(ii) Hosiery;

(iii) any articles which are Indian woollen goods as defined in the Indian Woollen Goods (Control) Order, 1944;

(iv) leather cloth and inferior or imitation leather cloth ordinarily used in book-binding.

(*b*) "dealer" means a person carrying on the business of selling cloth or yarn or both, whether wholesale or retail, and whether or not in conjunction with any other business (and shall include master-weavers of handloom cloth);

(*c*) 'manufacturer' means a person engaged in the production of cloth or yarn or both, including any process ancillary to such production, like dyeing, bleaching, embroidering, printing and finishing; and 'manufacture' shall be construed accordingly;

(*d*) "Textile Commissioner" means the Textile Commissioner appointed by the Central Government and includes such Additional Textile Commissioners as may be appointed by the Central Government.

4. (1) The Central Government may constitute a Textile Control Board (hereinafter referred to as the Board) consisting of 25 to advise the Central Government through the Textile Commissioner generally on matters connected with the purposes of this Order (including matters connected with the export of cloth, yarn and raw cotton) and in particular in respect of the functions of the Textile Commissioner under clauses 10 and 11.

(2) The Chairman of the Board shall be such non-official member thereof as the Central Government may designate in this behalf.

5. (1) The Board may by resolution form from among its members such Committees as it thinks expedient to exercise on its behalf such of its functions as may be specified in the resolution;

Provided that any such Committee formed for the purposes of advising on technical matters connected with the purposes of this Order and in particular on matters relating to the fixation of prices, increase in production, standardisation, and rationalisation, shall be composed only of members representing the Textile Industry, and subject to the provisions of clause 9 its advice on all such matters shall ordinarily be acted upon.

(2) Any such Committee shall not exceed fifteen in number and it shall elect a Chairman from among its members.

6. Any Committee of the Board may co-opt such additional members not exceeding ten in number as it thinks fit and having special knowledge of the subject with which the Committee is concerned and the members so co-opted shall have the same rights as the other members of the Committee.

7. (1) A Committee of the Board may by a resolution form from among its members a Standing Sub-Committee to exercise on its behalf such of its functions as may be specified in the resolution.

(2) Any such Standing Sub-Committee shall not exceed five in number, and if the Chairman of the Committee is a member of the Standing Sub-Committee he shall be the Chairman thereof.

8. The Board may in consultation with the Central Government make rules to regulate the calling of, and procedure at, meetings of the Board, Committee and Standing Sub-Committees (including the fixing of quorum).

9. (1) The Board or any Committee or Standing Sub-Committee acting in the exercise of the functions assigned to it under clause 5 or as the case may be clause 7 may tender advice to the Central Government through the Textile Commissioner on matters connected with the purposes of this Order and in particular in respect of the functions of the Textile Commissioner under clauses 10 and 11:—

Provided that if the Textile Commissioner is unable to recommend to the Central Government to accept the advice so tendered he shall refer the matter back to the Board, Committee or Standing Sub-Committee as the case may be for further consideration.

(2) If after such reference the Textile Commissioner is still unable to recommend to the Central Government to accept any advice so tendered by the Board or any Committee

or Standing Sub-Committee, he may, or if the Chairman of the Board so requires shall, refer the question for the decision of the Central Government who shall consult the Board or the Committee or Standing Sub-Committee as the case may be before giving its decision.

(3) Before issuing any notification under clause 10 or any direction under clause 11 otherwise than in pursuance of advice tendered to him by the Board or a Committee or Standing Sub-Committee, the Textile Commissioner shall consult the Chairman of the Board, who shall refer the question to the Board or, in his discretion, to the appropriate Committee or the Standing Sub-Committee.

(4) The Textile Commissioner may refer any matter on which he desires advice, or make any proposal, to the Chairman of the Board who shall refer the same to the Board or, in his discretion, to the appropriate Committee or Standing Sub-Committee.

(5) If the opinion of the majority of members of the Board or any Committee or Standing Sub-Committee, as the case may be, present at the meeting at which the question is discussed is adverse to the Textile Commissioner's proposal, he shall, if he does not accept the advice of such majority, refer the question for the decision of the Central Government who shall consult the Board or the Committee, as the case may be, before giving its decision.

10. Subject to the provisions of sub-clause (3) of clause 9, the Textile Commissioner may, by notification in the *Gazette of India*, specify :—

(*a*) the maximum quantity of handloom cloth which may be stocked by any dealer and the maximum period for which he may hold such stock ;

(*b*) the maximum prices, ex-factory, wholesale and retail, at which any class or specification of cloth or yarn may be sold ;

(*c*) the markings to be made by the manufacturers and dealers on any class or specification of cloth or yarn manufactured or sold by them and the time and manner of making those markings.

11. Subject to the provisions of sub-clause (3) of clause 9, the Textile Commissioner may from time to time issue directions in writing to any manufacturer regarding the classes or specifications of cloth or yarn, and the maximum or minimum quantities thereof, which he shall or shall not manufacture during such periods as may be specified in the directions, and the manufacturer shall comply with all such directions.

12. (1) No manufacturer or dealer shall sell or offer to sell any cloth or yarn at a price higher than the maximum price specified in this behalf under clause 10.

(2) Every sale of cloth or yarn by a dealer except to a consumer, shall be at a price either f.o.r. station of despatch or ex-godown of storage at the buyer's option.

Provided that the commission of a commission agent shall be paid by the buyer.

(3) A dealer shall not buy or sell, except to a consumer, cloth or yarn at a price, either ex-any godown of storage or f.o.r. any station of despatch (being a godown or station within 100 miles of the manufacturer's premises), which exceeds by more than four per cent. in the case of cloth and three per cent. in the case of yarn the ex-mill maximum price or ex-mill contract price whichever is less.

(4) A dealer shall not buy or sell, except to a consumer, cloth or yarn at a price, either ex-any godown of storage or f.o.r. any station of despatch (not being a godown or station within 100 miles of the manufacturer's premises), which exceeds by more than ten per cent. in the case of cloth and seven and half per cent. in the case of yarn the ex-mill maximum price or the ex-mill contract price whichever is less.

Explanation.—The expression " manufacturer's premises " in sub-clauses (3) and (4) shall mean a factory premises and not the office premises of the manufacturer.

(5) Every dealer shall exhibit on his premises a true copy of each of the notifications that may have been, or may hereafter be, issued by the Textile Commissioner under clause 10 specifying the maximum prices at which cloth or yarn may be sold.

(6) No manufacturer or dealer shall, without sufficient cause, refuse to sell cloth or yarn to any person.

Explanation.—The possibility or expectation of obtaining a higher price at a later date shall not be deemed to be a sufficient cause for the purposes of this sub-clause.

13. (1) Where the Textile Commissioner has specified under clause 10 the markings to be made, and the time and manner of making them, in respect of any class or specification of cloth or yarn :—

(*a*) every manufacturer of and dealer in such cloth or yarn shall cause the markings to be made thereon at the time, and in the manner, specified by the Textile Commissioner ;

(*b*) no person other than a manufacturer or a dealer shall cause the markings to be made on any such cloth or yarn ;

(*c*) no person other than a manufacturer shall after the 31st December 1943, have in his possession or under his control any such cloth or yarn which is not so marked, unless it be for *bona fide* personal requirements.

(2) Where a manufacturer, who is required under this Order to cause the cloth or yarn manufactured by him to be marked with the price fixed by the Textile Commissioner, is unable to do so because no such price has been fixed, he shall apply forthwith to the Textile Commissioner for the fixation of the price and furnish such information as may be required by the Textile Commissioner and shall not deliver or otherwise dispose of the cloth or yarn until it is marked with the price fixed by the Textile Commissioner in accordance with the provisions of this Order.

14. (1) No cloth (other than handloom cloth) or yarn manufactured before the 1st August, 1943, shall, unless expressly authorised by the Textile Commissioner,—

(*a*) be kept by any person in unopened bales or cases after the 31st August, 1943 ;

(*b*) be kept undisposed of by any dealer, or by any person holding on behalf of a dealer, after the 31st December, 1943.

(2) No cloth or yarn marked with the date of packing under the provisions of this Order shall, unless expressly authorised by the Textile Commissioner,—

(*a*) be kept by any person in unopened bales or cases for more than three months after that date ;

(*b*) be kept undisposed or by any dealer, or by any person holding on behalf of a dealer, for more than six months after that date.

15. The Textile Commissioner may by general or special order exempt any cloth or yarn, or any class of cloth or yarn, from all or any of the provisions of clauses 13 and 14.

15A. Notwithstanding anything contained in clauses 14(1) (*b*) and 14(2) (*b*), cloth or yarn not disposed of within the period specified in those clauses may be kept and sold by a dealer subject to the conditions notified in this behalf by the Textile Commissioner prescribing the special markings to be made on such cloth or yarn, the agency by which the marking shall be made and the fee payable for such marking :

Provided, however, that no such cloth or yarn shall be kept undisposed of by any dealer, or by any person holding on behalf of a dealer, for more than six months after the date of such marking.

15B. Notwithstanding anything contained in clause 10, the Provincial Government, or such authority as may be notified by them in this behalf, may fix the ex-factory maximum price for the purpose of the special markings under clause 15A, in respect of any type of cloth for which such price has not been fixed by the Textile Commissioner and for hand-printed cloth."

16. Where, in pursuance of a notification under clause 10 or clause 15A, any piece of cloth is required to be marked at one end with the price at which it is to be sold retail, and the piece is not sold as a whole, that portion of the piece containing the price-marking shall be sold last by the dealer.

17. Every manufacturer, every dealer and every person to whom any stocks of cloth or yarn have been pledged by a manufacturer or dealer, shall declare the stocks of cloth and yarn held by him on such dates, in such form and to such authority as may be specified by the Textile Commissioner by notification in the *Gazette of India*.

18. (1) No manufacturer shall, save with the permission of the Textile Commissioner, at any time hold—

(*a*) stocks of cloth exceeding the total quantity manufactured by him during the preceding three months ; or

(*b*) stocks of yarn exceeding—

(i) in the case of a person engaged in the manufacture of yarn alone, the quantity of yarn manufactured by him during the preceding two months,

(ii) in the case of a person engaged in the manufacture of cloth alone, the quantity of yarn reasonably required by him for manufacturing cloth during the next three months ; and

(iii) in the case of a person engaged in the manufacture of both cloth and yarn, the sum total of the quantity of yarn reasonably required by him for the manufacture of cloth during the next three months and the amount equal to the yarn manufactured by him during the preceding three months surplus to his own requirements during that period.

For the purposes of this sub-clause, cloth on looms and yarn in process of manufacture into cloth shall not be taken into account in computing the stocks held by the manufacturer.

(2) No dealer or other person not being a manufacturer shall, save with the permission of the Textile Commissioner, at any time hold stocks of cloth or yarn in excess of his normal requirements.

Explanation.—In the case of a person engaged in manufacturing from cloth or yarn articles such as ropes, tapes, newar, bandages or canvas, his normal requirements of cloth or, as the case may be, of yarn for the purposes of this sub-clause shall be deemed to be the quantity of cloth or yarn used by him during the preceding three months in such manufacture.

(3) Nothing in sub-clause (2) shall be deemed to apply in relation to the possession by any person carrying on the business of banking of cloth or yarn pledged with him by a dealer or a manufacturer.

(4) For the purposes of sub-clauses (1) and (2) any cloth or yarn agreed to be sold to a dealer by a manufacturer and of which delivery has not been taken by the due date shall be deemed to be held by the dealer and not by the manufacturer.

18A. (1) No manufacturer shall, save in accordance with the general or special permission of the Textile Commissioner or in compliance with a direction given under sub-clause (*d*) or (*e*) of Clause 19,—

(*a*) sell or agree to sell cloth or yarn to any person who :—

(i) is not a licensed dealer under the rules framed in this behalf by the Provincial Government and

(ii) did not as a dealer buy any cloth or yarn from him at any time during the years 1940, 1941 and 1942.

(*b*) during any quarter deliver to any dealer, whether in pursuance of a pre-existing contract or otherwise, cloth or yarn in excess of his quota determined under sub-rule (2).

(2) For purposes of sub-clause (1) (*b*), a dealer's quota of cloth shall bear to the value of the total deliveries of cloth made to all dealers during the quarter by the manufacturer concerned the same proportion as the value of the total deliveries of cloth made to that dealer during the year 1940, 1941 and 1942 bore to the value of the total deliveries of cloth made to all dealers during the same years by the same manufacturer ; and a dealer's quota of yarn shall be similarly determined.

(3) Every manufacturer shall maintain a register of contracts and deliveries and shall submit returns in such forms and at such time as the Textile Commissioner may prescribe.

19. The Textile Commissioner may, with a view to securing compliance with this order,—

(*a*) require any person to give any information in his possession with respect to any business carried on by that or any other person ;

(*b*) inspect or cause to be inspected any books or other documents belonging to or under the control of any person ;

(*c*) enter and search, or authorise any person to enter and search, any premises, and seize, or authorise any person to seize, any cloth or yarn in respect of which he has reason to believe that a contravention of this Order has been committed.

(*d*) direct any manufacturer or dealer to sell to such person as he may specify such quantities of cloth or yarn as he may specify at such prices as may have been fixed under sub-clause (*b*) of clause 10, and such manufacturer or dealer shall comply with such direction.

(*e*) direct any manufacturer or dealer not to sell or deliver any cloth or yarn except to such person as he may specify, and such manufacturer or dealer shall comply with such direction.

20. If any person with the intent that any provision of this Order may be evaded refuses to give any information lawfully demanded from him under clause 19, or conceals, destroys, mutilates or defaces any book or other document, he shall be deemed to have contravened the provision of this Order.

21. A Textile Commissioner may, with the sanction of the Central Government and by general or special order in writing, authorise any person to discharge on his behalf all or any of his functions under this order other than those specified in clauses 9 and 10.

22. A court trying any contravention of this Order may, without prejudice to any other sentence which it may pass, direct that any cloth or yarn in respect of which it is satisfied that such contravention has occurred shall be forfeited to His Majesty.

23. No prosecution for the contravention of any of the provisions of this order shall be instituted without the previous sanction of the Provincial Government.

APPENDIX 11.

EXCESS PROFITS TAX ORDINANCE, XVI OF 1943.

An Ordinance to make certain provisions in connection with the tax on excess profits.

Whereas an emergency has arisen which renders it necessary to make certain provisions in connection with the tax on excess profits ;

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 (26

Geo. 5, c. 2), 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 Excess Profits Tax Ordinance, 1943.

(2) It extends to the whole of British India.

(3) It shall come into force at once.

2. *Deposits in connection with payments of excess profits tax.*—(1) When excess profits tax charged under the provisions of the Excess Profits Tax Act, 1940 (XV of 1940), in respect of any chargeable accounting period ending after the 31st day of December, 1942, becomes payable under that Act after assessment made under section 14 of that Act, the person liable to pay such excess profits tax shall deposit with the Central Government, before such date as may be specified in a notice in this behalf in such form as may be prescribed by rules made under sub-section (5) issued to him by the Excess Profits Tax Officer, a further sum equal to one-fifth of the amount of the said excess profits tax ; and the provisions of section 10 of the Indian Finance Act, 1942 (XII of 1942), shall, save in so far as they are inconsistent with this section, apply in respect of such deposits as they apply in respect of the voluntary deposits for which provision is made in the said section 10.

(2) The provisions of sub-section (1) of section 10 of the Indian Finance Act, 1942 (XII of 1942), in so far as they enable the making of voluntary deposits, shall cease to have effect except in relation to excess profits tax charged in respect of a chargeable accounting period ending on the 31st day of December, 1942, or earlier.

(3) Any further sum such as is referred to in sub-section (1) deposited in accordance with that sub-section shall be repaid by the Central Government within twelve months of the date of termination of the present hostilities or within twenty-four months of the date on which the deposit was made, whichever is later.

(4) The provisions of law applicable to the payment and recovery of excess profits tax contained in sections 45 and 46 (except sub-sections (1) and (1A) thereof) of the Indian Income-tax Act, 1922 (XI of 1922), as applied by section 21 of the Excess Profits Tax Act, 1940 (XV of 1940), shall apply to the payment and recovery of the deposits required by sub-section (1) of this section as if the notice referred to in sub-section (1) of this section were a notice of demand under section 29 of the Indian Income-tax Act, 1922 (XI of 1922), and as if a default in making payment of such deposit were a default in making payment of excess profits tax.

(5) The power to make rules for carrying out the purposes of section 10 of the Indian Finance Act, 1942 (XII) of 1942), conferred by sub-section (3) of that section shall include a power to make rules for carrying out the purposes of this section.

3. *Insertion of new section 14A in Act XV of* 1940.—After section 14 of the Excess Profits Tax Act, 1940 (XV of 1940), the following section shall be inserted, namely :—

" 14A. *Power to make provisional assessments.*—(1) The Excess Profits Tax Officer, before proceeding to make an assessment (in this section referred to as the regular assessment) under section 14, may, at any time after the expiry of the period specified in the notice issued under sub-section (1) of section 13 as that within which the return therein referred to is to be furnished, and whether the return has or has not been furnished, proceed to make in summary manner a provisional assessment of the amount by which the profits of the chargeable accounting period exceed the standard profits, and the amount of excess profits tax payable thereon.

(2) Before making such provisional assessment the Excess Profits Tax Officer shall give notice in the prescribed form to the person on whom an assessment is to be made of his intention to do so, and shall with the notice forward a statement of the amount of the proposed assessment, and the said person shall be entitled to deliver to the Excess Profits Tax Officer at any time within fourteen days of receipt of the said notice a statement of his objections, if any, to the amount of the proposed assessment.

(3) On expiry of one month from the date of service of the notice referred to in sub-section (2), or earlier if the assessee agrees to the proposed assessment, the Excess Profits Tax Officer may, after taking into account the objections, if any, made under sub-section (2),

make a provisional assessment, and shall furnish a copy of the order of assessment to the assessee :—

Provided that assent to the amount of the assessment, or failure to make objection to it, shall in no way prejudice the assessee in relation to the regular assessment.

(4) In making any such provisional assessment the Excess Profits Tax Officer shall make allowances for any deficiencies of profits for previous chargeable accounting periods which are under the provisions of section 7 to be set off against the excess profits of the chargeable accounting period in respect of which the assessment is being made :

Provided that where such deficiencies of profits have not been determined under sub-section (1) of section 14 the Excess Profits Tax Officer shall estimate the amount thereof to the best of his judgment.

(5) There shall be no right of appeal against a provisional assessment made under this section, and it shall, until a regular assessment is made in due course under section 14, determine the amount of excess profits tax due from the assessee.

(6) If, when a regular assessment is made in due course under section 14, the amount of excess profits tax payable thereunder is found to exceed that determined as payable by the provisional assessment, it shall be reduced by the amount determined as payable by the provisional assessment.

(7) If, when a regular assessment is made in due course under section 14, the amount of excess profits tax payable thereunder is found to be less than that determined as payable by the provisional assessment, any excess of tax paid as a result of the provisional assessment shall be refunded to the assessee together with interest at 5 per cent. per annum calculated from the date of payment of such excess tax to the date of the order of refund, both days inclusive."

4. *Amendment of rule* 12, *Schedule I, Act XV of* 1940.—In the First Schedule to the Excess Profits Tax Act, 1940 (XV of 1940), to rule 12 the following sub-rule shall be added, namely :—

"(3) In relation to chargeable accounting periods ending after the 31st day of December, 1942, the Central Government may make rules for determining the extent to which deductions shall be allowed in respect of bonuses or commissions paid."

5. *Amendment of rule* 3, *Schedule II, Act XV of* 1940.—In the Second Schedule to the Excess Profits Tax Act, 1940 (XV of 1940), rule 3 shall be re-numbered as sub-rule (1) of rule (3) and :—

(*a*) in the rule as so re-numbered after the words "any moneys" the words "or as regards any chargeable accounting period ending after the 31st day of December, 1942, any trading stock or stock of raw materials" shall be inserted ;

(*b*) the following shall be added as sub-rule (2), namely :—

"(2) The Central Government may make rules defining for the purposes of this rule the principles to be followed in leaving out of account trading stock and stocks of raw materials."

PROPOSED RESTRICTIONS ON THE AMOUNTS OF BONUSES AND COMMISSIONS AND ON THE QUANTITIES OF TRADING STOCKS AND STOCKS OF RAW MATERIALS FOR PURPOSES OF TAXATION.

Copy of letter No. C. 8(10)-*EP*/43, *dated 22nd May,* 1943, *from the First Secretary, Central Board of Revenue, to the Association.*

I am directed to refer to the following provisions of the Excess Profits Tax Ordinance, 1943 (XVI of 1943), dated the 17th May 1943 :—

"4. *Amendment of rule* 12, *Schedule I, Act XV of* 1940.—In the First Schedule to the Excess Profits Tax Act, 1940 (XV of 1940), to rule 12 the following sub-rule shall be added, namely :—

'(3) In relation to chargeable accounting periods ending after the 31st day of December 1942, the Central Government may make rules for determining the extent to which deductions shall be allowed in respect of bonuses or commissions paid.'

5. *Amendment of rule* 3, *Schedule II, Act XV of* 1940.—In the Second Schedule to the Excess Profits Tax Act, 1940 (XV of 1940), rule 3 shall be renumbered as sub-rule (1) of rule 3 and—

(*a*) in the rule as so re-numbered after the words 'any moneys' the words 'or as regards any chargeable accounting period ending after the 31st day of December 1942, any trading stock or stock of raw materials' shall be inserted;

(*b*) the following shall be added as sub-rule (2), namely :—

"(2) the Central Government may make rules defining for the purposes of this rule the principles to be followed in leaving out of account trading stock and stocks of raw materials."

2. These provisions have two objects : (1) to check evasion of excess profits tax and (2) to combat inflation. Government hope to enlist the support of the business community for both these objects. I am therefore directed to ask for your views as to the form and content of the rules which are to be made under these provisions. A reply is kindly requested before the 30th June 1943.

Copy of letter No. 138, *dated* 13*th July* 1943, *from the Association to the First Secretary, Central Board of Revenue, Simla.*

Subject :—PROPOSED RESTRICTIONS WITH REGARD TO EXCESS PROFITS TAX ON THE AMOUNTS OF BONUSES AND COMMISSIONS AND ON THE QUANTITIES OF TRADING STOCKS AND STOCKS OF RAW MATERIALS.

I am directed to acknowledge the receipt of your letter No. 8(10)-EP/43, dated the 22nd May 1943, on the above subject. The matter has been carefully considered by the Committee of the Association, and I set forth below their views on the various points raised by Government in detail.

Bonuses and Commissions to Individual Employees.—It is very difficult to lay any hard and fast rule in this matter as there seems to be no uniformity in the quantum of bonuses, etc., paid to individuals by various employers. As you are aware, the cost of living has gone up to a very considerable extent as compared with pre-war, and while some employers have been compensating the rise in the cost of living partly or wholly by means of a special dearness allowance, certain employers make up the increased cost of living by paying bonuses.

It is common knowledge that the war has led to the development of a very large number of permanent, semi-permanent and temporary trades and industries in this country, and in several cases, these trades are attracting the trained personnel from existing industries and trades by offering high salaries, and to prevent the exodus of trained labour from his factory or establishment, an employer has not only to make up the rise in the cost of living, but also to pay additional incentives to keep his men beyond temptation.

Another factor which must also be borne in mind by your Board is that, in an industry like ours, which has been sustaining heavy losses from 1923 up to the commencement of the war, a large number of employees—and this is particularly true of experts and technicians—have not received their periodic increments, and have, in addition, voluntarily accepted cuts in salaries, and it is only fair that such employees should now be compensated for what they have lost. Taking all these factors into consideration, my Committee suggest that the employer should be allowed to pay a sum not exceeding six months' salary as bonus, this sum being allowed as a business deduction for purposes of E.P.T. assessment of the employer.

My Committee can understand Government's desire to prevent evasion of excess profits tax liability by an assessee by distributing a considerable portion of his profits as commission or bonus, but it will be clear to Government that, in cases where agreements were entered into between an employer and his employee before the commencement of the war for the payment of specified rates or amounts of bonuses or commissions, the intention

to avoid tax does not arise at all, the agreement having preceded E.P.T. legislation, and in this view of the case, there seems to be good justification for exempting such agreements from the scope of the proposal.

With regard to Government proposals in connection with the principles to be followed in leaving out of account trading stocks and stocks of raw materials, my Committee desire to point out that, the position, so far as the textile mills are concerned, is that stocks have to be accumulated to prevent mills going out of production due to shortage of raw materials. Taking, for instance, raw cotton, there are no hedging facilities in Bombay City at present, and the supply of railway wagons is by no means certain. In the case of imported cotton, freight space is not obtainable as easily as it was before the war, with the result that mills have to build up stocks as and when cotton becomes obtainable. In the case of up-country mills, the position is more serious, and it is not unusual for a mill situated in cotton growing areas to hold upto a year's stock of cotton. Turning to mill stores : stores which have to be imported, have to be taken as and when freight space becomes available, and in view of the control which is being exercised in respect of the principal items of the mill stores, it will not be possible for any millowners to accumulate stocks of cotton or mill stores beyond reasonable limits. In this view of the case, my Committee suggest that the proposal be dropped.

If, however, Government still desire to proceed with it, then I am to submit that the question may be considered from the point of view of the *quantity of stock maintained*, and not in relation to its value. In view of the enormous increases which have taken place in the prices of various items of raw materials of the industry, stocks which would have been considered necessary for an average mill *before the war*, would to-day be worth five to six times their pre-war value. Pre-war figures of stocks (in quantities) may be taken as the starting point with reasonable adjustments to cover factors such as changes in character of production, double or multiple shift working, availability of stocks, etc. It must be pointed out that, in the case of principal raw materials, for example, raw cotton, upto a year's stock should be permitted, and that in the case of stores, taking a prudent and longer view of things, the industry should be permitted to accumulate stocks upto two years' requirements.

Copy of Notification issued by the Government of India, Department of Finance, Central Revenues, on 27th November 1943.

No. 10 dated 27-11-1943.—The following draft of certain rules which the Central Government proposes to make in exercise of the powers conferred by sub-rule (3) of Rule 12 of Schedule I and sub-rule (2) of Rule 3 of Schedule II of the Excess Profits Tax Act, 1940 (XV of 1940), is published for the information of persons likely to be affected thereby and notice is hereby given that the draft will be taken into consideration on or after the 10th January 1944.

Any objection or suggestion which may be received from any person in respect of the said draft before the date specified will be considered by the Central Government.

DRAFT RULES.

1. (1) These Rules may be cited as the Excess Profits Tax (Computation of profits and capital) Rules, 1943.

(2) They apply to the whole of British India and to the Excluded and Partially Excluded Areas to which the Excess Profits Tax Act, 1940 (XV of 1940), has been or may hereafter be applied.

2. In these Rules—

(i) " the Act " means the Excess Profits Tax Act, 1940 (XV of 1940) ;

(ii) " bonus " means any remuneration payable to any employee other than wages, salary or commission ;

(iii) " dearness allowance " means any bonus payable to any employee to compensate for the increased cost of living ;

(iv) " manual wage-earner " means any wage-earner employed by way of manual labour and does not apply to any persons employed as clerks, typists, draftsmen or in any similar capacity ;

(v) " wages " means any remuneration payable to a manual wage-earner except by way of dearness allowance or bonus ;

(vi) " cost of living " means, in relation to any period, the proportionate cost, in relation to a common base as shown for that period by the Cost of Living Index published by the Provincial Government and appropriate to the area in which the manual wage-earner resides.

3. In applying the provisions of Rule 12 of Schedule I of the Act to the computation of the profits of any chargeable accounting period—the sum to be allowed in respect of any bonus paid after the 30th November 1943 to any manual wage-earner, other than a dearness allowance, shall not exceed the sum of one quarter of the wages for the period in respect of which the bonus is paid.

4. In applying the provisions of Rule 12 of Schedule I of the Act to the computation of the profits of any chargeable accounting period—the sum to be allowed in respect of any dearness allowance paid to any employee after the 30th November 1943 shall not exceed—

(i) in the case where the salary or wages, in respect of which the dearness allowance is paid, are paid at the rate of Rupees 25 per month such a sum as, added to the amount of the salary or wages bears to the amount of the salary or wages the same proportion as the cost of living for the period in respect of which such salary or wages are paid bears to the cost of living for the year ended 31st December 1939 ;

(ii) in the case where the salary or wages, in respect of which the dearness allowance is paid, are paid at the rate of less than Rupees 25 per month the sum that would be allowable if such salary or wages were paid at the rate of Rupees 25 per month ;

(iii) in the case where the salary or wages, in respect of which the dearness allowance is paid, are paid at a rate exceeding Rupees 25 but not exceeding Rupees 60 per month.

(*a*) the sum that would have been appropriate if the salary or wages had been paid at the rate of Rupees 25 per month only, plus

(*b*) in respect of such part of the salary or wages as represents payment at the rate of more than Rupees 25 per month three-quarters of the sum that would be allowed if such part had represented salary or wages paid at the rate of Rupees 25 per month.

(iv) in the case where the salary or wages, in respect of which the dearness allowance is paid, are paid at a rate exceeding Rupees 60 per month—such part of the dearness allowance that would be allowed in the case of salary or wages paid at the rate of Rupees 60 per month as, added to the amount of the salary or wages, will not give a total which exceeds the rate of Rupees 300 per month.

Provided that where the employer provides food or other essential articles of consumption for an employee at rates less than the retail rates current in the locality in which the employee resides the cash value of such provision as estimated by the Excess Profits Tax Officer shall be treated as a dearness allowance.

5. In relation to chargeable accounting periods commencing after the 31st December 1942, payments in respect of bonuses and commission, exclusive of dearness allowances, payable to persons other than manual wage-earners and persons carrying on business within the definition of sub-section (5) of section 2 of the Act, shall be deemed to be unreasonable and unnecessary if and to the extent to which they exceed—

(i) in the case of a business the standard profits of which are computed by reference to the profits of a standard period,

(*a*) twice the sum that bears to the amount of such payments in the standard period the same proportion that the length of the chargeable accounting period bears to the length of the standard period, or

(*b*) one per cent. of the amount of the profits of the chargeable accounting period as computed for the purpose of assessment to excess profits tax, whichever is the greater ;

(ii) in the case of any other business, one per cent. of the amount of the profits of the chargeable accounting period as computed for the purposes of assessment to excess profits tax.

6. In applying the provisions of Rule 3 of Schedule II of the Act, in respect of trading stocks or stocks of raw materials, as the case may be, to the computation of the average capital during any chargeable accounting period commencing after the 31st December 1942—there shall be ascertained by the Excess Profits Tax Officer the sum that bears to the sales of the business during such period the same proportion as the average amount of capital represented by such stocks during the standard period, if any, bears to the sales of the business during the standard period, and the excess, if any, of the average capital so represented during the chargeable accounting period over that sum shall be left out of account.

Provided that in the case of a business in which there is no standard period the sum to be left out of account shall be computed by reference to the proportion borne by such stocks to total sales in the case of similar businesses during their standard periods.

Provided further that no sum shall be left out of account under this Rule without the previous approval of the Inspecting Assistant Commissioner.

Provided further that where the Inspecting Assistant Commissioner is satisfied that the whole or any part of the excess was, owing to special circumstances, necessarily held for the requirements of the business the sum to be left out of account shall be correspondingly reduced."

Copy of letter No. 138, *dated 8th January* 1944, *from the Association to the Secretary to the Government of India, Department of Finance (Central Revenue), New Delhi.*

I am directed by the Committee of the Millowners' Association, Bombay, to refer to the draft Rules referred to in Government Notification No. 10, dated the 27th November 1943, and to set forth below the Association's views thereon :

2. At the outset, my Committee desire to place before Government three vital considerations :—

(i) According to the Central Board of Revenue circular No. C.8(10)-E.P./43, dated the 22nd May 1943, the draft rules have a two-fold object : (*a*) to prevent tax evasion and (*b*) to combat inflation.

As regards prevention of tax evasion, the E.P.T. Act places sufficient powers at the disposal of the Excess Profits Tax Officer to deal with the avoidance of tax resulting from "artificial or fictitious transactions," which the Finance Member characterised as "funny business" in his speech in the Assembly on 30th October 1941, and no additional provisions seem to be necessary.

With regard to inflation, my Committee desire to point out that the incorporation by an Ordinance of a section to combat inflation in the E.P.T. Act—which was passed by the

Central Legislature with the sole object of enabling Government to secure a share in the war profits of the industry—is indefensible, and is a definite breach of faith. Inflation, moreover, is a very serious and complicated problem of national and international importance, and my Committee are strongly of the opinion that piecemeal measures to combat it should not be attempted by virtue of special powers conferred on Government through an enabling clause inserted in the E.P.T. Act by an Ordinance.

(ii) The second consideration is that, though Government have emphasised that their desire is to stop only fictitious payments, payments made in the shape of bonus and/or commission in pursuance of agreements entered into before the war or pre-E.P.T. period and/or renewed subsequently, have not been excluded from the provisions of the Rules. Contracts of the type referred to can be proved beyond doubt by reference to the employer's books of account and other documents, and if, as the Rules seek to do, the employer is not to be permitted to honour these contracts within the framework of the E.P.T. legislation, he would have either to revoke them, which would be totally unjust to the employee, or continue to pay as contracted for and incur a loss which is not fair to himself. By these new Rules, Government are directly bringing pressure on employers to terminate or vary, contracts entered into before or renewed during the war, for payment of certain remuneration which, on account of war conditions, is higher than the standards laid down in the draft Rules. This position is directly contrary to what the Finance Member said on the floor of the Assembly on 30th October 1941, when he definitely mentioned that :

> " It would be quite out of the question for any Officer of my Department to raise a query in regard to the type of increase in wages, which is normally the subject of negotiation between the employers and the employed, . . . "

In this connection, attention is invited to the following extracts from a representation submitted by the Association to the Central Board of Revenue on 13th July 1943 :—

> " My Committee can understand Government's desire to prevent evasion of excess profits tax liability by an assessee by distributing a considerable portion of his profits as commission or bonus, but it will be clear to Government that, in cases where agreements were entered into between an employer and his employee before the commencement of the war for the payment of specified rates or amounts of bonuses or commissions, the intention to avoid tax does not arise at all, the agreement having preceded E.P.T. legislation, and in this view of the case, there seems to be good justification for exempting such agreements from the scope of the proposal."

(iii) The third consideration is that the Government of India had hitherto adopted a complacent policy regarding the amount of dearness allowance, bonus, etc., paid by employers, and if, in their opinion, the amounts paid to-day are, in certain cases, higher than what they feel should have been paid, they have largely to thank the local Governments concerned for the results, in the sense that these local Governments adopted the easy method of making the employer pay, and heavily at that, for peace in the industry. Arising from this is a point of fundamental importance and that is that where the scale allowed by Government for purposes of E.P.T. is lower than the scale at which such payments are at present being made, the employer will have to suffer the loss, or reduce the scale, thereby causing considerable discontent and resentment among his employees. If, on the other hand, the scale proposed by Government is higher than the scale of remuneration in existence then Government would be directly encouraging the employees to ask for more.

With these preliminary observations, I am now to turn to the detailed clauses of the Rules :—

Clause 2 (iii) states that " dearness allowance " means any bonus payable to any employee to compensate for the increased cost of living. The expression " bonus " as defined in sub-clause (ii) of clause 2, has a specific meaning, which has no relation to dearness allowance. The word " bonus " in sub-clause (iii) should, therefore, be changed to read " allowance."

Clause 3.—No comments.

Clause 4—*Dearness Allowance.*—Government's intentions are not quite clear. The sub-rules seem to be capable of more than one interpretation, as shown below :—

With a Cost of Living Index Number for December 1943, *say*	250
Cost of Living Index Number for 1939, *say*	100
Difference ..	150

which, on a base of 100, means 150 per cent. rise.

INTERPRETATION I.

Basic wage per mensem	*Dearness Allowance per mensem.*	*Wage plus Dearness Allowance.* Rs. a. p.
Rs. 20	As for Rs. 25, i.e., Rs. 37-8-0	57 8 0
Rs. 25	Rs. 37-8-0	62 8 0
Rs. 35	Rs. 65-10-0	100 10 0
Rs. 55	Rs. 65-10-0	120 10 0
Rs. 200	As for Rs. 35, i.e., Rs. 65-10-0	265 10 0
Rs. 250	As for Rs. 35, but limited to Rs. 50	300 0 0
Rs. 300	*Nil.*	300 0 0

INTERPRETATION II.

Basic wage.	*Dearness allowance per month.*	
Upto and including Rs. 25	.. Rs. 37-8-0	(Clause 4 (1).
Rs. 35	.. Rs. 37-8-0	plus ¾ of (150 per cent. of Rs. 10).
	=Rs. 37-8-0	plus ¾ of Rs. 15.
	=Rs. 37-8-0	plus Rs. 11-4-0.
	=Rs. 48-12-0.	
Rs. 55	.. Rs. 37-8-0	plus ¾ of (150 per cent. of Rs. 30).
	=Rs. 37-8-0	plus ¾ of Rs. 45.
	=Rs. 37-8-0	plus Rs. 33-12-0.
	=Rs. 71-4-0.	
Rs. 60	.. Rs. 37-8-0	plus ¾ of (150 per cent. of Rs. 35).
	=Rs. 37-8-0	plus ¾ of Rs. 52-8-0.
	=Rs. 37-8-0	plus Rs. 39-6-0.
	=Rs. 76-14-0.	
Rs. 200	.. Rs. 76-14-0	plus upto Rs. 23-2-0.
Rs. 250	.. Rs. 50-0-0.	
Rs. 300	.. *Nil.*	

My Committee are not sure which interpretation is correct, but whatever the position, they have a two-fold objection to Government proposals :—

(*a*) The proportionate relief shown on a basis of 150 per cent. rise in the cost of living shows a progressive reduction as we go up to a maximum of Rs. 300 per month when it ceases altogether. It surely cannot be urged that an employee receiving Rs. 300 and over per mensem is not affected by the increase in the cost of living. As a matter of fact, the increased cost of living bears more heavily on this class of emplyoees who have a position

and status to maintain. Perhaps, as Government themselves do not pay dearness allowance to their employees drawing more than Rs. 150 per month, they feel that other employees should be subjected to the same disability, but the basis of payment forced upon their employees by Government should not be an excuse for insisting on a similar basis to the employees of commercial concerns which would be a grave injustice, for employees in commercial firms do not, as a general rule, enjoy the same security of service as Government servants, nor are they in receipt of the high rate of emoluments, pension rights, etc., which are ordinarily available to Government servants.

(*b*) The schedule (especially under interpretation II) results in varying rates of dear food allowance to employees who are in receipt of varying grades of pay. This arrangement, in an industrial establishment where thousands of people are involved on varying rates of pay would result in the E.P.T. Officer asking the mills to prepare elaborate tables showing dearness allowance paid and payable to all the employees every month with a view to ascertain whether the amount claimed by the employer is within the limits laid down in the Rules.

In the circumstances of the case, my Committee propose :—

(i) That, for the purpose of calculating the admissible amount of dearness allowance for any period, " manual wage earners " be treated differently from other employees who, it is suggested, be covered by a separate scheme of dearness allowance.

(ii) In the case of *manual wage earners*, i.e., those whose names are in Works muster, a flat rate of allowance, linked up *with the cost of living index number and the average wage in the industry of each centre, be introduced*. That is to say, the amount of dear food allowance permissible in a particular centre will vary *only* according to the increase which has taken place in the cost of living index number from the base period, namely, 1939 and the resultant dearness allowance will be applicable to all workers alike, and there will be no variation according to wage groups. It may be that there are centres in respect of which no official cost of living index numbers are available, but it is thought that this difficulty could be got over by the E.P.T. Officer taking, for purposes of taxation, the cost of living index of the nearest centre. It is of importance to note that this system of a flat rate of dearness allowance is more or less general throughout the country, and there is no real reason for interfering with it and creating a great deal of dislocation and confusion.

The scheme which my Committee have in view for manual wage earners would work out as under :—

In Bombay, the average wage in the cotton mill industry is Rs. 32. The cost of living index number for the latest month represents an increase of 134 per cent. over the base period, viz., 1939. The D.F.A. admissible in Bombay for the month of November would, *for taxation purposes*, be 134 per cent. of Rs. 32, i.e., Rs. 42-8. If the average wage is Rs. 35, and the increase in the cost of living is, say 275 per cent., the amount admissible would be 275 per cent. of Rs. 35, i.e., Rs. 96.27, this being the figure applicable to all employees.

A schedule showing how my Committee's suggestions would work with varying average wages and increases in cost of living, is enclosed herewith, but my Committee desire to point out that where, as a result of an award by an Industrial Court or other competent authority, dearness allowance higher than those laid down in the schedule to this letter is paid, then such higher amounts should also be admissible as deduction for purposes of E.P.T.

Turning to *non-manual workers*, the following scale is suggested :—

Monthly basic salary not exceeding Rs. 150 ..	Dearness allowance : 33⅓ per cent. of basic wage.
Monthly basic salary ranging from Rs. 151 to Rs. 500 inclusive.	Dearness allowance : 25 per cent. of basic wage.
Monthly basic salary Rs. 501 and over ..	Dearness allowance : 20 per cent. of basic wage.

Subject to a maximum dearness allowance of *Rs.* 300 *per month.*

A minor point in connection with clause 4 is that the allowance is related " to the Cost of Living Index Number for the same period." This is impracticable so far as Bombay

is concerned, since the Index Number is not published until the end of the following month with the result that, when wages are paid, say, in the first fortnight of December, the last known index number is that for the month of October. The words " based on the last published index " should, therefore, be substituted for the words " for the period in respect of which such salary or wages are paid in rule 4 (1). This point should be cleared up now, or there may be difficulties with E.P.T. Officers when enquiring whether the Rules have been applied.

The proviso to Clause 4 states that where the employer provides food or other essential articles of consumption to an employee at rates less than the retail rates current in the locality in which the employee resides, the cash value of such provision *as estimated by the Excess Profits Tax Officer* shall be treated as a dearness allowance. My Committee are prepared to concede the principle underlying the provision incorporated in the proposed Rules, but they would like to point out that mill grain shops and mill canteens and boarding houses came to be established and/or developed at the specific request of the Government of India as a measure calculated to improve the morale of the workers in the war emergency. They also served as a check on the price factor and there is no doubt that the amenities have been greatly appreciated by the workers. The grain shops and canteens in Bombay are being run practically on cost basis, and in a comparison between prices at which commodities are being sold in mill shops, and similar commodities sold elsewhere, the former would always be lower than the latter, and this being the case, the Income-tax Officer would be entitled to set it off against the cash dearness allowance payable to the workers. Apart from the practical difficulties involved in the case of evaluation of the loss and its *apportionment to individual workers*, my Committee see endless difficulties and arguments with the Excess Profits Tax Officers as " the prices current in the locality in which the employee resides," are likely to vary from time to time, and very difficult to ascertain. In this view of the case, my Committee desire to suggest that the application of the proviso be limited to those industries where, as a matter of policy, the employer has introduced a dearness allowance scheme as in the case of Calcutta, the jute mill industry and the engineering industry—which provides cash payment and/or the right to purchase definite quantities of cereals or foodstuffs at pre-war prices or at prices below the current market levels.

Clause 5.—My Committee's objection to this clause, as pointed out in a preceding paragraph, is that it fails to make satisfactory provision for the payment of bonuses and/or commission which are the subject of a pre-war or pre-E.P.T. contract between an employer and his employee. It would be extremely hard on employees who have to rely on their commission for their main remuneration and who received little or no commission during the standard period, and/or for many years before that, to be deprived of additional remuneration which they would be entitled to receive on the basis of the percentage profits they are entitled to by virtue of their pre-war contract with the employer. The increased commissions due to such employees cannot by any means be termed as fictitious, nor can it be maintained that there has been any attempt to evade tax. On the contrary, taxation has been paid and has been paid on an ever increasing scale to the definite advantage of Government's revenues. In this view of the case, my Committee very strongly wish to state that they cannot, in any circumstance, agree to the provisions of clause 5, and suggest that it should be amended to provide for pre-war (including contracts renewed during the war) and pre-E.P.T. contracts to be honoured and recognised in their entirety, and amounts of bonus and/or commission paid by virtue of and to the extent indicated in those contracts should be allowed as deduction.

It should also be understood that, where it has been proved that an employer has not been paying any regular dearness allowance as such, but that the increased cost of living has been compensated by the payment of a lump sum amount at the end of the year which represents dearness allowance as well as bonus, then the amount admissible for purposes of E.P.T. should be a combined amount applicable to bonus and dearness allowance.

The proposals incorporated in sub-clause (i) (*a*) of clause 5 might react very unfairly in the case of employees of companies which did not pay any bonus in the standard year, or which did not make any profit in the standard year. In this view of the case, it is thought that a provision should be inserted in this clause which would provide for at least three months' bonus in the case of non-manual employees also.

Clause 6.—Clause 6 fails to take into account the fact that big manufacturing establishments like cotton mills have to take a long view of conditions and store up raw materials, particularly now with rail and sea transport so hard pressed and not to be relied upon with any degree of regularity. In this connection, it might be pointed out that though Government controlled the imports of Egyptian cotton from March 1943, permits for importation were not really granted till December 1943 on a restricted scale under license, and if mills had not been far-sighted enough to store up Egyptian cotton, some of them would have had to be closed down. The standards laid down are unfair in the sense that they seek only to maintain the relationship between sales and stocks which existed in the standard period. In this connection, attention is invited to the following extract from a letter addressed by the Association to the Central Board of Revenue on 13th July 1943 :—

> "If, however, Government still desire to proceed with it, then I am to submit that the question may be considered from the point of view of the quantity of *stock maintained*, and not in relation to its value. In view of the enormous increases which have taken place in the prices of various items of raw materials of the industry, stocks which would have been considered necessary for an average mill *before the war*, would to-day be worth five to six times their pre-war value. Pre-war figures of stocks (in quantities) may be taken as the starting point with reasonable adjustments to cover factors such as changes in character of production, double or multiple shift working, availability of stocks, etc. It must be pointed out that, in the case of principal raw materials, for example, raw cotton, upto a year's stock should be permitted, and that in the case of stores, taking a prudent and longer view of things, the industry should be permitted to accumulate stocks upto two years' requirements."

which my Committee still think is reasonable.

My Committee note that Government propose to give effect to the different provisions on various dates, and desire to state that in no case should retrospective effect be given. As regards clause 6, they would point out that effect should be given to it only from 1944, i.e., in respect of chargeable accounting periods commencing on and after 1st January 1944.

Reading through the draft Rules as a whole, my Committee do not find any provision made for an appeal from the decision of the Assessment Officers on any matter arising from the Rules. In the United Kingdom, so far as my Committee are aware, there is an appeal to Special Commissioners, and the minimum that seems to be essential in this country is a provision for an appeal to the Board of Referees. The necessity for an appeal from the decision of the Assessment Officers can also be justified by the fact that it is very difficult to know in advance all the circumstances that exist in individual business, and a fixed and non-appealable ceiling may be unjust and inappropriate. Within the limited time available to my Committee, it has not been possible to put forward a representation which would cover the circumstances which exist in various businesses. It will be appreciated that even if my Committee's proposals were adopted, individual cases will arise where the Committee's proposals may lead to hardships, but it is hoped that these cases would be dealt with by the Department in a fair and reasonable spirit.

Maximum Dear Food Allowances Permissible for varying Increases in Cost of Living for Purposes of E.P.T. only.

—	PER CENT.													
	130	135	140	150	160	170	180	190	200	210	220	230	240	250
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
If Industry's *basic wage average* is Rs. 20 ..	26.0	27.0	28.0	30.0	32.0	34.0	36.0	38.0	40.0	42.0	44.0	46.0	48.0	50.0
Do. Rs. 25 ..	32.5	33.75	35.0	37.5	40.0	42.5	45.0	47.5	50.0	52.5	55.0	57.5	60.0	62.5
Do. Rs. 30 ..	39.0	40.5	42.0	45.0	48.0	51.0	54.0	57.0	60.0	63.0	66.0	69.0	72.0	75.0
Do. Rs. 32 ..	41.6	43.2	44.8	48.0	51.2	54.4	57.6	60.8	64.0	67.2	70.4	73.6	76.8	80.0
Do. Rs. 35 ..	45.5	47.25	49.0	52.5	56.0	59.5	63.0	66.5	70.0	73.5	77.0	80.5	84.0	87.5
Do. Rs. 40 ..	52.0	54.0	56.0	60.0	64.0	68.0	72.0	76.0	80.0	84.0	88.0	92.0	96.0	100.0
Do. Rs. 45 ..	58.5	60.75	63.0	67.0	72.0	76.5	81.0	85.5	90.0	94.5	99.0	103.5	108.0	112.5
Do. Rs. 50 ..	65.0	67.5	70.0	75.0	80.0	85.0	90.0	95.0	100.0	105.0	110.0	115.0	120.0	125.0

APPENDIX 12.

EXTRA DEPRECIATION FOR ABNORMAL USER AND/OR REHABILITATION ALLOWANCE.

Copy of letter No. 138, *dated 30th June* 1943, *from the Association to the Textile Commissioner, Bombay.*

I am directed to invite your attention to the undermentioned statement made by Mr. M. S. A. Hydari, Secretary to the Government of India, Department of Industries and Civil Supplies, on 1st June, 1943 :—

> "It is realised of course that multiple-shift working involves a heavy strain on machinery, and consideration will have to be given to the problem of making satisfactory provision in respect of depreciation rates to cover the greater wear and tear, and so to make possible rehabilitation after the war."

2. One of the objects which the Control Scheme has in view is increased production, and it, therefore, follows that mill machinery will be "worked to death." The industry has no reserve supply of machinery, and all machinery being in constant use, there will be no opportunity for regular and periodicial stoppage for any serious overhaul or maintenance apart from the essential repairs which have to be made to keep the machinery running. It has been scientifically established that machinery is subject to fatigue and that rest is necessary in order to prevent rapid deterioration.

3. Additional shifts require a large number of operatives, and in the initial stages' at any rate, many of them will only be partially trained, and this will result in increased wear and tear. The additional shifts will necessitate more than one person working on the same machinery in the course of 24 hours, and as no two men run a machine in the same manner, the effect on the machine must be detrimental. In addition, the responsibility for the upkeep of the machinery being divided and where, as in the case of the cotton textile industry, a large number of operatives are paid on piecework, the tendency is for repairs and adjustments to be left over for the next man, with the result that the machinery suffers considerably.

4. The whole question has been carefully considered by the Committee of the Association who are prepared, as a starting point, to accept that the rates of depreciation laid down by the Central Board of Revenue are a fair reflection of the proper allowance for single-shift working. They do not, however, agree that the existing allowances for extra shift working, restricted as these are to a maximum of 50 per cent. of the normal allowance, are adequate to cover the abnormal depreciation occasioned by continuous working. In their view, the following rates would fairly reflect the proper allowances for abnormal depreciation :--

(*a*) Existing rates for single shift of 9 hours.

(*b*) Double the existing rates for double shift working not exceeding 18 hours in all.

(*c*) 2½ times the existing single shift rates for treble shift working exceeding 18 hours. The object of providing depreciation is to create a replacement fund for worn-out machinery, and I am desired to point out that the Industry is concerned not with the price paid for the existing plant and machinery, but with the price which will have to be paid for replacement of plant and machinery after the termination of the war. Replacement costs have already risen considerably over the pre-war rate and are still rising. The depreciation allowances are calculated on written down values, which bear no relation whatsoever to replacement costs, and in consequence, the depreciation fund which could be accumulated from current profits is inadequate for purposes of replacement of machinery when the time for such replacement comes.

5. Under the present system, the additional depreciation allowance for extra shift working is deducted from the written down values, so that the depreciation allowance for subsequent years is a gradually diminishing figure. If the industry is to establish an effective

rehabilitation fund, it is assential that some concession should be made, and it is suggested that the special allowance asked for, as something occasioned by exceptional conditions, should be distinct and separate from the existing allowance for single shift working, and should not be deducted in calculating the written down value, so that the annual depreciation allowance in subsequent years is not adversely affected.

6. I am directed to request that this communication may please be placed before the Control Board or one of its sub-committees and forwarded to Government with their recommendations.

Copy of letter D.O. No. 34-Tex(12)/43, dated 16th November 1943, from the Deputy Secretary to the Government of India, to the Chairman, Textile Control Board, Bombay.

I am directed to invite a reference to your letter dated the 10th August to the Textile Commissioner, Bombay, and to state that the Government of India have decided to appoint a committee to determine whether the textile industry is justified in asking for an increased rate of depreciation. The Committee will consist of the following :—

Sir John Sheehy—(*Chairman*),
Mr. C. W. Ayers,
Sir Frederick Stones,
Mr. M. K. Vellodi,
Mr. D. M. Passmore, and
Mr. J. B. Greaves.

It will assemble in Bombay on the 6th of December 1943 in the office of the Textile Commissioner. I am to request you to be so good as to intimate urgently to the Textile Commissioner the names of any witnesses whom you desire to be examined on behalf of the cotton textile industry. The Committee will be in session in Bombay only between the 6th and 11th of December and it is, therefore, most desirable that all the witnesses whom you wish to be examined should be available between these dates. I am to request that you will at the same time inform Mr. Vellodi of the documentary evidence that you wish to place before the Committee. This will continue to be examined by the Committee in Delhi after the examination of witnesses has taken place.

APPENDIX 13.

PROPOSED AMENDMENT OF THE RULES UNDER THE TRADE MARKS ACT, 1940.

Copy of Press Communique dated 4th June 1943, issued by the Commerce Department Government of India, New Delhi.

With a view to implementing the undertaking given by the Government of India, in the Central Assembly, at the time of the discussion on the Trade Marks (Amendment) Bill, 1943, in March last, that such facilities would be provided for applicants at Calcutta as would make it unnecessary for them to attend the Bombay office, the Government of India have published to-day, for criticism, in a *Gazette Extraordinary*, the draft of the special provisions for the Calcutta Branch.

The Government have also decided that the Deputy Registrar of Trade Marks, when appointed in accordance with the provisions of the Amendment Act, shall be stationed at Calcutta. Pending such appointment, the Calcutta Branch will temporarily be in charge of an officer of gazetted status.

The Amendment Act comes into force from 5th June, 1943.

Copy of notification dated 5th June 1943, issued by the Government of India, New Delhi.

No. 405-Ind. A (1)/43.—The following draft of certain amendments to the Trade Marks Rules, 1942, which it is proposed to make in exercise of the powers conferred by sub-section (1) of section 84, of the Trade Marks Act, 1940 (V of 1940), as amended by the Trade Marks (Amendment) Act, 1943 (XV of 1943) is published as required by the said sub-section for the information of all persons likely to be affected thereby and notice is hereby given that the draft will be taken into consideration on or after the 20th June, 1943. Any objection or suggestion which may be received from any person with respect to the said draft before the date specified will be considered by the Central Government :—

DRAFT AMENDMENTS.

1. After rule 102, add the following new rule.

" 102A. (1) Subject to the provisions of sub-rule (2), where a trade mark consisting exclusively of letters or numerals or any combination thereof has already been registered, or an application for its registration is pending, in respect of an item in the Fifth Schedule, an application for the registration of the same mark may be made by another person in respect of any other item of the same schedule, provided that such application has been made on or before the 2nd day of February 1943.

(2) In so far as relates to the registration of trade marks consisting exclusively of numerals, letters or any combination thereof, which have been continuously used since a date prior to the 25th February, 1937, or which have been deposited under section 85 of the Act, but not further or otherwise, the foregoing sub-rule (1) shall be construed as if for the words " 2nd day of February 1943," there were substituted the words " 1st June 1943."

2. After Rule 141, add the following :

"PART V.

Rules relating to the Calcutta Branch.

142. *Administration of the Branch.*—An officer of gazetted status shall under the control and superintendence of the Registrar be in charge of the administration of the Calcutta Branch.

143. *Applications, etc.*—All applications, notices, statements or other documents, authorised or required by the Act or these Rules to be made, left or sent at or to the Trade Marks Registry may be made, left or sent at or to the Calcutta Branch.

144. *Inspection of copy of Register, etc.*—The copy of the Register, the copy of the Refused Textile Marks List and the lists relating to trade marks deposited under section 85 shall be open to inspection, on payment of the prescribed fee, at such times, on all days on which the Calcutta Branch is not closed to the public, as may be fixed by the Registrar.

145. *Hearings at the Calcutta Branch.*—Where an application for the registration of a trade mark has been made at Calcutta, the application shall in the event of a hearing becoming necessary, and if the applicant so desires, be heard at Calcutta provided that in the event of the Registrar having to deal with more than one application at one hearing in respect of trade marks relating to textile goods, it shall be in the discretion of the Registrar to direct the hearing of the applications at Bombay or Calcutta, where the hearing has taken place at Calcutta, the decision in respect thereof shall be pronounced at Calcutta."

Copy of letter No. 214, dated 21st June 1943, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

The attention of the Committee of the Association has been drawn to the Government Press Note dated the 4th June, 1943, published in the Press. This Press Note refers to certain

arrangements proposed by Government " with a view to implementing the undertaking given by the Government of India in the Central Assembly, at the time of the discussion on the Trade Marks (Amendment) Bill, 1943, in March last." The Press Note further states that the undertaking given by the Government implied that " such facilities would be provided for applicants at Calcutta as would make it unnecessary for them to attend the Bombay Office." The Press Note later goes on to state that " Government have also decided that the Deputy Registrar of Trade Marks, when appointed in accordance with the provisions of the Amendment Act, shall be stationed at Calcutta."

The point that my Committee would like to make is of a two-fold character : firstly, the undertaking given by Government in the Legislative Assembly, referred to in the Press Note, did not imply that arrangement of the nature referred to in the last para of the Press Note would be made at Calcutta, and secondly the decision to station the Deputy Registrar at Calcutta is calculated to delay the registration of the very large number of trade marks which have already been put in Bombay, and cause great inconvenience to the trade.

In connection with the first point, my Committee would like to draw your attention to the speeches made in the Legislative Assembly on 30th and 31st March 1943, by Mr. T. S. Pillay (Government of India, nominated official) and Mr. Chapman-Mortimer (Bengal, European).

This is what Mr. Pillay said on 30th March 1943 :—

" I have conceded to those who have made representations to me that it is desirable to make provision in the Bill itself for keeping an office at Calcutta which will receive applications, which will give all facilities to the applicants in regard to those applications, which will keep copies of the Registry and which will give them facilities to inspect the trade marks that have so far been registered, so that they may not be put to any inconvenience by the amending Bill which is before the House . . . It has been pointed out to me that on the abolition of the Calcutta Registry as an independent office, it is just possible that in all cases where there are disputes that those merchants who are in Calcutta may be compelled to go to Bombay. It is our intention that periodically, as and when required, the Registrar will rather go to Calcutta and hear hearings there rather than compel the commercial community to proceed to Bombay. This meets the point that has been made that the facilities which now exist for the commercial community in cases of opposition should be continued."

Mr. Chapman-Mortimer who spoke on 31st March said :—

" The Hon'ble the mover of the Bill in his speech explaining the necessity for it gave certain undertakings which we from Bengal very much appreciate. Notably, he gave us the undertaking that the Registrar or Deputy Registrar, as the case might be, would make very frequent visits to Calcutta. He might make even fairly prolonged visits to Calcutta for the purpose of despatch of business in that centre and for the hearing of cases. I should like just to take this opportunity to express our appreciation of those promises which we have been given and to thank the Honourable Member in charge of the Bill for the very helpful spirit in which, throughout, he met the protestations of, and gave consideration to the claims of Bengal."

It is clear from the above quoted extracts that the undertaking given by Mr. Pillay on behalf of the Government of India, and accepted by the Bengal Group, covered facilities for filing applications, inspection of Trade Marks Registers and hearing of objections in case of disputes by the Registrar in appropriate cases, and this intention is made clear in section 4(*a*) (i) and section 4(*a*) (ii) of the Act. If the Calcutta Office is to serve only the purpose enunicated in sections referred to above, then my Committee consider there is no necessity for the Deputy Registrar to be permanently stationed there.

It was the Millowners' Association, Bombay, which first asked for the appointment of a Deputy Registrar with the requisite legal and technical qualifications to collaborate with the Registrar to expedite disposal of cases in Bombay. The Act provides for the appointment of a " Deputy Registrar," and in seeking to station this officer at Calcutta,

Government are doing a great injustice to the proprietors of the very large number of trade marks, who have already sent their applications to Bombay. According to my Committee's information, more than 80,000 of these trade marks have already been filed in Bombay, and unless the Registrar is in a position to delegate his powers to somebody in Bombay, it will be impossible for him to dispose of all the 80,000 applications within a reasonable time, to the inconvenience of the very large section of the trading and commercial interests of the country who have filed their applications in Bombay. The Deputy Registrar must be appointed at a very early date, and in fairness to those trade mark owners who have filed their applications in Bombay and paid their deposit fees, their applications must be promptly disposed of, and the best way of ensuring this is by stationing him in Bombay.

The total number of applications for the registration of textile trade marks filed in Calcutta does not seem to exceed 2,000, and a good many of these, it is reported, belong to proprietors who have their principal place of business in the United Kingdom, and to whom it is a matter of indifference whether their applications are heard and registered in Calcutta or Bombay. A full-time Deputy Registrar in Calcutta to deal with the small number of trade marks in respect of which applications have been filed in Calcutta is a luxury and is obviously unfair to proprietors of trade marks in Bombay and other Provinces who have filed their applications in Bombay. Apart from this, the arrangement is calculated to put the clock back to the position which existed before the Amendment Bill was passed into law, and to hamper the working of the Act. My Committee have no desire whatsoever to inconvenience the Calcutta merchants who have made their applications in Calcutta and who desire that their cases should be heard there, but their contention is that at the appropriate time it is for the Registrar himself or for the Deputy Registrar in Bombay to go up to Calcutta to hear those cases.

If the Registrar has to move up to Calcutta occasionally as suggested by Government, then the work of the Bombay Office will suffer, as nothing can be done in the absence of a Registrar unless provision is made for the delegation of the Registrar's powers to a Deputy Registrar.

No provision has been made by Government in the draft Rules for the publication of the Trade Marks Journal. It is clear that the Act cannot be worked without the Trade Marks Journal, and to facilitate immediate effect being given to the provisions of the Act, it is suggested that Government might announce their intentions regarding the Journal.

APPENDIX 14-A.

THE INDIAN MERCHANDISE MARKS ACT.

COTTON YARN AND THREAD (MARKING) RULES, 1943.

Copy of notification No. 308–*Ind.* (4)/41 *issued by the Department of Commerce, Simla, on* 24*th July* 1943.

No. 308-Ind. (4)/41.—The following draft of certain rules which it is proposed to make in exercise of the powers conferred by sub-section (1A) of section 20 of the Indian Merchandise Marks Act, 1889 (IV of 1889), read with section 22 of the General Clauses Act, 1897 (X of 1897) is published as required by sub-section (6) of the said section 20 for the information of all persons likely to be affected thereby and notice is hereby given that the draft will be taken into consideration on or after the 1st November 1943.

Any objection or suggestion which may be received from any person with respect to the said draft before the date specified will be considered by the Central Government.

DRAFT RULES.

1. (1) These Rules may be called the Cotton Yarn and Thread (Marking) Rules, 1943.

(2) They shall come into force on the.....(a date four months after their final publication).

2. The marking of bundles of cotton yarn and units of cotton thread with the particulars required by sub-section (2) of section 12 of the Indian Merchandise Marks Act, 1889 (IV of 1889) shall be made in accordance with these Rules.

3. All markings shall be in the English language provided that Roman numerals shall not be used.

4. Weight shall ordinarily be indicated in pounds and ounces only in accordance with the avoirdupois system. Where, however, the practice of the trade requires the indication of the weight according to the metric system, it shall be indicated in accordance with that system.

5. (1) The name of the manufacturer or of the wholesale purchaser in India shall be indicated in full or, provided that the said name is clearly and unambiguously indicated thereby, in an abbreviated form or as a trade description or part of a trade description, provided further that a trade description or part thereof shall not be used except in connection with particular yarns or threads which have by long use become so describable.

(2) Sub-rule (1) shall, in its application to sub-clause (1) of clauses (i) and (j) of section 18 of the Sea Customs Act, 1878 (VIII of 1878), construed as including a reference to the exporter of the yarn or thread, as the case may be.

6. (1) Bundles of yarn shall be marked with the required particulars by one or more inscribed labels or cards applied, affixed, or stitched to each bundle, provided that the details of each required particular shall be complete on one exposed surface.

(2) Units of threads shall be marked with the required particulars :—

(*a*) when made up in skeins, by an inscribed label applied round each skein or bundle of skeins or secured by twine thereto ;

(*b*) when made up in balls, by an inscribed label attached to each ball or, inserted therein but remaining exposed ;

(*c*) when wound on cards, by inscription on the exposed portion of the card ;

(*d*) when wound on reels, by one or two inscribed labels applied to the end or of the reel, provided that the details of each required particular shall be ends complete on one surface ;

(*e*) when wound on paper tubes, by an inscribed label applied round or otherwise affixed to the thread or to the exposed portion of the outer surface of the tube or, where the diameter of the tube is sufficient for the label to be clearly exposed to view, to the inner surface of the tube, or by inscription on the exposed portion of the outer surface of the tube ;

(*f*) when made up in any other form, by an inscribed label or card applied, affixed or stitched to, or enclosed or inserted in, such make up,

(3) Labels or cards used in accordance with sub-rules (1) and (2) shall not be easily detachable or removable from a bundle of yarn or from each unit of thread in the ordinary course of handling before it reaches the normal consumer.

7. Where bundles of yarn or units of thread are enclosed in a cover, the cover shall also be marked with the required particulars.

8. All markings shall be made by printing, stamping or by any other manner provided that they shall be legible, distinct and in a colour, not likely to be easily obliterated, which shall be different from the colour of the surface marked.

9. (1) The counts of cotton yarn in a bundle shall be ordinarily expressed by adding the letter "S" after the numeral or numerals. Where, however, a bundle is packed on the metric system, the counts shall be accompanied by the words "metric counts" or by any other clear and definite indication conveying the fact.

(2) The grist number on each unit of thread shall be clearly indicated according to the manner recognised by the practice of the trade.

10. Nothing in these Rules shall operate to prohibit the indication in any manner of other particulars relating to the yarn or thread, so long as the conspicuousness of the required particulars is not affected thereby.

Copy of letter No. 294, dated 26th October 1943, *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 draft of the Cotton Yarn and Thread (Marking) Rules, 1943, published in Part I of the *Gazette of India*, dated 31st July 1943, and to submit below the considered views of the Committee of the Millowners' Association on Government's proposals :—

Section 20(1) (*a*) of the Indian Merchandise Marks Act empowers the Central Government to make rules providing for the manner in which, for the purpose of Section 12, cotton yarn and cotton sewing or darning thread shall be marked with the particulars required by section 12. Section 12(2) lays down :

> "12(2). Cotton yarn such as is ordinarily sold in bundles and cotton sewing or darning thread, which have been manufactured, bleached, dyed or finished in premises, which are a factory, as defined in the Factories Act, 1934, shall not be removed for sale from these premises unless in accordance with any rules made under section 20 of this Act, in the case of yarn the bundles are conspicuously marked with an indication of the weight of yarn in each bundle and the count of the yarn contained in the bundle and in the case of thread each unit is conspicuously marked with the weight of thread in the unit and the grist number and, except where the goods are sold from the factory for export from British India unless each bundle or unit is conspicuously marked with the name of the manufacturer or of the wholesale purchaser in India of the goods."

The draft rules which Government have now notified for purposes of section 12 of the Act, under powers conferred on them under section 20(1) (*a*) of the Act, are, in my Committee's view, defective in the sense that they are not quite comprehensive. The reason for this state of affairs lies in the fact that section 12(2) is in itself defective in the following respects :

(*a*) The section covers "cotton yarn" and "cotton sewing or darning thread." These specifications do not cover darning, crochet and handicraft threads. My Committee are informed that a very large amount of business in cotton crochet and handicraft threads is being carried on in this country, and it is considered that, in the interest of the trade, the section should be extended to cover these threads also. It is felt that the situation could be met by inserting the words, "cotton sewing, darning, crochet or handicraft thread" for the words, "cotton sewing or darning threads."

(*b*) The provisions of section 12(2) seem to apply only to cotton yarn and thread manufactured in the premises which are a factory under the Factories Act, 1934. My Committee are informed that in certain centres in India, a considerable amount of trade is being carried on in winding sewing threads from hanks into cards and into balls. This process is mostly done by hand, and the premises in which these operations are carried on do not come within the scope of the Factories Act. There are also cases in which cotton thread is purchased in bulk from factories, but finished and wound into smaller units for retail sale and packed or boxed. The number of such establishments has grown in recent years, and it is quite possible that most of these establishments also do not come under the Factories Act. There is, therefore, a very strong case for protecting establishments which come under the Factories Act, and the trading public including the consumer against fraudulent trade descriptions which, it is reported, are being applied in the small scale establishments. In the circumstances, it is suggested that the small-scale establishments be brought within the scope of section 12(2) by adding the words, "and other premises" after the number "1934" where it occurs in the section.

(*c*) Section 12(2) required, in the case of thread, that each unit should be conspicuously marked with the weight of the thread in the unit and the grist number, etc. So far as my Committee's information goes, cotton sewing thread is marketed by length and not by weight. Even in Government specifications regarding cotton thread, the length is quoted, and purchases are made on that basis. The public are accustomed to purchase thread in length units, and the marking of the weight would cause confusion in the trade. It also seems to be the case that certain types of cotton threads are treated by special processes, such as, glazing, which adds weight to the thread, and if goods are to be marked with an indication of weight only, such special process, as glazing, is calculated to lead to serious malpractices as the weighing of cotton thread by the addition of lead products in the process of glazing can be easily effected. It is conceded that there are special trades where weight is marked, and my Committee do not desire to interfere with those trades. What they, therefore, suggest is that it should be made permissible for a manufacturer to stamp the weight or length of the thread in the unit.

(*d*) Another defect in section 12(2) is that it requires the "grist number" to be marked in the case of cotton thread. The expression "grist number" is not employed by the manufacturer in India, nor is it sufficiently understood by the public. It is usual for cotton sewing thread to be marked with a number to indicate the thickness of the thread, and if this is what is required, it is suggested that this be made clear by an amendment of section 12(2).

My Committee request that the suggestions referred to above be given careful consideration by Government so that the defects pointed out may be set right at a very early date.

Turning to the draft rules themselves, my Committee have no serious criticisms to offer. The point has, however, been raised that clause 6(1) of the notification does not seem to cover the case of labels or cards pasted on bundles. If this is so, the phraseology of the clause may be suitably amended.

Clause 9(2) refers to the marking of the "grist number" according to the manner recognised by the practices of the trade. My Committee desire to point out that, so far as their information goes, the number is marked on goods by importers of cotton thread. No standard practice seems to be adopted, every manufacturer having his own standards although there is a fairly close resemblance between the standards employed. The number is applied as a guide to the thickness of the thread and although there should be a standard practice in this regard, makers appear to have their own formula in arriving at the number applied on the thread. It is reported that in some instances there are wide variations in the numbers applied on threads. In view of the confusion which is likely to arise in the absence of a standard practice in arriving at the number, it is suggested that this clause be omitted for the time being.

APPENDIX 14-B.

MARKING OF COUNTRY OF ORIGIN ON FOREIGN GOODS.

Copy of notification No. 301-*Ind.* (*M. M.*) (2) 41 *issued by the Department of Commerce on* 24th *July* 1943.

No. 301-*Ind.* (*M.M.*) (2)/41.—The following draft of a notification which it is proposed to make in exercise of the powers conferred by sub-section (1) of section 12A of the Indian Merchandise Marks Act, 1889 (IV of 1889), read with section 22 of the General Clauses Act, 1897 (X of 1897), is published as required by sub-section (4) of the said section 12A for the information of all persons likely to be affected thereby and notice is hereby given that the draft will be taken into consideration on or after the 1st November 1943.

Any objection or suggestion which may be received from any person with respect to the said draft before the date specified will be considered by the Central Government.

DRAFT NOTIFICATION.

In exercise of the powers conferred by sub-section (1) of section 12A of the Indian Merchandise Marks Act, 1889 (IV of 1889), read with section 22 of the General Clauses Act,

1897 (X of 1897) the Central Government, on the requirements of sub-sections (3) and (4) of the said section 12A having been fulfilled, is pleased to direct that,

(*a*) subject to the provisions of sub-section (5) of the said section 12A, the classes of goods specified in the Schedule hereto annexed shall on and after the (a date four months later than the date of the final publication of this notification) have applied to them in the English language on importation (where the goods have been imported) and at the time of sale, whether by wholesale or retail, an indication of the country or place in which they were made or produced, in the manner specified in the said Schedule against each of the said goods ;

(*b*) where such goods are made or produced in one country and packed in containers made or produced in another, the indication shall specify these countries if one or both of them are beyond the limits of British India.

(*c*) where such goods are partly or wholly made or produced in one country and partly made or produced or finished or processed or embellished or completed in another country or other countries, the indication if expressed as "Made abroad" or "Foreign Made" or "Manufacture of different countries outside British India" shall be deemed to be sufficient for purposes of this notification.

2. In this notification :—

(*a*) the expressions "covering" or "container" include a wrapper, cover, band, packet, box, carton, capsule, stopper, cork, top, frame, case, tin, can, phial, bottle, jar, vessel, or any other covering or container in or with which the goods of any class specified in the Schedule are imported, sold or exposed for sale.

(*b*) "label" includes any ticket, band, card or tag ;

(*c*) "applied" includes attached, enclosed, annexed, inserted, secured, fastened, stitched or sewn.

SCHEDULE.

Item No. 1.	Class of goods. 2.	Manner in which the indication shall be applied. 3.
	I. Goods made or produced beyond the limits of British India and imported into British India.	
1.	Apparatus and appliances, electric and all kinds	On the goods themselves.
2.	Glass Bulbs, globes including electric incandescent bulbs	Do.
3.	Electric cells and batteries of all kinds including primary batteries for dry-cells, flash-lamp, torch type and motor car batteries ..	Do.
4.	Fountain pen barrels	Do.
5.	Chemicals, drugs, medicines and pharmaceutical products, all kinds.	On containers or coverings.
6.	Cigarettes	Do.
7.	Fonts	On the goods themselves at intervals of one yard.*
8.	Lanterns and lamps of all kinds including electric torches and flashlights and automobile lamps	On the goods themselves.
9.	Machinery of all kinds	Do.
10.	Piecegoods of cotton, silk, artificial silk, staple fibre yarn and wool including mixture piecegoods, i.e., piecegoods made out of different kinds of yarns or piecegoods made out of yarns spun out of a mixture of different kinds of textile fibre	On the goods themselves.*
11.	Stationery goods, all kinds	Do.
12.	Tiles of all kinds	On the goods themselves.
13.	Timbers and manufactures thereof	Do.
14.	Toilet preparations of all kinds	On containers or coverings.
15.	Wood including logs, planks, scantlings	On the goods themselves.
16.	Yarns of cotton, silks, artificial silk, staple fibres and wool, including yarn spun out of a mixture with one or more kinds of textile fibres as well as yarns consisting of strands of different kinds of yarn combined by the process of doubling or twisting	*On the reels, spindles, containers, or coverings.
17.	Iron ingots	On the goods themselves.
	II. Goods made or produced within the limits of British India.	
1.	Cigarette or cigarette containers	*On the goods themselves.
2.	Cotton piecegoods.	*On the goods themselves at intervals of every yard thereof.

*Or where this may not be possible or proves inconvenient to the consumer, on the wrapper or container or on a label attached.

Copy of letter No. 294, dated 28th October 1943, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed to refer to the Government notification No. 301-Ind. (M.M.) (2)'41, dated the 24th July 1943, published in Part I of *Government Gazette* dated 31st July 1943, regarding the draft Rules framed by Government under the provisions of section 12A of the Indian Merchandise Marks Act, and to set forth below the considered views of the Committee of the Millowners' Association on the draft Rules.

2. At the outset, I am to state that in a separate representation addressed to you to-day in connection with the proposed Cotton Yarn and Thread (Marking) Rules, 1943, reference was made to certain amendments which my Committee consider necessary in section 12(2) of the Indian Merchandise Marks Act, and to point out that the views set forth below are subject to the assumption that the amendments suggested in that representation by my Committee would be favourably considered and accepted by Government.

3. Turning to the provisions of the draft notification :—

Clause 1—*Sub-Paragraph* (*b*).—The provision seems to be in order, but it is thought that the method of stamping should be very clearly laid down, e.g. :—

"MADE IN HOLLAND
PACKED IN GREAT BRITAIN."

Clause 1.—*Sub-Paragraph* (*c*).—The expression "manufactured abroad" is not likely to afford adequate protection to the consumer in this country in the sense that it would not help to prevent goods manufactured, e.g., in Japan from being passed off as those of, say, the United Kingdom or Germany. In this view of the case, the following type of stamping is recommended :—

"WOVEN IN FRANCE.
PROCESSED, EMBROIDERED AND PACKED IN U. K."

or

"MADE IN ENGLAND.
PACKED IN INDIA FOR RETAIL TRADE."

Clause 2.—*Sub-Paragraph* (*c*).—The expression "applied" may be extended to cover "pasted," "stamped" and "printed."

Schedule—Parts 1 *and* 2.—The draft notification lays down that in the case of piecegoods of cotton, silk, art silk, staple fibre yarn and wool including mixture piecegoods, etc., etc., the indication as to the country of origin should be stamped on the goods themselves (*vide* Part I—Item 10), whereas in the case of cotton piecegoods made or produced within the limits of British India, the indication is required to be stamped (*vide* Part II—Item 2) on the goods themselves *at intervals of every yard thereof, where this may not be possible or proves inconvenient to the consumer, on the wrapper or container or on a label attached.*

In this connection my Committee desire to make the following submissions :—

(*a*) Item 10 of Part I of the Schedule covers piecegoods made of cotton, silk, art silk, staple fibre yarn and wool and includes also mixtures, whereas Item 2 of Part II covers cotton piecegoods only. So far as my Committee are aware, there is no justifiable ground for the exclusion of Indian manufactured piecegoods other than cotton piecegoods from the provisions of section 12(*a*) of the Act, and it is felt that this defect in the wording in Part II of the Schedule should be set right.

(*b*) There also seems to be no justification for providing for the name of the country of origin to be stamped on the goods themselves at intervals of every yard thereof in the case of cotton piecegoods of British-India origin, whereas in the case of imported piecegoods, it would perhaps be sufficient if, for example, the name of the country of origin were stamped on the face plait only.

(*c*) According to the footnote in the Schedule, it is not necessary to stamp the name of the country of origin in the case of British-Indian made cotton piecegoods as laid down in the Schedule at intervals of every yard in cases where "this may not be possible or proves inconvenient to the consumer," and in such cases stamping of the name of the country of origin on the wrapper or container appears to be sufficient for purposes of the notification. This is a very dangerous provision in the sense that it leaves things vague, for it is very difficult for a manufacturer to find out beforehand what is likely to be convenient or otherwise to the consumer.

(*d*) Apart from the points made in the above sub-paragraphs (*b*) and (*c*), *my Committee desire to oppose the suggestion regarding stamping on yard lengths for the following reasons :—*

(i) Such stamping might damage the appearance of the piece resulting in a deterioration of its value ;

(ii) It would certainly increase the folding and stamping charges and necessitate the installation of automatic stamping machinery at very considerable expense, which it is not possible to do for some time at any rate after the war.

My Committee fail to appreciate the advantages which are likely to accrue from the stamping of the name of the country of origin at fixed intervals in the piece. They are aware that the name of the manufacturer and also the country of origin is stamped on the selvedge in the case of certain highly finished goods, but this procedure is being adopted to prevent a substitution in the retail trade, but it would be an unwarranted imposition to insist such stamping on all goods owing to the expenses and practical difficulties involved. In the circumstances, my Committee strongly feel *that it would be sufficient if the name of the country of origin in the case of goods manufactured in British India were stamped on the face plait only.*

Item 16 of Part I of Schedule.—It is suggested that the expressions used in column 2 be extended to cover cotton sewing, darning, crochet and handicraft threads. The reason for this suggestion is that as at present worded it is not quite clear whether the yarns and threads referred to are covered by the clause.

Another point which arises from item No. 16, of Part I of the Schedule is with reference to the spindles used in column 3. It is not clear what the word "spindles" is intended to cover. Sewing threads are very often wound on paper tubes, and if these tubes are intended, then it is suggested that the word "spindles" be substituted by the word "tubes."

APPENDIX 15.

THE BOMBAY SHOPS AND ESTABLISHMENTS ACT.

Staff Employed in Mill Canteens and Mill Grainshops.

Copy of letter No. 204, *dated 29th January* 1943, *from the Association to the Secretary to the Government of Bombay, Political and Services Department.*

I am directed to acknowledge the receipt of your letter No. 143/34/23760-E, dated the 15th December, 1942, in which you state that Government are not satisfied that a case exists for exemption of the staff of mill grain shops and mill canteens from the operation of the Bombay Shops and Establishments Act, 1939. A point in favour of the exemption asked for by the Association, and which unfortunately was not incorporated in the Association's previous representation, is that though grain shops have at present separate staff, in view of the uncertainty as regards the dates on which supplies of foodgrains, etc., would be received by the mills, it has been found necessary to draft temporarily additional staff from other departments to mill grain shops, to complete distribution of foodgrains in proper time. These

temporary drafts would come from those clerical staff employed in mills who have already been exempted for the duration of the war from the provisions of the Bombay Shops and Establishments Act subject to certain undertakings given by the Association, and the application of the Shops and Establishments Act when they are in the grain shops would introduce unnecessary complications for the management. In this view of the case, it is thought that the situation could be met by exempting mill grain shop staff and the mill canteen staff from the provisions of the Bombay Shops and Establishments Act for the duration of the war on the same terms and conditions on which certain mill clerks have been exempted from the provisions of the Bombay Shops and Establishments Act.

Copy of letter No. 143/34/18731-E, *dated* 14*th October* 1943, *from the Joint Secretary to the Government of Bombay, Political and Services Department, to the Association.*

With reference to your letter No. 204, dated the 29th January, 1943, I am directed to state that it is regretted that the request made by the Millowners' Association, Bombay, for exemption of the staff of the mill grain shops and the mill canteens from the operation of the Bombay Shops and Establishments Act, 1939, cannot be granted.

Copy of letter No. 204, *dated* 4*th November* 1943, *from the Association to the Joint Secretary to the Government of Bombay, Political and Services Department.*

I am directed to acknowledge the receipt of your letter No. 143/34/18731-E, dated the 14th October, 1943, in which you state that the request made by the Committee for the exemption of the mill grain shops and the mill canteens staff from the operation of the Bombay Shops and Establishments Act, 1939, cannot be granted.

2. The position arising from Government's refusal to grant the exemption asked for has again been reviewed by my Committee, and I am desired to say that, while the mill managements have been advised to comply with the various requirements under the Act, there are, however, certain practical difficulties in respect of which my Committee would appreciate Government's assistance, and these are set forth below.

3. The solicitors of the Association hold the view that a mill canteen is not a " restaurant or eating house " as defined in section 2(16) of the Act, but should be regarded as a " shop." In this view of the case, the provisions contained in Chapter II of the Act would apply to mill canteens. Section 5 of the Act provides that no shop shall on any day be closed later than 9 p.m. or such other earlier hour as may be fixed by the Provincial Government by a general or special order in this behalf. As was pointed out in my letter No. 204, dated the 26th October, 1942, mill canteens exist as an amenity to the workers employed in cotton mills and must be kept open whenever the mills are working. Most of the mills in Bombay and Sholapur are working night shift on the Supply Department and Standard Cloth orders of the Government of India, and unless an exemption could be given from the provisions of section 5 of the Act, these canteens would have to be closed down at 9 p.m., which would be resented by the night-shift workers.

4. In the last paragraph of your letter No. 143/34/23760-E, dated the 15th December, 1942, you point out that Government would consider the question of declaring mill canteens as " restaurants " for the purposes of the Act, if so desired by my Committee. My Committee are grateful to you for the offer, but would point out that, from the point of view of administration, they would prefer all mill staff and mill labour to be covered by one Act, but as Government have, for reasons which have not been disclosed, refused to treat mill canteen and mill grain shop staff on the same footing as other employees for purposes of the Bombay Shops and Establishments Act, the best solution of the problem would appear to be to arrange for mill canteen and mill grain shop staff to be covered by one set of rules and regulations. As the Association has already been advised that " mill canteens " are not " restaurants " for purposes of the Act but should be regarded as shops, the Committee would be prepared to regulate the conditions of work of mill canteens and mill grain shops staff on the basis of Chapter II of the Act subject to the exemption asked for. If, however, canteens were declared

to be "restaurants" for the purposes of the Act, then, though the difficulty as regards closing of the canteens at 9 p.m., could be overcome, canteen staff would be covered by Chapter IV, and the grain shop staff by Chapter II of the Act, which my Committee are anxious to avoid under all circumstances, in view of the serious administrative difficulties which are reported to be involved in this arrangement. In this view of the case, Government's offer does not seem to go far enough and my Committee would be grateful if our canteens as well as grain shops could be declared to be "restaurants" for purposes of the Act.

5. Section 9 of the Act provides that every person employed in a shop shall be given at least one holiday in a week. The "week" is defined in section 2(19) as a period of seven days beginning at midnight of Saturday. Factory labour, for whose benefit mill canteens and mill grain shops exist, is regulated by section 35 of the Indian Factories Act, and though the latter Act also provides for a weekly holiday, it permits certain variations which may result in a worker not having had any holiday at all in a week, i.e., Saturday to Saturday. The Factories Act provides for compensatory holidays subject to the conditions laid down in section 35, but a corresponding provision is absent in the Bombay Shops and Establishments Act. If, therefore, an exemption is not granted from the provisions of section 9, on the lines of section 35 of the Indian Factories Act, mill canteens and mill grain shops may have to be closed down on mill working days, resulting in considerable inconvenience and discontentment among the mill staff.

6. My Committee are obliged to you for the suggestion contained in your letter No. 143/34/23760-E, dated the 15th December 1942, in which it is pointed out that the difficulty as regards a weekly holiday to the employees of the mill grain shops and canteens can be overcome by granting a weekly holiday to each of them by rotation so that the grain shops and canteens need not be closed on any day on which the mills are working. The point which I am to submit in this connection is that the suggestion regarding rotation of holidays, my Committee are advised, is not a practical proposition and is calculated to lead to administrative difficulties. As Government are aware, mill grain shops have been notified as authorised dealers for rationed articles, and in view of the large numbers of operatives who have to be supplied from the grain shops, the mill staff have to be kept at the full strength throughout the working month.

7. The attention of my Committee has been drawn to section 4(1) (*k*) of the Bombay Shops and Establishments Act which empowers Government only to grant exemption to "any other establishment or class of establishments or person or class of persons" from the operation of the Act, and so far as my Committee are aware, there is no provision anywhere in the Act which entitles Government to grant exemption from particular sections of the Act. If the position is as described, then my Committee would respectfully submit that mill grain shop and mill canteen staff should be exempted from the operation of the Act subject to the understanding that the conditions of work of these employees would be regulated, as in the case of mill clerical staff, by the Indian Factories Act. If, however, this is not possible, mill canteens and mill grain shops may be declared as "restaurants" for purposes of the Act. If this is done, the difficulties arising from section 5 will largely disappear, but the weekly holidays question would still remain, and this, it is suggested, be overcome by an understanding that mill canteen and mill grain shop staff will secure the same number of holidays as ordinary mill labour.

Copy of letter No. 143/34/23445-*E, dated 22nd December* 1943, *from the Chief Secretary to the Government of Bombay, Political and Services Department, to the Association.*

With reference to your letter No. 204, dated the 4th November, 1943, I am directed to state that Government agrees to exempt the staffs engaged in the canteens and grain shops run by the member mills of your Association from the provisions of the Bombay Shops and Establishments Act, on an express understanding that they will be given the benefits of the Factories Act regarding the hours of work, payment for overtime work, holidays, etc., and that the mills will put up notices to this effect in prominent places. A copy of the notification being published in the *Bombay Government Gazette* in this connection is enclosed for your information.

Copy of notification dated 22nd December 1943, issued by the Chief Secretary to Government, Political and Services Department, Bombay.

No. 143/34.—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 during the continuance of the war.

SCHEDULE

Clerical and other staff employed in the canteens and the grain shops attached to the said mills.

Copy of circular No. 204, dated 24th December 1943, to all members of the Association in the City of Bombay.

Further to my letter No. 204, dated the 19th October 1943* I beg to enclose herewith, for your information, a copy of Government notification No. 143/34, dated the 22nd December, 1943, exempting clerical and other staff employed in canteens and grain shops attached to member mills of the Association in the city of Bombay from the provisions of the Bombay Shops and Establishments Act and copies of correspondence between the Association and Government which preceded the exemption. It will be noticed from Government's letter No. 143/34/23445-E, dated the 22nd December, 1943, that Government have agreed to exempt the staffs concerned *on the express understanding that they would be given the benefits of the Factories Act regarding the hours of work, payment for overtime work, holidays, etc., and that the mills would put up notices to this effect in prominent places.*

APPENDIX 16.

PUBLIC DEBT (CENTRAL GOVERNMENT) BILL.

Copy of letter No. 517-E., dated 6th November 1943, from the Deputy Secretary to the Government of Bombay, Finance Department, to the Association.

I am directed to forward herewith copies of the papers noted in the margin and to request you to favour this Department with an expression of opinion on the provisions of the Bill so as to reach this Department not later than 18th November, 1943.

1. Bill as introduced with statement of objects and reasons.
2. Extract from the Legislative Assembly Debates, dated 25th August 1943, regarding the Bill.

A Bill to consolidate and amend the law relating to Government securities issued by the Central Government and to the management by the Reserve Bank of India of the public debt of the Central Government.

As introduced in the Legislative Assembly.

Whereas it is expedient to consolidate and amend the law relating to Government securities issued by the Central Government and to the management by the Reserve Bank of India of the public debt of the Central Government ;

It is hereby enacted as follows :—

1. *Short title, extent and commencement.*—(1) This Act may be called the Public Debt (Central Government) Act, 1943.

(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 in this behalf.

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* Not printed.

2. *Definitions.*—In this Act, unless there is anything repugnant in the subject or context :—

(1) " the Bank " means the Reserve Bank of India.

(2) " Government security " means—

(*a*) a security, created and issued, whether before or after the commencement of this Act, by the Central Government for the purpose of raising a public loan, and having one of the following forms, namely :—

(*i*) stock transferable by registration in the books of the Bank ; or

(*ii*) a promissory note payable to order ; or

(*iii*) a bearer bond payable to bearer ; or

(*iv*) a form prescribed in this behalf ;

(*b*) any other security created and issued by the Central Government in such form and for such of the purposes of this Act as may be prescribed ;

(3) " prescribed " means prescribed by rules made under this Act.

(4) " promissory note " includes a treasury bill.

3. *Transfer of Government securities.*—(1) Subject to the provisions of section 5, a transfer of a Government security shall be made only in the manner prescribed for the making of transfers of securities of the class to which it belongs and no transfer of a Government security shall be valid if :—

(*a*) it does not purport to convey the full title to the security, or

(*b*) it is of such a nature as to affect the manner in which the security was expressed by the Central Government to be held.

(2) Nothing in this section shall affect any order made by the Bank, or any order made by a Court upon the Bank.

4. *Transfer of Government securities not liable for amount thereof.*—Notwithstanding anything contained in the Negotiable Instruments Act, 1881 (XXVI of 1881), a person shall not, by reason only of his having transferred a Government security, be liable to pay any money due either as principal or as interest thereunder.

5. *Holding of Government securities by holders of public offices.*—(1) In the case of any public office to which the Central Government may, by notification in the official Gazette, declare this sub-section to apply, a Government security in the form of stock or of a promissory note may be held in the name of the office.

(2) When a Government security is so held, it shall be deemed to be transferred without any or further endorsement or transfer deed from each holder of the office to the succeeding holder of the office on and from the date on which the latter takes charge of the office.

(3) When the holder of the office transfers to a party not being his successor in office a Government security so held, the transfer shall be made by the signature of the holder of the office and the name of the office in the manner and subject to the conditions laid down in section 3.

(4) This section applies as well to an office of which there are two or more joint holders as to an office of which there is a single holder.

6. *Notice of trust not receivable.*—(1) No notice of any trust in respect of any Government security shall be receivable by the Central Government, nor shall the Central Government be bound by any such notice even though expressly given, nor shall the Central Government be regarded as a trustee in respect of any Government security.

(2) Without prejudice to the provisions of sub-section (1), the bank may, as an act of grace and without any liability to the Bank or to the Central Government, record in its books such directions by the holder of stock for the payment of interest on, or of the maturity value of, or the transfer of, or such other matters relating to, the stock as the Bank thinks fit.

7. *Persons whose title to a Government security of a deceased sole holder may be recognised by the Bank.*—Subject to the provisions of section 9 the executors or administrators of a deceased sole holder of a Government security and the holder of a succession certificate issued under Part X of the Indian Succession Act, 1925 (XXXIX of 1925), shall be the only persons who may be recognised by the Bank as having any title to the Government security.

8. *Right of survivors of joint or several holders.*—Notwithstanding anything contained in section 45 of the Indian Contract Act, 1872 (IX of 1872),—

(*a*) when a Government security is held by two or more persons jointly and either or any of them dies, the title to the security shall vest in the survivor or survivors of those persons, and

(*b*) when a Government security is held by two or more persons severally and either or any of them dies, the title to the security shall vest in the survivor or survivors of those persons or in the representative of the deceased or in any of them, provided that nothing herein contained shall affect any claim which any representative of a deceased person may have against the survivor or survivors under or in respect of any security to which this section applies.

Explanation.—For the purposes of this section a body incorporated under the Indian Companies Act, 1913 (VII of 1913), or the Co-operative Societies Act, 1912 (II of 1912), or any other enactment for the time being in force whether within or without British India, relating to the incorporation of associations of individuals, shall be deemed to die when it is dissolved, notwithstanding anything contained in section 7.

9. *Summary procedure on death of holder of Government securities not exceeding five thousand rupees face value.*—If within *six months* of the death of a person who was the holder of a Government security or securities the face value of which does not in the aggregate exceed five thousand rupees, probate of his will or letters of administration of his estate or a succession certificate issued under Part X of the Indian Succession Act, 1925 (XXXIX of 1925), is not produced to the Bank, the Bank may determine who is the person entitled to the security or securities, or to administer the estate of the deceased and may make an order vesting the security or securities in the person so determined.

10. *Government securities not exceeding five thousand rupees face value belonging to minor or insane person.*—When a Government security or securities belong to a minor or a person who is insane and incapable of managing his affairs, and the face value of the security or securities does not in the aggregate exceed five thousand rupees, the Bank may make such order as it thinks fit for the vesting of such security or securities in such person as it considers represents the minor or insane person.

11. *Issue of duplicate securities and of new securities on conversion, consolidation, sub-division or renewal.*—(1) If the person entitled to a Government security applies to the Bank alleging that the security has been lost, stolen or destroyed, or has been defaced or mutilated, the Bank may, on proof to its satisfaction of the loss, theft, destruction, defacement or mutiliation of the security, subject to such conditions and on payment of such fees as may be prescribed, order the issue of a duplicate security payable to the applicant.

(2) If the person entitled to a Government security applies to the Bank to have the security converted into a security of another form, or into a security issued in connection

with another loan or to have it consolidated with other like securities, or to have it sub-divided, or to have it renewed, the Bank may, subject to such conditions and on payment of such fees as may be prescribed, cancel the security and order the issue of a new security or securities.

(3) The person to whom a duplicate security or a new security is issued under this section shall be deemed for the purposes of section 19 to have been recognised by the Bank as the holder of the security ; and a duplicate security or new security so issued to any person shall be deemed to constitute a new contract between the Central Government and such person and all persons deriving title thereafter through him.

12. *Summary determination by the Bank of title to Government security in case of dispute.*—(1) If the Bank is of opinion that a doubt exists as to the title to a Government security, it may proceed to determine the person who shall for the purposes of the Bank be deemed to be the person entitled thereto.

(2) The Bank shall give notice in writing to each claimant of whom it has knowledge, stating the names of all other claimants and the time when and the officer of the Bank by whom the determination of the Bank will be made.

(3) The Bank shall give notice in writing to each claimant of the result of the determination so made.

(4) On the expiry of six months from the issue of the notices referred to in sub-section (3), the Bank may make an order vesting in the person, found by the Bank to be entitled to the security, the security and any unpaid interest thereon.

13. *Law applicable in regard to Government securities.*—Notwithstanding that as a matter of convenience the Central Government may have arranged for payments on a Government security to be made elsewhere than in British India, the rights of all persons in relation to Government securities shall be determined in connection with all such questions as are dealt with by this Act by the law and in the Courts of British India.

14. *Recording of evidence.*—(1) For the purpose of making any order which it is empowered to make under this Act, the Bank may request a District Magistrate or in an Indian State the Political Agent to record or to have recorded the whole or any part of such evidence as any person whose evidence the Bank requires may produce. A District Magistrate so requested may himself record, or may direct any Magistrate of the first class subordinate to him or any Magistrate of the second class subordinate to him and empowered in this behalf by general or special order of the Provincial Government to record the evidence, and shall forward a copy thereof to the Bank.

(2) For the purpose of making a vesting order under this Act the Bank may direct one of its officers to record the evidence of any person whose evidence the Bank requires or may receive evidence upon affidavit.

(3) A Magistrate or an officer of the Bank acting in pursuance of this section may administer an oath to any witness examined by him.

15. *Postponement of payments and registration of transfers pending the making of a vesting order.*—Where the Bank contemplates making an order under this Act to vest a Government security in any person, the Bank may suspend payment of interest on or the maturity value of the security or postpone the making of any order under section 11 or the registration of any transfer of the security until the vesting order has been made.

16. *Power of Bank to require bonds.*—(1) Before making any order which it is empowered to make under this Act, the Bank may require the person in whose favour the order is to be made to execute a bond with one or more sureties in such form as may be prescribed or to furnish security not exceeding twice the value of the subject-matter of the order to be held at the disposal of the Bank, to pay to the Bank or any person to whom the Bank may assign the bond or security in furtherance of sub-section (2) the amount thereof.

(2) A Court before which a claim in respect of the subject-matter of any such order is established may order the bond or security to be assigned to the successful claimant who shall thereupon be entitled to enforce the bond or realise the security to the extent of such claim.

17. *Publication of notices in official Gazette.*—Any notice required to be given by the Bank under this Act may be served by post, but every such notice shall also be published by the Bank in the official Gazette, and on such publication shall be deemed to have been delivered to all persons for whom it is intended.

18. *Scope of vesting order.*—An order made by the Bank under this Act may confer the full title to a Government security or may confer a title only to the accrued and accruing interest on the security pending a further order vesting the full title.

19. *Legal effect of orders made by the Bank.*—No recognition by the Bank of a person as the holder of a Government security, and no order made by the Bank under this Act shall be called in question by any Court so far as such recognition or order affects the relations of the Central Government or the Bank with the person recognised by the Bank as the holder of a Government security or with any person claiming an interest in such security and any such recognition by the Bank of any person or any order by the Bank vesting a Government security in any person shall operate to confer on that person a title to the security subject only to a personal liability to the rightful owner of the security for money had and received on his account.

20. *Stay of proceedings on order of Court.*—Where the Bank contemplates making with reference to any Government security any order which it is empowered to make under this Act, and before the order is made the Bank receives from a Court in British India an order, to stay the making of such order, the Bank shall either—

(*a*) hold the security together with any interest unpaid or accruing thereon until the further orders of the Court are received, or

(*b*) apply to the Court to have the security transferred to the Official Trustees appointed for the Province in which such Court is situated, pending the disposal of the proceedings before the Court.

21. *Cancellation by the Bank of vesting proceedings.*—Where the Bank contemplates making an order under this Act vesting a Government security in any person the Bank may, at any time before the order is made, cancel any proceedings already taken for that purpose and may, on such cancellation, proceed anew to the making of such order.

22. *Discharge in respect of interest on Government securities.*—Save as otherwise expressly provided in the terms of a Government security, no person shall be entitled to claim interest on such security in respect of any period which has elapsed after the earliest date on which demand could have been made for the payment of the amount due on such security.

23. *Discharge in respect of bearer bonds.*—The Central Government shall be discharged from all liability on a bearer bond or on any interest coupon of such a bond on payment to the holder of such bond or coupon on presentation on or after the date when it becomes due of the amount expressed therein, unless before such payment an order of a Court in British India has been served on the Central Government restraining it from making payment.

24. *Period of limitation of Central Government's liability in respect of Government securities.*—Where no shorter period of limitation is fixed by any law for the time being in force, the liability of the Central Government in respect of a Government security and of any interest payment due on it shall terminate on the expiry of six years from the date, on which the amount due on the security or due by way of interest on the security, as the case may be, became payable.

25. *Inspection of documents.*—No person shall be entitled to inspect, or to receive information derived from, any Government security in the possession or custody of the Central Government or from any book, register, or other document kept or maintained by or on behalf of the Central Government in relation to Government securities or any Government security, save in such circumstances and manner and subject to such conditions as may be prescribed.

26. *The Bank and its officers to be deemed public officers.*—For the purposes of section 124 of the Indian Evidence Act, 1872 (I of 1872), the provisions of Part IV of the Code of Civil Procedure, 1908 (V of 1908), relating to suits by or against public officers in their official capacity, and the provision of rule 27 of Order V, and rule 52 of Order XXI of the said Code, the Bank and any officer of the Bank acting in his capacity as such shall be deemed to be a public officer.

27. *Penalty.*—(1) If any person, for the purpose of obtaining for himself or for any other person any title to a Government security, makes to any authority under this Act in any application made under this Act or in the course of any inquiry undertaken in pursuance of this Act any statement which is false and which he either knows to be false or does not believe to be true, he shall be punishable with imprisonment for a term which may extend to six months, or with fine or with both.

(2) No Court shall take cognisance of any offence under sub-section (1) except on the complaint of the Bank.

28. *Power to make rules.*—(1) The Central Government may, subject to the condition of previous publication, by notification in the official Gazette, make rules to carry out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power such rules may provide for all or any of the following matters, namely :—

(*a*) the forms in which Government securities may be issued ;

(*b*) the form of the obligations referred to in sub-clause (*iv*) of clause (*b*) of section 2 ;

(*c*) the conditions subject to which Government securities may be issued to the rules of Indian States ;

(*d*) the manner in which different forms of Government securities may be transferred ;

(*e*) the holding of Government securities in the form of stock by the holders of offices other than public offices, and the manner in which and the conditions subject to which Government securities so held may be transferred ;

(*f*) the manner in which payment of interest in respect of Government securities is to be made and acknowledged ;

(*g*) the conditions governing the grant of duplicate, renewed, converted, consolidated and sub-divided Government securities ;

(*h*) the fees to be paid in respect of the issue of duplicate Government securities and of the renewal, conversion, consolidation and sub-division of Government securities ;

(*i*) the form in which receipt of a Government security delivered for discharge, renewal, conversion, consolidation or sub-division is to be acknowledged ;

(*j*) the manner of attestation of documents relating to Government securities in the form of stock ;

(*k*) the manner in which any document relating to a Government security or any endorsement on a promissory note issued by the Central Government may, on the demand of a person who from any cause is unable to write, be executed on his behalf ;

(*l*) the form of the bonds referred to in sub-section (1) of section 16 ;

(*m*) the circumstance and the manner in which and the conditions subject to which inspection of Government securities, books, registers and other documents may be allowed or information therefrom may be given under section 25 ;

(*n*) the procedure to be followed in making vesting orders.

29. *Act X of* 1920 *not to apply to Government securities.*—The Indian Securities Act, 1920 (X of 1920), shall cease to apply to Government securities to which this Act applies, and to all matters for which provision is made by this Act.

STATEMENT OF OBJECTS AND REASONS.

The great bulk of Government obligations in India have till very recently been expressed in the form of promissory notes which pass from hand to hand by endorsement and delivery. Stock certificates, i.e., certificates which are not negotiable themselves but merely record title, the actual transfers requiring registration in the books of the Public Debt Office, are of comparatively recent introduction. Not unnaturally, therefore, the law of Government securities in India started as an appendage to the law of Negotiable Instruments, modifying it where necessary to meet the peculiar circumstances of Government promissory notes such as (1) their validity for a period much longer than that of the ordinary negotiable instrument of commerce and the concomitant necessity of issuing separate instruments to replace the originals for the record of interest payments, and (2) their being held more widely than ordinary negotiable commercial instruments by various classes of investors in addition to the financial and business community. The fact that Government loans were almost entirely in the form of promissory notes meant that the special modifications of the law, effected from time to time to meet practical difficulties, only related to Government obligations held in this form, with the result that when the previous legislation was revised in the Act of 1920, a clear distinction was not always drawn between those parts of the law which ought to relate to Government securities as a whole and those which merely related to promissory notes. A striking instance of this is provided by section 13 providing for the summary provisional settlement of disputes, which is confined only to promissory notes. Although logically imperfect, this position did not in the past lead to any practical difficulties as the holders of Government loans in the form of stock certificates were comparatively few. As a result of war conditions, however, and the efforts of the Reserve Bank as agents of Government in the management of public debt to popularise stock certificates in the interest of safety and administrative convenience the proportion of Government loans held in the form of stock certificates or in special subsidiary ledger accounts, which the Bank has undertaken to maintain for large institutional holders, has substantially increased, and the time appears to be opportune for recasting the provisions of the Indian Securities Act, 1920, so as to provide more satisfactorily for the management of Central public debt.

2. Apart from the fact that section 13 of the 1920 Act fails to provide for the summary provisional settlement of disputes regarding Government loans held otherwise than as promissary notes, the machinery which it provides is in itself incomplete and there have been numerous cases where on account of a disputant contenting himself with the mere issue of a notice of dispute to the Public Debt Office and abstaining from prosecuting his claim in a court of law, or on account of vague stop orders emanating from Courts, the periodical payment of interest has been held up for unconscionably long periods, much to the annoyance and prejudice of the actual holder. There have also been numerous instances in which, where the matter has been taken to Court, Government and the Reserve Bank have been made parties to what was essentially a dispute between two private parties in the decision of which Government or the Bank had no interest. It is, therefore, considered desirable to recast this part of the law so as to provide for a summary adjudication by the Reserve Bank of disputes as to the title to be the holder of a security, with a necessary safeguard by way of a guarantee of indemnity to ensure that the interests of the party who may ultimately succeed in establishing in a court of law his right to hold the security are not prejudiced.

3. The legislative competence of the Central Legislature extends, however, only to legislation affecting public debt of the Central Government, while the public debt of a Province is subject to legislation in the Provincial Legislature only. The Act of 1920, which regulates public debt of both kinds, is amenable to amendment by the Central Legislature only in so far as it deals with public debt of the Central Government. The present legislation therefore takes the form of a Bill to be enacted as a separate Act, applicable only to securities of the Central Government, which will reproduce the provisions of the 1920 Act with amendments designed to remedy the defects already referred to, and with certain other amendments the necessity or desirability of which is suggested by experience in the administration

of the Act during the last two decades. In this reproduction of the provisions of the 1920 Act, those provisions have been rearranged so as to group together sections dealing with the incidents common to the different forms in which loans of the Central Government are held, and to relegate to separate sections the incidents peculiar to negotiable instruments.

NEW DELHI, 15*th July*, 1943. A. J. RAISMAN.

Extract from the Legislative Assembly Debates, Vol. III, No. 22.

The Assembly met in the Assembly Chamber of the Council House at New Delhi, on Wednesday, the 25th August, 1943.

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THE PUBLIC DEBT (CENTRAL GOVERNMENT) BILL.

THE HONOURABLE SIR JEREMY RAISMAN (Finance Member): Sir, I move:

"That the Bill to consolidate and amend the law relating to Government securities issued by the Central Government and to the management by the Reserve Bank of India of the public debt of the Central Government be circulated for the purpose of eliciting opinion thereon."

DR. P. N. BANERJEA (Calcutta Suburbs: Non-Muhammadan Urban): By what date? No date is mentioned.

THE HONOURABLE SIR JEREMY RAISMAN: There is no date in the motion placed on the list of business against my name, and I understand that it is not necessary to specify a date in a motion of this kind.

DR. P. N. BANERJEA: Will you not give us some idea?

THE HONOURABLE SIR JEREMY RAISMAN: I am afraid I am not yet in a position to say at what stage we shall proceed with the Bill after opinions have been received, but our object would be to collect opinions within the course of the next two or three months.

Sir, the purpose of this legislation is explained at some length in the Statement of Objects and Reasons, and I do not think the House would desire me to recapitulate the explanation which is there given. Broadly, the main necessity for this legislation arises from the fact that until recently most of the Government obligations in India have been held in the form of promissory notes which are ordinary negotiable instruments and the main provisions of the law relating to them take the form of an extension or modification of the ordinary law relating to negotiable instruments. The position now is that in India as in other countries public debt tends to be held to an increasing extent in the more modern form of stock certificates which are certificates of registration of title of these securities with the public debt authority, with the Reserve Bank. This fact makes a good deal of our legislation on the subject of public debt inapposite and inadequate and it has become necessary to amend the law on the subject. It also results from the constitutional change which has taken place since the present Act, the Indian Securities Act of 1920, was passed, that any legislation passed by this House can relate only to central public debt, to the obligations of the Central Government, whereas the existing legislation also covered provincial loans. We have therefore now to bring our amendments together and to bring together in one place in a single central Act all the provisions which we desire to regulate our own public debt, and that is the purpose of this measure. It is rightly described as a consolidating and amending Bill. We realise that the changes which are to be made should be carefully examined by all interests concerned and should be before the country for a sufficient time to enable Government to take note of any difficulties which may be felt or of any views which may be expressed on the probable effects. For this reason, Sir, I am making a motion of circulation in order to elicit public opinion.

I do not think, Sir, at this stage of a long and protracted session the House would want me to go into any greater detail, particularly in view of the fact that the motion is one for circulation.

Sir, I move.

MR. PRESIDENT (The Honourable Sir Abdur Rahim): Motion moved:

"That the Bill to consolidate and amend the law relating to Government securities issued by the Central Government and to the management by the Reserve Bank of India of the public debt of the Central Government be circulated for the purpose of eliciting opinion thereon."

DR. P. N. BANERJEA: Sir, may I ask a question? What is the legal position with regard to the debts of the Provincial Governments which are sought to be dealt with in this Bill? Will it be necessary for the Provincial Legislatures to pass Resolutions in order to enable the Central Legislature to enact legislation?

THE HONOURABLE SIR JEREMY RAISMAN: As I understand the matter, the Indian Securities Act of 1920 will continue to regulate provincial securities but will cease, on the enactment of this measure, to apply to Central Government securities to which this Act applies. If any Provincial Government should find it necessary to amend the provisions in so far as they affect its own securities it will of course promote its own legislation.

MAULVI MUHAMMAD ABDUL GHANI (Tirhut Division; Muhammadan): Sir, I want to draw attention to clause 9 which mentions succession certificates. A period of six months is given to produce a succession certificate to the bank, but very often objections are raised by other parties and more time is taken. I submit that this period is insufficient and should be raised to one year. Then under clause 10 securities belonging to minors and insane persons may be vested by the bank on any one it thinks proper as representing the minor or insane person. I think some adequate safeguard should be made before the bank makes such a decision. Then in sub-clause (3) of clause 14 it is said that when evidence is taken by a Magistrate or officer of the bank, oath should be administered to the witness. Up till now there is no compulsion about taking oath by any Muslim or Hindu; there is only solemn affirmation. I think it should be made clear that no one should be compelled to take the oath.

THE HONOURABLE SIR JEREMY RAISMAN: Sir, the points which my Honourable friend has brought forward are the kind of points which I shall expect to come to notice in the course of circulation, and the House will of course have further opportunities of discussing details of that kind.

MR. PRESIDENT (The Honourable Sir Abdur Rahim): The question is;

"That the Bill to consolidate and amend the law relating to Government securities issued by the Central Government and to the management by the Reserve Bank of India of the public debt of the Central Government be circulated for the purpose of eliciting opinion thereon."

The motion was adopted.

Copy of letter No. 323, *dated* 1*st February*, 1944, *from the Association to the Secretary to the Government of Bombay, Finance Department.*

Subject:—PUBLIC DEBT (CENTRAL GOVERNMENT) BILL, 1943.

I am directed to acknowledge the receipt of your letter dated the 6th November 1943, on the above subject, and to submit below the views of the Committee of the Association on the various provisions of the Public Debt (Central Government) Bill.

At the outset I am to state that my Committee feel that securities of the Central as well as Provincial Governments should be governed by the same principles of law. The proposed measure covers the Central Government securities, and Provincial Governments have

been given the option of introducing legislation in their own respective provinces to amend the Indian Securities Act, 1920. The position is unsatisfactry, for the introduction of two sets of laws, one for Central Government securities and the other for provincial Government securities will cause considerable inconvenience and might even adversely affect the popularity and negotiability of the securities issued by Provincial Governments.

Subject to the above observations, the views of my Committee in regard to the various clauses of the Bill are as follows :—

Clause 5.—Bearer Bonds should be included in this clause.

Clause 11.—Clause (11) lays down that the issue of duplicate securities should be subject to such conditions as may be prescribed. It is thought that duplicate certificates in *bona fide* cases of loss, theft, destruction, defacement or mutilation, should be issued as a matter of course and should not be hedged by onerous conditions. It is also felt that the public should be given an opportunity of scrutinising in draft the conditions sought to be imposed.

Clauses 12 *to* 21.—My Committee recognise the necessity for summary determination of title to Government securities in case of disputes, and are in general agreement with the provisions governing such determination as outlined in the Clauses 12 to 21. They are, however, anxious that sufficient safeguards should be provided to ensure that no injustice is done to rightful claimants. They would, therefore suggest, firstly, that the officers who may be appointed by the Bank to make such vesting orders should have the requisite legal qualifications which would enable them to weigh the evidence tendered to them in respect of rival claimants. It is also suggested that an appellate body consisting of, say, three members may be appointed by the Local Board of Directors of the Reserve Bank to hear appeals against vesting orders issued by the Bank.

My Committee observe that no provision has been made in clause 12, sub-clase (2) to give notice of the nature of the claims put forward by the various claimants. It is, therefore, suggested that sub-clause (2) may suitably be amended to provide that the bank should give notice to each claimant stating the names of all other claimants *with the nature of their claims, etc.*

Clause 24 of the proposed Bill seeks to impose a limit of six years for terminating the liability of the Central Government in respect of a Government security. According to section 18, sub-section (1) of the Indian Securities Act, the liability of the Government will cease only on payment of the amount due on a Government security on or after the date on which payment becomes due. My Committee are of opinion that the liability of Government in this respect should cease only on repayment of the amount due, and that there should be no limitation whatsoever in regard to payment of principal and/or interest due on a Government security.

Clause 28—*Power to make rules.*—My Committee note that several important matters relating to transactions in Government securities have been left over to be covered by rules to be framed under the Act, and would urge that the rules should be circulated in draft for eliciting public opinion before they are given effect to.

APPENDIX 17.

THE DEFENCE OF INDIA RULES—RULE 81A.

AWARD OF ADJUDICATORS.

Copy of circular No. 166, *dated* 16*th December*, 1943, *to all members of the Association*

I enclose herewith for your information a copy of Rule 81A of the Defence of India Rules, as amended up-to-date. The portion in italics in clauses (*b*) and (*d*) of sub-rule (1) and sub-rule 3(*a*) have been added by the recent amendment.

It may be noted that the Central Government are now empowered to require not only employers but also workmen to observe such terms and conditions of employment as might be determined by Government in any order issued in this behalf. As regards amendment in clause (*d*) of sub-rule (1) of the Order, it may be pointed out that doubts were expressed in certain quarters as to whether it was open to Government to issue an order enforcing some and not all of the decisions of the Adjudicator. The amendment makes it clear that Government are empowered under this clause to enforce some only of the decisions of the Adjudicator.

RULE 81A OF THE DEFENCE OF INDIA RULES.

(1) If in the opinion of the Central Government it is necessary or expedient so to do for securing the defence of British India, the public safety, the maintenance of public order or the efficient prosecution of war, or for maintaining supplies and services essential to the life of the community, the Central Government may, by general or special order, applying generally or to any specified area, (make provision—

(*a*) for prohibiting, subject to the provisions of the order, a strike or lock-out in connection with any trade dispute ;

(*b*) for requiring employers, *workmen or both* to observe for such period as may be specified in the order such terms and conditions of employment as may be determined in accordance with the order ;

(*c*) for referring any trade dispute for conciliation or adjudication in the manner provided in the order ;

(*d*) for enforcing for such period as may be specified in the order *all or any of* the decisions of the authority to which a trade dispute has been referred for adjudication;

(*e*) for any incidental and supplementary matters which appear to the Central Government necessary or expedient for the purposes of the order ;

Provided that no order made under clause (*b*)—

(i) shall require an employer to observe terms and conditions of employment less favourable to the workmen than those which were applicable to them at any time within three months preceding the date of the order ;

(ii) where a trade dispute is referred for adjudication under clause (*c*), shall be enforced after the decision of the adjudicating authority is announced by, or with the consent of, the Central Government.)

(2) Unless any such order makes express provision to the contrary, nothing therein shall affect the power to refer any trade dispute or matters connected therewith for report or settlement under the Trade Disputes Act, 1929.

(3) Nothing in the Arbitration Act, 1940, shall apply to any proceedings under any such order.

(3A) An order made under sub-rule (1) referring a trade dispute for adjudication shall specify as far as may be practicable the matters upon which adjudication is necessary or desirable ;

Provided that :—

(i) the Central Government may of its own motion, or at the instance of any adjudicating authority, add to, amend or vary the matters so specified ;

(ii) the Central Government may, with a view to specify the said matters, direct the adjudicating authority to make a preliminary inquiry into the nature of the dispute, and postpone specification for such time as may be reasonably required.

(4) If any person contravenes (any order made under this rule), he shall be punishable with imprisonment for a term which may extend to three years or with fine or with both.

(5) In this rule the expressions " employer " " lock-out," " strike," " trade dispute " and " workman " shall have the meanings respectively assigned to them in section 2 of the Trade Disputes Act, 1929 (VII of 1929), subject to the modification that the references to " trade or industry " in the definitions of " strike " and " workman " in the said section shall be construed as including the performance of its functions by a local authority.

Copy of circular No. 166, *of* 1943, *dated* 16*th December*, 1943, *to all members of the Association.*

Further to my letter No. 166, dated 27th August, 1942, I enclose herewith for your information copy of notification No. L.R.16(i), dated the 11th December, 1943, issued by the Government of India, Department of Labour, amending clause (iii) of the Order issued by Government on 21st August, 1942, in exercise of the powers conferred by Rule 81A of the Defence of India Rules. The result of the amendment is that a person employed in any undertaking concerned in the dispute shall not go on strike and no employer in any undertaking concerned in the dispute shall lock-out or continue to lock-out his employees during the period from the making of the reference until the expiry of two months after the conclusion of the proceedings even when *only some of the matters in dispute* (*and not all*) have been referred to a Court of Enquiry.

Extract from the Gazette of India, Part I, Section 1, *dated the* 11*th December*, 1943.

DEPARTMENT OF LABOUR.

New Delhi, the 11*th December*, 1943.

No. L.R.16(1).—In exercise of the powers conferred by rule 81A of the Defence of India Rules, the Central Government is pleased to direct that the following further amendment shall be made in the order of the Government of India in the Department of Labour, dated the 21*st August*, 1942, namely :—

In clause (iii) of the said order, for the words " When any trade dispute has been referred to a Court of Inquiry ", the words " *When any or all of the matters of a* trade dispute have been refered to Court of Inquiry " shall be substituted.

APPENDIX 18.

SCOPE FOR CONCILIATION UNDER THE BOMBAY INDUSTRIAL DISPUTES ACT, 1938.

KHATAU MAKANJI MILL'S CASE.

High Court Judgment under the Bombay Industrial Disputes Act, 1938.

WHETHER REINSTATEMENT IS AN INDUSTRIAL MATTER FOR WHICH NOTICE OF CHANGE CAN BE GIVEN

The workers of the Khatau Makanji Spinning and Weaving Co., Ltd., Bombay, had given a notice of change to the management under section 28(2) of the Bombay Industrial Disputes Act, 1938, demanding that a worker who was dismissed under standing order No. 19(*a*) of the standing orders settled under section 26 of the Act should be reinstated. At the conciliation proceedings a preliminary objection was raised by the management that having regard to the provisions of section 26 (8) the subject matter of reinstatement was not an industrial matter for which a notice of change could be given under section 28 (2) of the Act. The Conciliator overruled the objection and proceeded with the case. The management made a petition to the High Court seeking an order under section 45 of the Specific Relief

Act restraining the Conciliator from proceeding further. In the alternative the management also asked for a writ of certiorari so that the High Court might examine the legality of the conciliation proceedings. The petition was dismissed: in appeal by the management the following leading judgment was delivered by Beaumont, C. J., Kania, J. giving a concurring judgment:

HIGH COURT.

A. O. C. J.

Appeal No. 1 *of* 1943.

MISCELLANEOUS No. 99 OF 1942.

The Khatau Makanji Spinning and Weaving Co. Ltd., ... *Appellants, (Petitioners);*

versus

S. R. Deshpande, ... *Respondent, (Original Respondent.)*

Sir Jamshedji Kanga for the Appellants.

Mr. N. P. Engineer (Advocate General) for the Respondent,

Coran : Beaumont, C. J. and Kania, J.

14th April, 1943.

Oral Judgment (Per Beaumont, C. J.):—This is an appeal against a decision of Mr. Justice Chagla. The petitioners, who are a mill company carrying on business in Bombay, applied for an order against the respondent who is a Conciliator appointed under the Bombay Industrial Disputes Act, 1938, to restrain him from proceeding with conciliation proceedings under the Act. The application is based alternatively on section 45 of the Specific Relief Act, or on the alleged right of the petitioners to a *writ of certiorari.*

Before stating the facts, it will, I think, be desirable to refer to the Bombay Industrial Disputes Act, in order to appreciate the motive for the various acts of the parties. The Preamble of the Act states that it is expedient to make provision for the promotion of peaceful and amicable settlement of industrial disputes by conciliation and arbitration and for certain other matters. Section 26 of the Act provides for the settlement of standing orders to regulate the relations between the employer and the employee in particular cases, and admittedly standing orders have been prepared in accordance with the Act which regulate the relations of the petitioner-company with its employees. The relevant standing order in this case is standing order 19 (*a*), which provides that the employment of any permanent operative may be terminated by 14 days' notice or by payment of 13 days' wages in lieu of notice, and that the reasons for the termination of service shall be recorded in writiug and shall be communicated to the operative, if he so desires at the time of discharge, unless such communication, in the opinion of the Manager, may directly or indirectly by the company and the manager or the person signing the communication open to criminal or civil proceedings at the instance of the operative. That exception seems rather to detract from the benefit of the privilege given to the workman, because presumably he would want to know the reasons of dismissal in order to found a claim for wrongful dismissal. However, that is what the standing order says. Then to return to the Act, under section 28 (1) any employer intending to effect any change in any standing order settled under section 26 or in respect of an industrial matter mentioned in Schedule II is required to give notice of such intention in the prescribed form to the representative of the employees, and then the further procedure is laid down. It is to be noticed that in Schedule II the various industrial matters in respect of which the employer can demand a change include dismissal of any employee except in accordance with law or as provided for in the standing orders framed under section 26 of the Act. So that the employer cannot object in the matter of dismissal of an employee, if it is done under the standing orders. Then section 28 (2) which is the really material sub-section for the present purpose, and it provides that an employee desiring a change in any such standing order or in respect of any other industrial matter shall give notice in the form prescribed to the employer through the representative of the employees and the further procedure is then laid down. I will come back to that sub-section presently. Then section 34 and the succeeding sections deal with conciliation proceedings. Section 34 provides that if any change, in respect of which notice

is given under section 28 is objected to by the employer or the employee, as the case may be, the party who gave such notice or intimation shall, if he still desires that the change should be effected, forward to the Registrar, the Chief Conciliator and the Conciliator of the local area a full statement of the case in the prescribed form within the time limited. Section 35 deals with the commencement of conciliation proceedings, and section 36 defines the duties of the Conciliator, who has to endeavour to bring about a settlement of the industrial dispute, and for that purpose to inquire into the dispute and all matters affecting the merits thereof and he may do all such things as he thinks fit for the purpose of inducing the parties to come to a fair and amicable settlement of the dispute. Then section 38 provides what is to happen if no settlement is arrived at. The Conciliator has to make a report to the Chief Conciliator, who has to send the report on to the local Government. Section 40 gives certain powers to the Conciliator of summoning witnesses, and so forth. Then section 62 shows what is the effect of these conciliation proceedings. It renders a strike illegal in the events specified. Shortly stated, the effect of the section is that a strike is illegal if started before the standing orders have been settled, or if no notice is given under section 28, or if the notice is given and the proceedings under section 28 have not been completed, and where the proceedings have been completed a strike is illegal if it is commenced more than two months after the completion of such proceedings. The scheme of the Act seems to be that conciliation proceedings shall be taken with a view to avoid strikes if possible.

Now, what happened in this case was that the standing orders were duly passed (as I have mentioned), and on the 7th of November 1941 a man named Kashinath, who was an operative employed by the petitioner-company, was dismissed under standing order 19(*a*) by paying 13 days' wages in lieu of notice. On the 24th of November other operatives of the petitioner-company represented to the Labour Officer that they desired a change under section 28(2) of the Act, and the Labour Officer duly wrote to the petitioner-company fixing a meeting to be held on the 19th of December 1941 for the purpose of election of representatives of the employees for the purpose of giving notice under section 28(2), and a meeting was held, and on the 27th of December the representatives elected at the meeting gave notice to the petitioner-company under the provisions of section 28(2) of the Act that they desired a change in accordance with the statement annexed to that notice. What the employees object to in their statement is the dismissal of Kashinath. They want him to be reinstated ; they want his wages to be paid to him for a period from the date of his discharge to the date of his reinstatement, and they desire that there should be no break in his service caused by the discharge. In the circumstances the mill company apply to this Court to quash the conciliation proceedings.

Mr. Justice Chagla held, in the first instance, that this was not a matter which fell either within section 45 of the Specific Relief Act or within the powers of this Court to grant a writ of certiorari, but he also expressed the opinion that on the merits the workmen were within their rights in requiring a change under section 28(2). As that point has been argued first in this Court, I will deal with it first.

The contention of the petitioner is that on the construction which Mr. Justice Chagla has placed on section 28(2) the whole scheme of the Industrial Disputes Act will really be defeated, since the standing orders as to dismissal will not be final. The position, no doubt, is that this workman Kashinath was dismissed in accordance with the terms of standing order 19(*a*), and his fellow employees do not object to the terms of the standing order, but they do object to the dismissal of Kashinath. Their contention apparently is that he has in effect been victimised. Victimisation is made illegal under section 64 of the Act, but it is of course, very difficult to prove victimisation of a particular employee. A man may have committed some fault, or his work may have been in the opinion of the employer unsatisfactory, but his fellow workmen may be of opinion that the real cause of his dismissal was not the fault he committed, or the unsatisfactory nature of his work, but the fact that he was a leader of the employees and the employers wanted to get rid of him. The question is whether such a contention can be raised under section 28(2). The words of the sub-section are very wide. They provide that an employee desiring a change in any such standing order, that is, in the standing orders framed under the Act, or in respect of any other industrial matter, shall give notice, etc. " Industrial matter " is defined in section 3(14) as being any matter relating to work, pay, wages, reward, hours, privileges, rights or duties of employers or employees, or the mode, terms and conditions of employment or non-employment and includes all matters

pertaining to the relationship between employers and employees, or to the dismissal or non-employment of any person. It is perfectly plain to my mind that the dismissal of a workman is an industrial matter. As I have noticed, sub-section (1) of section 28 gives the right of claiming a change to the employers in respect of an industrial matter which is mentioned in Schedule II, and Schedule II only covers dismissal of an employee otherwise than in accordance with law or as provided for in the standing orders framed under section 26 of the Act. I agree with Mr. Justice Chagla that it is quite impossible to read in the sub-section (2) of section 28 a reference to the second schedule so as to qualify the expression " other industrial matter." It seems tolerably plain that the omission in section 28(2) of any reference to Schedule II was deliberate. Sir Jamshedji Kanga contends that we ought to read sub-section (2) as referring to a change in any such standing order or in respect of any industrial matter not of a kind governed by the standing orders. But it is quite impossible to read the section in that way when the language is perfectly plain. An employee may desire a change in standing orders but may desire a change in respect of any other industrial matter, and it is impossible to say that the other industrial matter must be of a kind dealt with by the standing orders. Sir Jamshedji Kanga contends that so wide an interpretation of the words of section 28(2) as Mr. Justice Chagla has put upon them would seriously jeopardise the object of the Act by destroying the finality of the standing orders. It is not our business to consider what the effect of the Court's order may be. If the language is sufficiently plain, we can only give effect to it. But I am not by any means satisfied that the construction which the learned Judge placed upon the words, and which I think is right, is going to have the disastrous consequences which the employers anticipate. It does not follow that because employees have power by way of conciliation proceedings to object to the dismissal of a fellow employee, they will exercise that power in the case of every dismissal. It is after all not a wholly unreasonable attitude for employee to say : " We have no objection to the standing orders. We admit the right of the employer to dismiss on 14 days' notice or payment of 13 days' wages in lieu of notice, but we say that in this particular case the power has been wrongly exercised, and we think that unless the employer resiles from the position he has taken up, there is going to be trouble in the mill, and we would like this matter to be considered by a Conciliator." If the Conciliator agrees with their view, that may affect the attitude of the employer. On the other hand, if the Conciliator does not agree with their view, they may be ready to modify such view. The scheme of the Act is that matters in dispute should be placed before a Conciliator, so that Government may have an opportunity for considering his view and endeavouring to get the parties to come to a reasonable arrangement. If the construction urged by the employers is correct, one would get the position, that if the employees feel that they have a grievance, because a man is dismissed in circumstances which they think amount to victimisation, though they may be unable so to prove in a Court of law, they have got no remedy. I am by no means satisfied that the consequences of adopting the employers' construction of section 28(2) would be less disastrous than adopting the employees' construction. However, in my opinion, the language of the section is plain, and the action of the employees comes within it. Therefore, there is no case for ordering the respondent to desist from proceeding with his conciliation proceedings.

In that view of the matter it is not necessary to consider whether the petitioners can claim relief under the Specific Relief Act, or by the issue of a writ of certiorari.

The appeal must be dismissed with costs.

APPENDIX 19.

SICKNESS INSURANCE.

Copy of letter, dated 24th April 1943, from the Secretary of the Employers' Federation of India, to all members of the Federation.

The Government of India in the Department of Labour have appointed Professor Adarkar of the Allahabad University as officer on special duty for the purpose of preparing

a rough scheme of sickness insurance to cover, in the first instance, the workers in the following industries :—(1) Cotton ; (2) Jute and (3) Heavy engineering. He will have the expert assistance of the office of the Superintendent of Insurance and will consult Provincial Governments and also take advice from a panel of advisers representing employers and workers.

After a rough scheme has been prepared, Provincial Governments and associations of employers and workers would be asked to express their views before any scheme is finally decided upon and legislation introduced for the purpose.

I have now received the annexed Questionnaire from Prof. Adarkar with the request that replies may be sent to him before the 15th May 1943. I shall be obliged if members will kindly let me have, as early as possible, their views, if any, on the points raised in the questionnaire.

QUESTIONNAIRE.

Sickness Insurance.

1. *Worker's Eligibility to contribute.*—Under what circumstances should the worker be made to contribute or have the right to contribute? In this connection, consider the following types of workers and other points :—(i) perennial workers, (ii) principally industrial but subsidiarily agricultural, (iii) seasonally industrial, (iv) *badli* or substitute worker, (v) temporarily unemployed, (vi) sick, (vii) invalid, (viii) absent on leave, with or without pay, (ix) resigned or dismissed, (x) transferred, (xi) manual or non-manual, (xii) apprentices, (xiii) during strikes and lockouts, (xiv) income limit, upper and lower, if any, (xv) age limits, upper and lower, if any.

2. *Eligibility to receive benefits.*—Who will be eligible to receive benefits ? In the event of the insured's death, should the survivors be entitled to receive any refund or gratuity ? If any worker withdraws from the Fund for any reason, should he be entitled to any refund ?

3. *Contributions.*—What should be the contributions of (*a*) employers, and (*b*) workers, respectively ? Should the rates be flat, or graded ? Or should they be on a percentage basis being related to the wages of the workers. Should there be two separate classes of workers under (*a*) contributing, and (*b*) non-contributing ? In that case, what should be the contribution of the employers for the two classes ? What should be the method and agency for collection of the contributions ?

4. *Cash Benefits.*—What should be the extent and duration of cash benefits ? Should they be flat or graded or based upon a percentage of the wages ?

5. *Medical Benefits.*—What should be the extent, nature, and duration of the medical benefits ? Should such benefits be also provided for the dependants of the insured ?

6. *Conditions for Receiving Benefits.*—For receiving the cash and medical benefits, what should be (*a*) the qualifying period, (*b*) the waiting period, (*c*) residential and other restrictions, if any ? What should be the kinds of illnesses covered ? Should incapacity or illnesses arising out of accidents or industrial diseases be covered for medical benefits?

7. *Machinery for Medical Benefits.*—What should be the machinery for extending medical benefits to the workers ? Do you favour a " Panel system " or any other system of contracts between the insurance institution and medical associations or individual medical practitioners ? Or, would you prefer a whole-time or part-time medical service, specially created for the purpose ? In either case, who should be the controlling authority for the medical machinery erected ?

8. *Maternity Benefits.*—Would you like maternity benefit to be brought under sickness insurance? If so, state your reasons. What will be the approximate financial liability

of this to the Fund ? In the event of Maternity benefit being included under the scheme, should the benefit be made available to (*a*) the insured person's wife, or only to (*b*) the female worker, married or unmarried ?

9. *Funeral Benefits.*—Are you in favour of giving a funeral benefit to the family in the event of the insured's death ? If so, what, in your opinion, should be the extent and nature of such benefit ? What will be the approximate liability of this benefit to the fund ?

10. *Malingering and Collusion.*—What are the possibilities of malingering ? How would you provide against them ? What are the possibilities of collusion between doctor and worker, or between employer and worker, or between employer and doctor ? What steps would you suggest for preventing any leakages from the fund on this account ?

11. *Financial Organisation.*—Should there be separate funds for each industry ? What other features would you suggest for the financial machinery to be erected ?

12. *Administrative Machinery.*—What should be the machinery of administration ? Should the benefits and contributions be administered through (*a*) local bodies, (*b*) trade unions, (*c*) special bodies, created for this purpose, or (*d*) any other bodies ?

13. *Sickness Incidence among workers.*—Have you collected any figures showing the incidence of sickness among industrial workers for any group, or town, or factory ? What, do you think, could be regarded as a safe figure for the average number of days of sickness to which the industrial worker in your group, etc., is liable ?

14. *Workmen's Compensation.*—What are the possibilities if any of the scheme overlapping with the provisions of the Workmen's Compensation Act, especially in regard to industrial diseases ?

15. *Settlement of Disputes.*—What should be the machinery for settlement of disputes arising between the fund and the workers, or the fund and the employers or doctors and workers, etc. ?

Copy of circular, dated 11th May 1943, from the Secretary, Employers' Federation of India, to all members of the Federation.

Further to my circular letter, dated the 24th April 1943, on the above subject, I reproduce below, for the consideration of members, the text of a note and questionnaire just received from Prof. Adarkar on the subject of medical machinery in connection with the scheme of sickness insurance which he is investigating on behalf of the Government of India.

I shall be obliged if members will kindly communicate to me their views on the points raised in the questionnaire before the 15th of June 1943, as suggested by Prof. Adarkar.

A Note and a brief Questionnaire on the Problem of Medical Machinery for Sickness Insurance of Industrial Workers in India.

1. "The Government of India in the Labour Department have undertaken to prepare a preliminary scheme to serve as a basis for discussion with a view to the introduction of legislation to provide for sickness insurance for industrial workers in some of the major industries of India. A sickness insurance scheme ordinarily envisages two types of sickness benefits to the workers : firstly, a cash benefit consisting of a lump sum payment, depending upon the duration of the illness ; and secondly, a medical benefit, including medical attendance, pharmaceutical and hospital treatment. One of the most important questions arising in this connection is that of the constitution of she appropriate medical machinery for provision of medical benefits.

2. Two main systems prevalent in other countries are (*a*) the Panel System and (*b*) the Medical Service System. Both the systems have their advantages and disadvantages. The Panel System recognised the worker's right to choose his own doctor and at the same time enables any member of the medical fraternity to apply for recognition as a panel doctor. On the other hand, the Panel System is mostly based upon individual practice, and as a single doctor cannot be expected under modern conditions to possess either the necessary equipment or the expert knowledge to deal with diseases in a comprehensive manner, the inevitable consequence is that for difficult or specialised cases, the patient has to be sent to a series of specialists. This defect is removed under the system of a regular medical service providing treatment in unified hospitals, where "group practice" is possible. Modern methods of diagnosis and treatment require an extensive and costly equipment of which only a group of doctors practising at the same centre can economically avail themselves; medical supplies, auxiliary staff, and overhead charges are likewise relatively cheaper for several doctors working together. The representation of different specialists within the group of physicians enables the diagnosis to be settled and the treatment to be prescribed efficiently and without loss of time for doctor or patient. Group organisation enables doctors to maintain one another's morale and to afford one another opportunities for further study and for leisure. But there is also the question of certification. It is natural that the worker should choose a doctor who is known to be rather lenient in giving certificates of illness. As both cash and medical benefits depend upon certification, this is a matter of great importance to the solvency of the Sickness Insurance Fund. Under the system of Medical Service, not only will the doctors be under the direct control and supervision of the Fund, but also the possibilities of false certification will be minimised owing to the better morale to be found under "group practice."

3. Moreover, the Panel System tends to favour successful medical practitioners and the new-comers are comparatively worse off. In the present state of the medical profession in which there is considerable stagnation and crowding, it may not be fair to open up new lines of practice for successful doctors to expand their practice. If the Medical Service System is adopted it may be possible to employ several thousands of struggling medicos, thus bringing good to both the workers and the medical profession. However, the Panel System has worked fairly well in some countries, while in others it has given rise to a series of evils.

4. This question must also be viewed from another angle. The exigencies of the present war have necessitated the employment of large numbers of medical men on a temporary basis. When the War is over, the problem is bound to arise as to how the demobilised medicos should be re-employed. Sickness insurance scheme, which in the first instance will be applicable to a few industries, may provide possible employment on a full-time basis for some of these demobilised medicos.

5. The Government of India have appointed me as Officer on Special Duty to investigate the entire question of Sickness Insurance. I have not yet formed any definite conclusions in regard to the choice of a particular system which would be suitable for India and I keep an open mind on this question. Before any final decision is taken, however, your opinion on this question will be welcome. I shall be grateful if you will kindly let me have your replies to the accompanying Questionnaire, and any notes or memorandum pertaining thereto, at the following address, not later than the 15th of June 1943: Officer on Special Duty, Sickness Insurance, Council Hall, Bombay (1)."

QUESTIONNAIRE.

1. Which of the two systems, viz., the Panel System or the Medical Service System do you prefer for Sickness Insurance in India? Please state reasons for your preference.

2. If you prefer the Panel System, should there be a standing contract between the Medical Associations and the Authorities of the Fund? If so, what should be the form of the contract?

3. If you prefer the Panel System, what should be the mode of payment? Should payment be by way of (*a*) a fee per insured person, or (*b*) a fee per case of sickness, or (*c*) any other basis?

4. If you prefer the Medical Service System, please state whether the doctor should be employed on whole-time or part-time basis ? What do you think should be the scales of pay ? What should be the basis of selection of doctors for the Medical Service ?

5. Will it be possible to provide medical treatment in existing hospitals in the various industrial centres, if the Fund attaches its medical men to such hospitals and also share some of their expenses ?

6. Who should control and supervise the Medical Section of the Fund at the various centres and what special precautions should be taken to prevent any leakages from the Fund ?

7. What should be the method of certification ? In particular, how would you prevent false certification ?

8. Have you had any special experience on existing sickness insurance schemes in any factory or concern ? If so, kindly give all possible information relating to it.

Copy of letter No. 267, *dated* 1*st September* 1943, *from the Association to the Employers' Federation of India, Bombay.*

I am directed to forward herewith replies framed by Mr. J. C. Lancashire to the questionnaire issued by Professor Adarkar regarding Sickness Insurance Scheme. The Association is not sending a copy of the replies to Professor Adarkar, and I shall, therefore, be glad if you will kindly pass on a copy to Professor Adarkar.

SICKNESS INSURANCE.

Answers to Professor Adarkar's questionnaire by Mr. J. C. Lancashire, Adviser of the Employers' Federation of India, on behalf of the Cotton Mill Industry.

Before answering Professor Adarkar's questionnaire, I must point out that the views submitted are based on the distinct assumption that (*a*) the Sickness Insurance Scheme would be on an all-India basis including Indian States ; and (*b*) contributions would be made by the employers, employees and the States.

Question 1 *: Worker's Eligibility to contribute.*—Under what circumstances should the worker be made to contribute or have the right to contribute ? In this connection, consider the following types of workers and other points :—(i) perennial workers, (ii) principally industrial but subsidiarily agricultural, (iii) seasonally industrial, (iv) *badli* or substitute worker, (v) temporarily unemployed, (vi) sick, (vii) invalid, (viii) absent on leave, with or without pay, (ix) resigned, (x) transferred, (xi) manual or non-manual, (xii) apprentices, (xiii) during strikes and lock-outs, (xiv) income limit, upper and lower, if any, (xv) age limits, upper and lower, if any.

Answer.—The question as to the eligibility to contribute should be considered with the question as regards the eligibility for benefits.

My views, in broad outline, on these two points are :—

(*a*) Eligibility to contribute to and be a member of the Fund should accrue only when the employee has put in a prescribed minimum period of continuous service with a particular employer. The employer's liability to contribute his share in the scheme in respect of a particular employee will commence only after the employee concerned has put in the prescribed minimum period of continuous service, and this liability will continue to be there only so long as the employee concerned remains in his employ. It naturally follows, therefore, that if the worker is on an illegal strike, or leaves service, the employer's responsibility to contribute to the sickness insurance fund would automatically terminate with the commencement of such illegal strike, unless the offence is condoned by the employer.

(*b*) The relationship of the worker to the fund is somewhat different from that of the employer. If the worker is anxious to preserve his claim on the Fund, he must contribute without a break. A worker who has committed a break in service and has allowed his payments to lapse, will be eligible to join the scheme only after he has put in the minimum period of continuous service with an employer. That is to say, he will have to put in the prescribed minimum period of continuous service with an employer, and then rejoin the fund.

(*c*) Eligibility to contribute does not necessarily mean eligibility to receive benefits. It is suggested that a contributor should be eligible to receive benefits only after a certain minimum number of contributions have been paid.

A worker who is sick and is eligible for benefits should, it is thought, continue to contribute.

It is very difficult to deal with absence without leave. The custom in this country is that people leave employment without leave for long periods during marriage seasons and pre-monsoon periods and in many cases do not return to the same employer. In such cases, their payments would lapse from the date on which they left service without leave, and they would be allowed to join the scheme only after they have again become qualified to do so by putting in the minimum service laid down under the Rules.

I would like to keep out of the scheme all employees whose monthly earnings exclusive of allowances, commissions, bonuses, etc., exceed Rs. 125. The question as to whether and if so, what particular class or classes of employees should or should not be eligible for inclusion in the scheme can be gone into when the details of the scheme itself are ready.

Temporary employees and apprentices need not be covered by the scheme.

Question 2 : *Eligibility to receive benefits.*—Who will be eligible to receive benefits ? Consider some of the above groups, as also workers who may be dead. In the event of the insured's death, should the survivors be entitled to receive any refund or gratuity ? If any worker withdraws from the Fund for any reason, should he be entitled to any refund ?

Answer.—The benefit is intended for the worker in case of his own sickness, and it is not intended that members of his family should be insured against sickness. When dealing with sickness insurance, it must be clearly pointed out that, if a person has been insured under the Workmen's Compensation Act and if death occurred as the result of any injury sustained by the worker while at work, the Workmen's Compensation Act would come into operation, and the benefit laid down in that Act would be payable, and nothing would be due to him under the sickness insurance. Sickness insurance would not also apply to occupational sicknesses like anthrax, which would be covered by the Workmen's Compensation Act. In this connection, a worker who is in receipt of any benefit under any other scheme of insurance or statute, would not be eligible to the relief prescribed under the Sickness Insurance.

Question 3 : *Contributions.*—What should be the contributions of (*a*) employers, and (*b*) workers, respectively ? Should the rates be flat, or graded ? Or should they be on a percentage basis being related to the wages of the workers ? Should there be two separate classes of workers under (*a*) contributing and (*b*) non-contributing ? In that case, what should be the contribution of the employers for the two classes ? What should be the method and agency for collection of the contributions ?

Answer.—The employer, employee and the State should contribute to the scheme in the ratio of 40 : 40 : 20.

The employers' and employees' contributions should be on a flat rate according as the worker concerned is an adult male or an adult female. The principle of insurance is not compensation, but only restoration, and in this view of the case, I am in favour of a flat rate of premium and a flat rate of benefit.

I recognise only one class of workers, namely, those who contribute to the scheme. The employer's liability under the scheme should be only in respect of the number of workers employed by him who contribute to the scheme, and I object to any class of employees as non-contributory.

Question 4 : *Cash benefits.*—What should be the extent and duration of cash benefits ? Should they be flat or graded or based upon a percentage of the wages ?

Answer.—I am not at present in a position to say what the extent and duration of the cash benefits should be. This depends entirely upon the contributions received from the parties and the incidence of sickness. I feel, however, that the relief granted should be based upon a flat rate per day.

Question 5 : *Medical Benefits.*—What should be the extent, nature, and duration of the medical benefits ? Should such benefits be also provided for the dependants of the insured ?

Answer.—Medical benefits may include medical attention including a reasonable number of visits by a qualified doctor in appropriate cases to the worker's place of residence. It may also include the cost of medicine supplied, but the cost of special injections, if any, prescribed should be met by the insured himself and will not be a charge on the Fund. I cannot at present say what the duration of the medical benefits should be.

In the initial stages of the fund and until more experience is gained, medical benefits should be limited to the insured only.

Question 6 : *Conditions for receiving benefits.*—For receiving the cash and medical benefits, what should be (*a*) the qualifying period, (*b*) the waiting period, (*c*) residential and other restrictions, if any ? What should be the kinds of illnesses covered ? Should incapacity or illnesses arising out of accidents or industrial diseases be covered for medical benefits ?

Answer.—I am in favour of a minimum qualifying period of 6 months during which the employee should have contributed continuously to the Fund, and a minimum waiting period of 3 days.

I am unable to suggest limitations as regards the illnesses to be covered, but I would like to point out that the Fund should not be utilised if incapacity or sickness results from worker's neglect of the doctor's advice or from intemperate habits or immoral life, the medical and cash benefits should not be made available to him.

Question 7 : *Machinery for medical benefits.*—What should be the machinery for extending medical benefits to the workers ? Do you favour a " Panel System " or any other system of contracts between the insurance institution and medical associations or individual medical practitioners ? Or, would you prefer a whole-time or part-time Medical Service, specially created for the purpose ? In either case, who should be the controlling authority for the medical machinery erected ?

Answer.—The organisation of medical machinery would seem to depend a great deal on the organisation set up to administer the working of the scheme of sickness insurance in Provinces. It also depends to a certain extent on whether the responsibility for affording medical attention is taken by Government. If Government takes over the responsibility for affording medical attention, then the best method of administering the medical side of the scheme would appear to be to establish a Local Panel of Doctors functioning in each industrial centre, assisted by a certain number of " recognised " Doctors in each locality, the number of Doctors per locality depending upon the number of workers residing in the locality.

Question 8 : *Maternity Benefits.*—Would you like maternity benefit to be brought under sickness insurance ? If so, state your reasons. What will be the approximate financial liability of this to the fund ? In the event of maternity benefit being included under the

scheme, should the benefit be made available to (*a*) the insured person's wife, or only to (*b*) the female worker, married or unmarried?

Answer.—To start with at any rate, I would prefer the maternity benefit scheme not to be mixed up with sickness insurance. The benefits payable to women under the Maternity Benefits Act should continue to be payable as it is at present, subject to the terms and conditions laid down in the Act.

Question 9 : Funeral Benefits.—Are you in favour of giving a funeral benefit to the family in the event of the insured's death? If so, what, in your opinion, should be the extent and nature of such benefit ? What will be the approximate liability of this benefit to the fund ?

Answer.—No.

Question 10 : Malingering and Collusion.—What are the possibilities of malingering ? How would you provide against them ? What are the possibilities of collusion between doctor and worker, or between employer and worker, or between employer and doctor ? What steps would you suggest for preventing any leakages from the fund on this account ?

Answer.—Malingering is likely to take place, but a great deal depends on the level of wages and the amount which could be earned by a workman while at work, and the cash benefits which might be payable when a person is sick ; in other words, it may reasonably be assumed that in ordinary circumstances, a person would not prefer to go sick and earn an allowance which is very much less than the wages which could be earned by putting in a full day's work.

Question 11 : Financial Organisation.—Should there be a central fund for all the three industries ? Or, provincial fund in each province ? Or, separate funds for each industry ? What other features would you suggest for the financial machinery to be erected ?

Answer.—Bearing in mind that the Association has insisted upon a sickness insurance scheme being based on an all-India scale, it naturally follows that the scheme must be run on an all-India basis with a central fund administered from the Centre with Provincial Boards.

In this connection, it may be of interest to note that the Millowners' Mutual Insurance Association Ltd. has been distributing compensation payable under that scheme to the employees, direct to the workers with the assistance of their respective employers.

Question 12 : Administrative Machinery.—What should be the machinery of administration ? Should the benefits and contributions be administered through (*a*) local bodies, (*b*) trade unions, (*c*) special bodies, created for this purpose, or (*d*) any other bodies ?

Answer.—The administrative machinery could be a special Sickness Insurance Association or Board constituted by Government on the lines of the Millowners' Mutual Insurance Association Ltd. and working with a special licence from Government, in each industrial centre, subject to central control of the Government of India. This organisation should be empowered to collect the premium from the employers of not only their own shares, but also of the shares of their employees, remit the proceeds to the Government Treasury, incur all expenses incidental to the running of the Office, and also dispose of claims on a pre-arranged basis.

The body will not require any capital. Government merely nominate representatives who form themselves into a Society or Advisory Body, and they will be empowered to appoint a Secretary or a Special Claims Officer who will administer the Sickness Insurance Scheme for his particular area.

Question 13 : Sickness Incidence among Workers.—Have you collected any figures showing the incidence of sickness among industrial workers for any group, or town, or

factory ? What, do you think, could be regarded as a safe figure for the average number of days of sickness to which the industrial worker in your group, etc., is liable ?

Answer.—I have no actual experience regarding the incidence of sickness. Unless special investigations are conducted into sickness records over a period of years, or at least months, no definite conclusions could be drawn for the reason that sickness in industrial areas varies with abnormal climatic variations, incidence of epidemics like typhoid, and dysentery, malaria, fevers, etc.

Question 14 : *Workmen's Compensation.*—What are the possibilities, if any, of the scheme overlapping with the provisions of the Workmen's Compensation Act, especially in regard to industrial diseases.

Answer.—There is not much possibility of the sickness insurance scheme overlapping the provisions of the Workmen's Compensation Act because payments made under the Workmen's Compensation Act for personal injury arising out of and in the course of employment could be easily differentiated from payments to be made under the Scheme.

Question 15 : *Settlement of Disputes.*—What should be the machinery for settlement of disputes arising between the fund and the workers, or the fund and the employers or doctors and workers, etc.?

Answer.—Disputes regarding payments, settlement of claims, etc., should be disposed of by the Workmen's Compensation Commissioner. If, however, the Workmen's Compensation Commissioner has no time to spare, a separate officer not below the rank of a Sub-Judge should be authorised to deal with the claims. Provision may also be made for an appeal from the decision of the Sub-Judge to the High Court in Presidency Towns, and to District Courts in the mofussil.

Copy of letter, dated 2nd September 1943, *from the Employers' Federation of India, to the Association.*

I am directed to acknowledge with thanks the receipt of your letter No. 267, dated the 1st September 1943 and enclosure. With the permission of the President, I have to-day forwarded to Prof. Adarkar, Officer on Special Duty, Sickness Insurance, a copy of the note containing the replies framed by Mr. J. C. Lancashire in regard to the questionnaire issued by Prof. Adarkar.

APPENDIX 20.

EXPENSES IN CONNECTION WITH THE REGISTRATION OF TRADE MARKS UNDER THE TRADE MARKS ACT, 1940.

Copy of letter No. 293, *dated 7th August,* 1943, *from the Association to the Secretary, Central Board of Revenue, New Delhi.*

The attention of my Committee has been drawn to a recent decision given by one of the Income-tax Officers of Bombay disallowing expenses incurred by an assessee mill company in registering their trade marks, as a business deduction under section 10 of the Indian Income Tax Act. Relevant extracts from the Assessing Officer's order are reproduced below :—

> "The company has incurred an expenditure of Rs. 16,707 on trade designs. These are registration fees in part paid to the Registrar of Trade Marks in respect of the registration of the trade numbers, stamps, tickets and trade names (called trade marks), which were already registered with the Millowners' Association. Life of the registration is stated to be seven years when that will have to be renewed again. A trade mark is a capital asset though intangible, and the registration expenses of a trade mark are, therefore, of a capital nature, just as the registration of any other capital and tangible asset. This amount shall, therefore, be disallowed."

My Committee feel that the above order is incorrect and is further at variance with the spirit of section 10 of the Income Tax Act. The Income-tax Officer seems to have overlooked the most important fact that the trade marks referred to, and in respect of which registration expenses have been incurred, have been in existence for a number of years, the assessee concerned having already acquired proprietary rights over them by virtue of habitual user. Registration of trade marks does not confer on the registered proprietors thereof any more rights in respect of such trade marks than were already enjoyed by them prior to registration. The real advantage of registration, however, lies in the quick and inexpensive remedy which the Act provides against imitations and infringements. In other words, by registering their trade marks under the Act of 1940, the mill company concerned were protecting their well-known trade marks which, by virtue of habitual user had already come to be regarded and recognised as one of the capital assets of the company. The expenses were not incurred in bringing about a capital asset, but in protecting a capital asset which already existed when the Act came into operation. In this connection, the attention of the Board is invited to the following observations made by the High Court of Judicature at Nagpur in Miscellaneous Civil Case No. 117 of 1942 :—

> " In the present case the assessee has to displace a counterfeit trade mark which prejudicially affected the sale of its goods. The threat was not directed against the capital of the company but against its trade. The capital is concerned with production, while the trade is concerned with selling, with a view to profit, the goods which the assessee has manufactured. The counterfeit trade mark introduced into the market by the unscrupulous rival must be deemed to have had serious effect on the volume of the sale of the goods manufactured by the assessee. The object of launching legal proceedings against the competitor was to restore the trade to its original standard."

> " The assessee was hit not as an industrialist but as a trader ; the expulsion of the counterfeit trade mark from the market by means of litigation in court did not make an addition to the capital of the company or bring any additional advantage but only removed an impediment in the way of earning legitimate profits by sale of the goods produced by the assessee."

> " I consider that a trade mark is a capital asset, but I also feel that an attack on trade mark made by infringement is to be regarded not as an attack on a capital asset but rather as an attack on existing and future trade and on the value of the stock-in-trade, existing and in course of manufacture in the future."

Before the Trade Marks Act, 1940, was passed, trade marks were protected under the Common Law. These rights are still expressly preserved under the Act. Section 20(2) enacts as follows :—

> " Nothing in this Act shall be deemed to affect rights of action against any person for passing off goods as the goods of another person or the remedies in respect thereof."

A passing off action under the Common Law is a protracted and expensive procedure due to the very large number of witnesses who have to be summoned to prove evidence of user of the complainant's trade mark. Registration under the Act removes this difficulty. It does not confer any new right or property which could not be acquired under the Common Law, but merely provides the owner of a trade mark a shorter and easier method of defending his right to the exclusive use of the marks. A certificate of registration issued by the Registrar under the Trade Marks Act is *prima facie* evidence of the validity of original registration and after 7 years from the date of such original registration is conclusive evidence of the proprietor's right to the mark subject to the provisions of section 24 of the Act. As has been observed by the late Sir Courtney Terrell, Chief Justice, Patna High Court (in his Foreword to Dr. Venkateswaran's " Law of Trade and Merchandise Marks.")

> " The institution of the right to bring a suit for infringement depends upon the fundamental conceptions which underlie the common law passing off action, but the remedy is made swifter and far less expensive."

It may be pointed out that the Trade Marks Act, 1940, follows the language of the corresponding U.K. legislation and that the authorities in England have always held the above view.

For instance, in the ' Unis ' case (1922) 39 R.P.C. at page 103, the Comptroller-General and Registrar of Trade Marks expressed himself thus :—

> " An application for the registration of a trade mark is an application for the recognition of an existing and continuing right, namely, the proprietorship of a mark, which may be claimed to exist by virtue of user. The recognition of this fact by registration does not create a right, but merely clothes an existing right with additional means of redress in case of infringement."

In *Bow* v. *Hart* (1905), 1 K.B. 592, Lord Justice Romer in the Court of Appeal observed :—

> " Where does the Trade Marks Act confer any new right of property on the owner of a trade mark ? The Act is a statutory recognition of the law which had been previously laid down by the Court of Chancery, but it provides a better method of procedure."

So also in *Edwards* v. *Dennis* (1885) 30 Ch. D. 454 at page 470, Lord Justice Cotton referring to the Trade Marks Registration Act in the United Kingdom said :

> " In the first place what is the object of that Act? Speaking generally, its object is, not to give new rights, but to place restrictions on the bringing of actions for infringement of trade marks by requiring that a trade mark shall be registered before any action to prevent its infringement can be brought. Another object of the Act is to facilitate evidence of title to trade marks by means of registration ; for the Act provides that registration of a person as first proprietor of a trade mark shall be *prima facie* evidence of his right to the exclusive use of the trade mark, and that five years' registration shall be conclusive evidence of his right to such exclusive use."

It is clear, therefore, from the above judgments that the registration of a trade mark by a mill is intended merely for the purpose of protecting existing profits of its business and not for earning any new profits. The remedy against infringement of a trade mark proposed under the Act merely reduces the expenditure involved in securing that remedy. If the trade mark is not registered the proprietor of the mark can still have his remedy against wrongful use of his mark, but he would have to go through the costly procedure involved in instituting a suit for passing off under the Common Law. And in such event all the expenses incurred by him in filing a suit for passing off would have to be allowed as a deduction under Section 10 of the Income Tax Act, on the authority of the recent ruling of the Nagpur High Court, referred to above. In this view of the case it is felt that Government should encourage the registration of trade marks as such registration would undoubtedly reduce claims for allowance to cover legal expenses involved in protecting them.

I am desired to point out that there is a clear line of demarcation between expenses involved in registering trade marks by a mill and expenses involved by a mill in acquiring a trade mark with its goodwill from another proprietor. In the former case, as already pointed out, the expenses are not for the purpose of earning new profits and should not be regarded, therefore, as being of capital expenditure. On the other hand, in the latter case, it is conceded that the sum paid to the proprietor of a trade mark for the sale or assignment of such mark together with its goodwill, is an expenditure which could be rightly regarded as of a capital nature and in respect of which no deduction should be made under section 10 of the Income Tax Act. The value of a trade mark depends upon its goodwill and there are several instances where enourmous amounts have been paid by traders for acquiring the rights in respect of trade marks having well-established goodwill or reputation. I am desired to point out that my Committee will not have any objection whatever if in such cases the expenses involved in acquiring a valuable trade mark from another proprietor is regarded as being of a capital nature.

In conclusion, I am desired to point out that several thousands of trade marks were used by the members of our Association before the Trade Marks Act came into operation and that it would be unfair to asessees owning these marks to disallow the expenses incurred by them in registering such marks. In most cases the expenses have been incurred in the year which is shortly to be assessed or which is already under assessment, and early orders from the Board on this matter would, therefore, be greatly helpful.

Copy of letter No. 27 (80), *I.T./43, dated 23rd November* 1943, *from the Central Board of Revenue to the Association.*

With reference to your letter No. 293, dated the 7th August 1943, and telegram dated the 2nd November, 1943,* regarding the registration of trade marks under the Trade Marks Act, 1940, I am directed to invite your attention to the Board's Circular No. 33 of 1943, dated the 12th November 1943, copy of which is enclosed herewith.

Copy of circular No. 33 *of* 1943, *R. Dis. No.* 27 (80)-*I.T./43, Central Board of Revenue, dated, the 12th November* 1943.

" The question has arisen whether the cost of deposit and registration of trade marks incurred under the Trade Marks Act, V of 1940, is an admissible expense in the computation of profits for the purposes of income-tax assessments. The Board consider that in so far as the cost of initial registration of new trade marks under Act V of 1940 is concerned, it should be treated as of a capital nature since such registration creates a capital asset. Any expenditure incurred on the renewal of registration should, however, be allowed as a revenue expense as the purpose of such renewal is not to create any new asset but merely to preserve an existing one. In the case of old trade marks in which a right has been acquired by exclusive and prior use, the cost of first registration under Act V of 1940 should be treated in the same way as the cost of initial registration in the case of new trade marks. For this purpose any trade marks the use of which was declared in the application form under section 85 of the Trade Marks Act, 1940 to be prior to the 25th February 1937, should be regarded as having been acquired by exclusive and prior use."

Copy of letter No. 293, *dated 24th December* 1943, *from the Association to the Secretary to the Government of India, Finance Department, New Delhi.*

I am directed to enclose herewith the undermentioned papers :—

(*a*) Copy of letter No. 293, dated 7th August 1943, addressed by the Association to the Central Board of Revenue.

(*b*) Copy of Board's circular No. 33, of 1943, R. Dis. No. 27, (80)-I.T./43, dated 12th November 1943.

My Committee regret to observe that the Central Board of Revenue have not advanced any valid reason for rejecting *in toto* the suggestions made by the Association. In fact, the Board's decision amounts to this, namely, all expenses connected with the initial registration of new and old trade marks would be regarded as of a capital nature, and would not be allowed as business expenditure under section 10 of the Income Tax Act, and only the cost of renewal would be admitted as deduction under the said Act, for purposes of income-tax, super tax, etc.

The point which my Committee desire to emphasise is :—

(1) In addition to the cost of deposit and fees for registration payable to the Registrar under the Trade Marks Act, there are other incidental expenses which have to be incurred by an applicant for registration, such as, fees paid to trade mark agents, lawyer's fees for appearance before the Registrar or the High Court in connection with proceedings under the Act, and the cost of separate establishment to keep watch over new registrations, and generally maintain touch with applications made and advertised in the Trade Marks Journal. According to the Board's ruling, all these expenses would be regarded as of a capital nature which, in my Committee's opinion, is absolutely unfair.

(2) It is clear from the judgment of Lord Justice Cotton in England (quoted in our representation) that the registration of a trade mark by a mill is intended merely for the

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* Not published.

purpose of protecting existing profits of the business and not for earning any new profits. The remedy against infringement of a trade mark proposed under the Act merely reduces the expenditure involved in securing that remedy and from that point of view, Government should, in their own interests, allow the expenses of registration as a business expense.

My Committee strongly feel that justice has not been done to the industry by the Central Board of Revenue when they issued their circular (already referred to in this communication), and I am to say that the Association would be grateful if Government would be pleased to go into the whole position and set matters right.

Copy of letter No. R. Dis. Bo. 27(80)-*I.T.*/43, *dated the* 10*th January* 1944, *from the Central Board of Revenue to the Association.*

In reply to your letter No. 293 dated the 24th December, 1943, I am directed to say that the Board are unable to accept your suggestion, for amending the instructions so as to admit of the cost of first registration and other incidental expenses thereto in the case of old trade marks being allowed as revenue expenditure in income-tax assessment.

2. I am to add that the cost of establishment set up for keeping watch over new registrations, etc., stands on a different footing and would generally be allowed as a trading expense if separately claimed.

APPENDIX 21.

ADMISSIBILITY OF LOSS BY EMBEZZLEMENT OR THEFT AS ALLOWANCE UNDER THE INCOME TAX ACT.

Copy of letter No. 137, *dated* 30*th June* 1943 *from the Association to the Secretary, Central Board of Revenue, New Delhi.*

The attention of the Committee has been drawn to the details of an income-tax assessment case concerning a member of the Association. As the case is now under appeal, the name of the assessee is not at present being mentioned, but certain facts relating to the assessment itself are set forth below for ready reference :

2. The assessee member, whose place of business is in the mill area of Bombay, sent four of his employees with a cheque for a large sum of money to cover the wages due to its workmen, with instructions to cash the cheque in one of the banks situated in the main business centre of the city in the Fort and bring the cash to the mills. One of the employees cashed the cheque, but the proceeds were lost in the main hall of the Reserve Bank from the hands of one of the employees while the other three had all been sent by the former to bring small change. The assessee prosecuted the employee concerned, but the prosecution failed for want of sufficient evidence. The assessee claimed the amount lost as a deduction under section 10 of the Indian Income-tax Act in computing his assessable income for the year in question, but this claim was disallowed by the Assessing Officer with the result that an appeal was filed by the assessee with the appellate Assistant Commissioner, which is now pending.

3. In this connection, attention is directed to the Board's circular No. 25/1939, dated the 17th August, 1939, addressed to the Secretary, the Indian Merchants' Chamber, Bombay, which sets forth the procedure to be followed by the Assessing Officers in dealing with claims by assessees regarding loss by embezzlement, etc. The circular contains an extract from the judgment delivered by Rawlatt J. in the case of *Curtis* vs. *J. & G. Oldfield, Ltd.* which enunciates the law that " if you have a business in the course of which you have to employ a subordinate, and owing to the negligence or dishonesty of the subordinate some of the receipts do not find their way into the bill, or some of the bills are not collected at all, that may be an expense connected with and arising out of the trade in the most complete

sense . . . " The above extract covers theft or embezzlement due to negligence or dishonesty, but the penultimate paragraph of the Board's circular which contains the essence of the Board's instructions to Assessing Officers only covers loss by theft or embezzlement by an employee, and does not cover loss or theft arising from the negligence of the employee. There seems to be no doubt whatsoever that the broad principles enunciated in the judgment of Justice Rawlatt referred to above has been accepted by the Board. If this is so, then the omission to cover loss or embezzlement arising from negligence of an employee in the Board's circular is only an oversight, which, my Committee consider, should be rectified immediately.

4. Another point which my Committee would like to raise is in connection with the principle laid down by Government that the Assessing Officers should be " fully satisfied from the evidence that the theft or embezzlement has in fact taken place and that the claim is genuine." In the particular assessment case referred to in this letter, the assessee prosecuted the employee concerned, but the prosecution failed as already stated. That does not, my Committee submit, prove that the loss referred to has not taken place. The loss of the amount claimed is one thing and the guilt of the accused is another thing, and if the accused was not found guilty it does not mean that loss has not taken place. What my Committee desire to point out is that the Assessing Officer should in cases where such claims are made, insist upon a prosecution against the employee concerned having been successfully maintained in a Court of Law.

It is requested that this matter be given the most careful consideration and an amending circular issued to Assessing Officers at a very early date.

Copy of letter No. 137, *dated* 30*th December* 1943 *from the Association to the Secretary, Central Board of Revenue, New Delhi.*

I beg to confirm having wired you to-day as under :—

" Reference my letter 137 June thirtieth *re.* deduction in respect of loss or embezzlement by employees. Second reminder. Would appreciate Board's decision as matter has been outstanding for a considerable time."

Copy of circular No. 27(29)-*I.T.*/43, *dated* 21*st February*, 1944, *from the First Secretary, Central Board of Revenue, to the Association.*

With reference to your letter No. 137(*a*) dated the 30th December, 1943, I am directed to say that the matter is under consideration.

APPENDIX 22.

CONTROL OF CAPITAL ISSUES.

Copy of letter No. 316, *dated* 21*st October* 1943 *from the Association to the Secretary to the Government of India, Finance Department, New Delhi.*

I am directed to refer to the amendment in rule 94A of the Defence of India Rules published on 17th May, 1943, according to which previous permission of the Central Government is required for :—

(*a*) making an issue of capital in British India ;

(*b*) making in British India any public offer of securities for sale ;

(c) issuing of capital anywhere in India (whether within or without British India) by any company in British India ;

(*d*) issuing in British India any prospectus or other document offering for subscriptions or for sale any security which has not had the prior sanction of the Government of India ; and

(*e*) renewing or postponing the date of maturity or repayment of any security maturing for payment in British India.

At a Press Conference held on 17th May, 1943, the Finance Member is reported to have stated that applications which are made to the Central Government in accordance with the provisions of Rule 94A should be addressed to the Secretary to the Government of India, Finance Department, and that such applications in so far as they relate to issues of capital in connection with proposed industrial enterprises would be considered by a Departmental Committee on which representatives of the Commerce and Industries and Supply Departments will be associated with the Finance Department. The Reserve Bank of India will, it was stated, be consulted in regard to applications involving the issue of capital for proposed financial enterprises, including banks, investment and finance and insurance companies. The object of the new rule, the Finance Member is further reported to have stated, is to prevent in the circumstances of the present time the growth of mushroom companies which stand little chance of survival in the post-war period and other undesirable practices such as the reconstitution or recapitalisation of concerns on the basis of their present abnormal profits to the detriment of an undiscriminating investing public. There is no intention, my Committee note, of handicapping or retarding sound and legitimate industrial development or expansion calculated to promote the war effort of the country or to increase production to meet the civil requirements of the country at the present time or in the near future, in which cases the application for sanction will encounter no difficulty.

My Committee welcome Rule 94A of the Defence of India Rules which, in their opinion, is a step in the right direction. Referring, however, to the procedure which, it is suggested, would be followed by Government in disposing of applications for issues of new capital in connection with proposed industrial enterprises, my Committee strongly feel that to ensure prompt disposal of such applications, non-official industrial interests should be associated with the Departmental Committee which Government propose to set up. The adoption of this suggestion is calculated, in my Committee's view, not only to expedite disposal of applications, but will also help commercial and industrial interests in understanding Government's point of view in every case and eliminate misunderstandings.

It is understood that certain commercial and industrial organisations in the country have already put forward this suggestion to Government, and my Committee, therefore, consider that this matter deserves careful and sympathetic consideration. It should be understood that the idea underlying the suggestion is not to interfere with Government's discretion in the matter of granting permits to applicants, but to help Government in coming to quick decisions in such matters and also to help the commercial interests to understand the Government point of view.

APPENDIX 23.

PROPOSAL FOR THE ESTABLISHMENT OF AN INSTITUTION FOR THE PROMOTION OF TECHNICAL RESEARCH.

Copy of letter No. 4006/33-G, dated 30th September, 1942 from the Secretary to the Government of Bombay, General Department, to the Association.

I am directed to state that the Textile Labour Inquiry Committee appointed by the Government of Bombay has, *inter alia*, made the following recommendation :—

" 240.—We recommend that the Government of Bombay should, in consultation with industry, take suitable measures for the promotion of technical research. The details of the scheme may be worked out in collaboration with the three institutions* referred to on the margin and towards the expenses of the proposed additional research equipment and establishment, half may be contributed by Industry and half by Government."

*(1) Techological Laboratory of the Indian Central Cotton Committee.
(2) Department of Chemical Technology of the University of Bombay.
(3) Victoria Jubilee Technical Institute, Bombay.

In so far as the Victoria Jubilee Technical Institute and the Department of Chemical Technology of the University of Bombay are concerned, they do not seem to be suitable for undertaking sustained researches of real industrial value and merit. In order that the object which the committee has in view may be attained in full measure, Government considers that it is essential to create a separate research institution controlled and run by the textile industry itself on co-operative basis. I am to request you to be so good as to state whether your Association agrees to this proposal in principle.

Copy of letter No. 200, *dated 25th February,* 1943 *from the Association to the Secretary to the Government of Bombay, General Department, Bombay.*

Subject :—RECOMMENDATIONS OF THE TEXTILE LABOUR INQUIRY COMMITTEE, —PROPOSED ESTABLSHMENT OF AN INSTITUTION FOR—THE PROMOTION OF TECHNICAL RESEARCH.

I am directed to acknowledge the receipt of your letter No. 4006/33-G, dated the 30th September, 1942, on the above subject. Government, my Committee note, consider it essential to create a separate research institution. There are, of course, obvious advantages in the Textile Industry establishing a distinct and separate institution for textile research including spinning, weaving and chemical processing run under the control of the industry alone or in conjunction with Government, but such an institution is not likely to be established within a reasonable period on account of the difficulties which might be experienced in getting machinery in the war and the immediate post-war years. The question of expenditure is a vital one, and in this view of the case, it would perhaps be desirable if the industry were, for the time being, to co-operate with the Department of Chemical Technology, the Technological Laboratory of the Indian Central Cotton Committee and the Victoria Jubilee Technical Institute, for the organisation of a co-ordinated research plan. The whole field of research might be divided into three parts, namely, (1) raw cotton and spinning, (2) weaving which will also include engineering problems, and (3) chemical processing. The first might be entrusted to the Technological Laboratory at Matunga, the second to the Victoria Jubilee Technical Institute and the third to the Department of Chemical Technology. The three institutions, it is thought, might be assisted to equip themselves with the additional equipments and staff and to prepare themselves for the additional work thrown on them. If this suggestion could be accepted, the industry would be getting all it wants at a comparatively small cost. My Committee are glad that Government have raised this question, and they would appreciate it if a Committee consisting of the representatives of the three institutions mentioned, the Millowners' Associations of Bombay and Ahmedabad, the East India Cotton Association and the Government of Bombay could be appointed to go into this matter in all its aspects and submit an early report thereon.

Copy of letter No. 4006/33-*G, dated 4th October,* 1943 *from the Secretary to the Government of Bombay, General Department, to the Association.*

I am directed to invite your attention to the recommendation of the Textile Labour Enquiry Committee appointed by the Government of Bombay as stated below :—

" 240. We recommend that the Government of Bombay should, in consultation with industry, take suitable measures for the promotion of technical research. The details of the scheme may be worked out in collaboration with the three institutions referred to on the margin."

The Technical Laboratory of the Indian Central Cotton Committee,
Department of Chemical Technology of the University Bombay,
Victoria Jubilee Technical Institute, Bombay.

A separate institution for textile research is not practicable at present on account of difficulty of getting the necessary machinery and equipment which is likely to persist even in the immediate post-war period. It is, however, possible for the textile industry to co-operate with the Department of Chemical Technology, the Technological Laboratory of the Indian Central Cotton Committee, and the Victoria Jubilee Technical Institute for co-ordinated research. Government proposes to appoint a Committee, under the chairmanship of the Director of Industries consisting of representatives of the Indian Central Cotton Committee, the Victoria Jubilee Technical Institute, the Millowners' Associations at Bombay

and Ahmedabad, the University of Bombay and the East India Cotton Association to consider in detail.

(1) the type of research problems to be tackled ;

(2) the equipment, staff and other facilities available at the three institutions referred to above and the extent to which and the cost at which each of these institutions must be strengthened for the purpose of research ;

(3) how the additional cost is to be met ; and

(4) administrative arrangements for running the scheme which may be finally adopted.

2. I am to request you to be good enough to communicate the name of a representative of your Association for appointment on the proposed Committee.

Copy of letter No. 200, *dated 3rd January,* 1944 *from the Association to the Secretary to the Government of Bombay, General Department.*

TEXTILE LABOUR ENQUIRY COMMITTEE, RECOMMENDATION OF—IN REGARD TO ESTABLISHMENT OF AN INSTITUTION FOR THE PROMOTION OF TECHNICAL RESEARCH.

I am directed to refer to your letter No. 4006/33-G, dated the 4th October, 1943, on the above subject, and to say that my Committee have appointed Sir Sorab Saklatvala, M.L.A., as the Association's representative on the Committee which you propose to set up for co-ordinating textile research. The address of Sir Sorab Saklatvala is as follows :—

Sir Sorab Saklatvala, M.L.A.,
c/o Messrs. Tata Sons, Ltd.,
Bombay House, Bruce Street,
Fort, Bombay.

APPENDIX 24.

DONATIONS TO THE TECHNOLOGICAL DEPARTMENT OF THE UNIVERSITY OF BOMBAY.

Copy of letter dated 11*th December,* 1942 *from the Vice-Chancellor, University of Bombay, to the Association.*

The millowners of Bombay and Ahmedabad are aware of the service which the University has attempted to render to the textile industry of this Presidency by the creation of the Department of Chemical Technology. The main part of the financial burden has so far been borne by the University, and I am now appealing to the Millowners' Associations of Bombay and Ahmedabad for generous endowments, which would enable the University to complete the scheme of expansion which it has under contemplation, so that the Department may be of increasing utility to our textile and other industries.

The essential basis of the Department has been the needs of the Indian textile industry, which have been very fully taken into account in the equipment of the laboratories and in the general organization. The Department possesses a complete range of plant for bleaching, dyeing, printing and finishing, an excellent optics laboratory for microscopic, photometric and fadeometric work on textiles, and extensive laboratories for work on dyes and textile auxiliaries. The departmental library contains every important book and journal regarding textile processing. We have been maintaining for some time a separate staff for carrying out analytical and technical investigations on behalf of industry, so that the Department serves as a test house in which the dyes, chemicals and auxiliary agents used by the processor are submitted to chemical examination and practical trials. In the numerous schemes of research in chemical technology undertaken by the Department the interests of the textile industry have received primary consideration. The publications of the Department are being circulated to over 80 mills and factories. A series of papers, most of which are concerned with textile processing problems (wetting agents, detergents, dyes, mildew in

cotton, antiseptics for textiles, modified starches, tendering of cotton, etc.), have appeared in Indian and European journals, and the work has been very favourably reviewed in such publications as the Annual Reports of the Society of Chemical Industry, London. The cotton mills of the Province have no longer to turn to Manchester for men to occupy responsible positions in bleaching, dyeing, printing and finishing. Graduates of the Department are to be found in mills all over the country from Delhi to Bangalore and from Bombay to Calcutta. Among the mills they are serving may be mentioned the Delhi Cloth Mills, Delhi, the Maharajah Mills, Bangalore, Turkey Red Dye Works, the Bombay Dyeing Co., Bombay, the Calico Mills, Ahmedabad, the Khatau Mills, Bombay, and the Shorrock Mills, Ahmedabad. Addressing myself to so enlightened a body as the Millowners' Association, there is no need for me to enlarge further on the record of the Department, with which, I have no doubt, you are familiar through the Annual Reports, or to indicate in greater detail the actual and potential value of the Department to our great textile industry.

There is one aspect, however, of the work of the Department, to which I would make a brief reference. The Department has come to be recognised as a centre of research in the chemistry and technology of dyes and has actively assisted Government through its Synthetic Dyes Committee in exploring ways and means by which a dyestuff industry can be established in this country. There is every reason to believe that concrete steps in this direction will be taken soon after the termination of the war and the University is anxious that a separate section dealing with the technology of intermediates and dyes should be added to our Department, and the present appeal is for two purposes. The first is the creation of this new section and the second is the provision of better and wider facilities for work on bleaching, dyeing, printing and finishing. While we have calculated that the entire scheme of expansion which would convert the present Department with its two sections into a great College of Technology with eight sections (Textile Chemistry ; Chemical Engineering ; Pharmaceuticals and Fine Chemicals ; Foods and Drugs ; Plastics, Paints and Varnishes ; Oils, Fats and Soaps ; Paper and Cellulose Industries ; Technology of Intermediates and Dyes), will mean an endowment of about Rs. 15 lakhs in addition to the endowments we have already received and a special recurring grant from Government for which we have recently applied, my request is for a donation of Rs. 5 lakhs from each of the two Millowners' Associations of this Presidency. Considering the possibilities of the University College of Technology as a centre of training and technological research, the demand is a reasonable one. I might perhaps venture to refer to the fact that the South Indian Millowners' Association, a far less important body than the Bombay and Ahmedabad Millowners' Associations, has recently made a capital endowment of Rs. 4 lakhs to the University of Madras and an annual grant of Rs. 30,000 (representing a capital of about Rs. 9,00,000) for instituting a College of Technology at Coimbatore. The Coimbatore College has yet to make a beginning and to demonstrate its usefulness to the millowners of South India, while our Department has been in existence for over eight years and the University has spent very large sums on its creation and maintenance. It is therefore to be hoped that the millowners of Bombay and Ahmedabad will now take upon themselves at least a part of the responsibility for the progress of the Department. As my predecessor stated at the ceremony of the laying of the foundation-stone of the new buildings for the Department at Matunga, " The University has already committed itself to an initial expenditure of Rs. 15 lakhs for this Department and an annual expenditure of over Rs. 2 lakhs. The Senate would, I feel certain, be glad to make additional grants were it possible. It, has, however, its responsibilities also towards the other branches of arts and science." Endorsing the Vice-Chancellor's appeal for support to the Department, His Excellency the Chancellor said : " A department such as this cannot give its best without close contact with industry. The two main functions of the Department are to train men for the higher technical posts in industry, and at the same time, to carry out advanced research on the technical problems confronting industry. The support given to this Department will return to you as a two-fold benefit. In the first place, you will receive a supply of trained men, with a sound theoretical background , without which a high standard of practical achievement cannot be attained, to fill the higher technical posts in your industries. In the second place, you will be building up an organisation for the scientific investigation of problems which ordinary firms, and specially the smaller ones, have not the resources or the time to solve. It is, I think, the duty, the profitable duty of the industrialists of this City and Province to give their full support to the Department, so that it, and through it the University, may take its rightful place in the life of the Province."

REPORT OF THE UNIVERSITY SUB-COMMITTEE APPOINTED BY THE ASSOCIATION.

At a meeting of the General Committee held on 22nd February, 1943, a letter received from the Vice-Chancellor of the University of Bombay, requesting donations to the Technological Department of the University, was referred to us for consideration and report. Briefly stated, the University authorities had asked for a donation of 5 lakhs of rupees each from the Bombay and the Ahmedabad Millowners' Associations, and from the minutes made by members of the General Committee on the circular we inferred that the Committee generally were inclined to consider the request favourably.

We subsequently met the Vice-Chancellor and three of his colleagues to ascertain the University's requirements and also their reaction to one or two proposals which we had to make to them. In the course of the discussions it transpired that, though a figure of 5 lakhs of rupees had been mentioned in the appeal, the University was not wedded to that figure and that the Association was free to decide upon any figure which the Committee like to fix up.

The Chairman stated that, if the Association made a donation, they would expect to get the right to nominate a few students for admission to the Department, provided such students had the requisite qualifications laid down by the authorities from time to time. The Association would also have the right to nominate a second representative on the Senate of the University.

The Vice-Chancellor said that he personally thought that the demand made by Sir Vithal was reasonable and stated that he would place it before the Senate.

In this connection, the Sub-Committee would like to bring a few salient points to the notice of the Committee. The idea of establishing a Department of Chemical Technology was mooted in the University in or about the year 1930. A Committee under the chairmanship of Sir M. Visweshvarayya was appointed to make recommendations to the University Senate. This Committee made a very comprehensive report, but as the funds at the disposal of the University were not enough to take action on such a large scale, a smaller Committee composed of University Experts presided over by Dr. Wheler, the then Principal of the Royal Institute of Science, was appointed to work out a scheme for starting two departments, one of Textile Chemistry and the other of Chemical Engineering. The idea of concentrating on Textile Chemistry was that Bombay being essentially a Province where the textile industry was predominant, the University should cater for the needs of the Province. The Chemical Engineering Section was started because it was the basis of training for all Industrial Chemists, and for a Textile Chemist to be quite efficient in his job, he had to undergo a basic training in Chemical Engineering. The University accepted the report of the Wheeler Committee and set up a separate Department early in 1933.

It is interesting to note that, when the University announced its decision to start the Department, it received two donations of the total value of Rs. 4,16,300. Of this, one donation of Rs. 1,36,300 was utilised for the equipment of the Tulsidas Surji Dye House, and the other of Rs. 2,80,000 for the contribution towards the salary of the Professor of Chemical Technology. The University then proceeded, with the help of the Government of Bombay, with the scheme of the institution as well as equipment of the Department. Up to date, they have spent out of their own funds Rs. 14,96,000 and will be spending a further Rs. 5,87,000, making in all about Rs. 21 lakhs for the building and equipment of the Department. In 1939, five years after the Department had started functioning, the University received an endowment under the will of the late Mr. P. G. Singhanee of Rs. 12,83,300. Since then, further endowments, one of Rs. 40,000 and the other of Rs. 2 lakhs from the House of Tatas for the establishment of a Department of Pharmaceutical Chemistry have been received. It will thus be seen that the University, unlike other Universities in India, did not wait for public endowments for the starting of the Department, but they started the Department on their own initiative and with their own limited resources, and after having incurred a very heavy expenditure from reserve funds and annual income, they received large endowments from the public as a result of the good work shown by the Department. It may be stated that the Department has been well spoken of by all experts, Indian as well as foreign, and recently the Board of Scientific Research has recognized the value of the work done in the Department by subsidising research in the Chemistry of Technology of Dyes.

The Government of Bombay have also been so well impressed with the record of the Department and its usefulness to the industrial progress of the Province that they have sanctioned an annual grant of Rs. 34,000. An endowment of rupees one lakh has recently been received from the Poonamchand Kotawala Trust for equipping a Department of Plastics, Paints and Varnishes. The Sub-Committee are of the opinion that the enterprise of the University of Bombay deserves to be helped substantially by the textile industry. It was understood from the Vice-Chancellor that the Ahmedabad Millowners' Association would also be induced to help on lines similar to any help received from the Millowners' Association, Bombay.

With regard to the purposes for which the moneys donated by us would be utilised, the University authorities have stated :—

> " The first is the creation of a new section dealing with the technology of intermediates and dyes and the second is the provision of better and wider facilities for work on bleaching, dyeing, printing and finishing."

We have no hesitation in recommending that the Association and its members should render all possible assistance to the University for the attainment and the development of the two objects specified in the extract. We propose that a levy on individual members of the Association with mills situated in the City of Bombay be made on the basis of approximately four times their annual subscription to the Association. This figure is expected to yield a little over 3½ lakhs of rupees. If, however, contributions were extended to members in Bombay Province, as it should be, the yield would be in the neighbourhood of 4 lakhs of rupees.

The rate of donation which we have recommended works out at an average of As. 6 a loom and As. 2 a spindle, or converting the spindleage into loomage on the basis of 25 spindles per loom, it works out at Rs. 2 per loom.

If the Committee agree with our proposals, we suggest that an appeal over the signature of the Chairman be issued to members.

Copy of circular No. 200, dated 15th December, 1943 issued by the Chairman to all millowners in Bombay Province.

At a meeting of the Committee held on 13th December 1943, it was unanimously decided to recommend to all members of the Association in the City and Province of Bombay to contribute an amount equivalent to four times the subscription paid by them to the Association in the completed year 1943, towards a fund which the Association is collecting for the purpose of making a donation on behalf of the textile industry of the Province to the Department of Chemical Technology of the University of Bombay.

I enclose herewith copy of an appeal dated the 11th December 1942, addressed to the Association by the Vice-Chancellor of the University, Mr. B. J. Wadia (ex-judge, Bombay High Court). The appeal was considered by a special Sub-Committee of the Association, a copy of whose report is also enclosed herewith for ready reference. The Sub-Committee's recommendation has been accepted by the General Committee, and the object of my writing this letter to you is to request you to give effect to the Sub-Committee's recommendation.

I need not say that my appeal on behalf of the Association is in aid of an organisation which has been rendering excellent service to the cotton textile industry of Bombay. The principal section of the Department is the section dealing with Textile Chemistry, and it is the intention of the University to utilise the money which will be donated by the industry, for the creation of a new section dealing with Technology of intermediates and dyes, and provision for better and wider facilities for work on bleaching, dyeing, printing and finishing. The Committee sincerely believe that, in the post-war period, the Department reorganised and re-equipped, as proposed by the University authorities, will be in a position to help the industry to a very considerable extent. I hope, therefore, that this appeal of mine made on behalf of the Committee of the Association will not fail to evoke the response which the cause rightly deserves. I shall be grateful if the company under your control will at its early convenience send in a cheque in payment of the donation as recommended by the Committee which, in your case, amounts to Rs. (4× Rs.).

APPENDIX 25.

TARIFF VALUATIONS UNDER THE INDIAN TARIFF ACT.

Reprint of the First and Second Schedules appended to the Indian Tariff Act, XXXII of 1934 (as in operation on 1st January, 1944), showing the rates of Customs duties, including the additional duties levied under the Indian Finance Act, 1943, 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.(6)/43, dated the 13th December, 1943, for the purpose of assessment of Customs duties with effect from the 1st January 1944, (2) the rates of duty leviable on articles the produce or manufacture of Burma under the Government of India, Finance Department (Central Revenues), Notification No. 39-Customs, dated the 7th June, 1941, as subsequently amended, (3) the rates of Excise duties leviable on articles produced or manufactured in British India, and (4) the rates of Cesses leviable on certain articles on export or otherwise and the Tariff values fixed for certain articles under the Government of India, Department of Education, Health and Lands, Notification No. F. 3-3/43-A, dated the 10th June, 1943, for the purpose of assessment of the Agricultural Produce Cess with effect from the 1st July, 1943.

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, including Hongkong and Macao, Japan and the Japanese Empire, the Straits Settlements, Malaya, Thailand, French Indo-China, the Netherlands East Indies, Sarawak, British North Borneo, the Philippines, Burma and 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.	Burma.	
	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 ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
3	FISH, not otherwise specified	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
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 *Official Gazette* from time to time prescribe,* plus 6¼ per cent. *ad valorem* plus one-fifth of the total duty.	....	....	Free ..	....
	Tariff values— Per Indian maund. Rs. a. p. (i) Soormai .. .. .. 8 0 0 (ii) Bangdas .. .. .. 3 10 0 (iii) All other sorts 7 8 0						
3(2)	FISH, salted, dry	Revenue ..	18 per cent. *ad valorem*.	....	....	Free ..	....
3(3)	FISH, unsalted, dry	Preferential revenue.	36 per cent. *ad valorem*.	....	24 per cent. *ad valorem*.	12 per cent. *ad valorem*.	....
	Tariff value— Per cwt. Rs. a. p. Bombas 4 8 0						

* The rate on the 1st January, 1944, and until further notice is annas 9¼ per maund of 82-2/7 lbs. avoir.

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.	Burma.	
	SECTION I—*concld.*						
	LIVE ANIMALS AND PRODUCTS OF THE ANIMAL KINGDOM—*concld.*						
3(4)	FISHMAWS, including singally and sozille and sharkfins.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
	Tariff values—		Per cwt. Rs. a. p.				
	Sharkfins, loose or in bundles from Arabian and Persian Gulf Ports.		3 0 0				
4	BUTTER, CHEESE AND GHEE	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
	Tariff values—		Per lb. Rs. a. p.				
	Butter		1 12 0				
			Per cwt.				
	Ghee		100 0 0				
4(1)	MILK,* condensed or preserved, including milk cream.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
5	CORAL, unprepared	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
5(1)	COWRIES AND SHELLS	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
	Tariff values—		Per thousand. Rs. a. p.				
	Chanks—						
	Sound, live		88 0 0				
	Sound, dead		55 8 0				
	Other sorts		13 0 0				
			Per cwt.				
	Cowries, bazar, common ..		8 8 0				
	Cowries, yellow, superior quality.		11 0 0				
	Cowries, mottled, commonly known as Zillah, Tiger and similar other qualities.		9 4 0				
	Cowries, Maldives		13 8 0				
	Cowries, Sankhli		140 0 0				
	Mother-of-pearl, nacre ..		28 0 0				
	Nakhla		214 0 0				
			Per lb.				
	Tortoise-shell		11 4 0				
	Tortoise-shell, nakh		1 14 0				
5(2)	IVORY, unmanufactured..	Preferential revenue.	36 per cent. *ad valorem.*	....	24 per cent. *ad valorem*	12 per cent. *ad valorem.*	....
	Tariff values—		Per cwt. Rs. a. p.				
	Elephants' grinders		350 0 0				
	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.		625 0 0				
	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.		575 0 0				
	Elephants' tusks each less than 10 lbs. (other than hollows, centres, and points).		250 0 0				
	Sea-cow or moye teeth, each not less than 4 lbs.		300 0 0				
	Sea-cow or moye teeth, each not less than 3 lbs. and under 4 lbs.		240 0 0				
	Sea-cow or moye teeth, each less than 3 lbs.		140 0 0				
	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.	36 per cent. *ad valorem.*	....	24 per cent. *ad valorem.*	Potatoes and Onions— 5 per cent. *ad valorem*; all others 12 per cent. *ad valorem.*	....

* 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.

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.	Burma.	
	SECTION II—*contd.*						
	PRODUCTS OF THE VEGETABLE KINGDOM—*contd.*						
8	FRUITS, all sorts, fresh, dried, salted or preserved, not otherwise specified.*	Preferential revenue.	36 per cent. *ad valorem.*	....	24 per cent. *ad valorem.*	12 per cent. *ad valorem.*	....
	Tariff values—		Per cwt. Rs. a. p.				
	Almonds—						
	(i) Without shell		200 0 0				
	(ii) In the shell—						
	(*a*) Iranian Kagazi ..		110 0 0				
	(*b*) Iranian other than Kagazi.		75 0 0				
	Cashew or cajoo kernels, not skinned.		39 0 0				
			Per thousand.				
	Coconuts, Ceylon		100 0 0				
	Coconuts, other except Maldives.		80 0 0				
	Dates, dry, excluding seedless—		Per cwt.				
	Shekra or Shakeria, Sakina and Brami.		30 0 0				
	Kapkapa, Chharra, Chupchap, Sarki, Sori, Omani and Bhatni.		20 0 0				
	All other qualities		10 0 0				
	Dates, wet, in bags, baskets and bundles.		14 0 0				
	Dates, wet, packed in other receptacles.		25 0 0				
	Figs, dried, Iranian		31 8 0				
	Pistachio nuts		145 0 0				
	Raisins, red, Persian Gulf ..		60 0 0				
8(1)	CURRANTS	Revenue ..	Re. 1-8 per cwt. ..	....	....	Free ..	....
9	COFFEE, not otherwise specified	Preferential revenue.	25 per cent. *ad valorem* plus one anna per pound plus one-fifth of the total duty.	....	30 per cent. *ad valorem.*	10 per cent. *ad valorem.*	....
9(1)	COFFEE, canned or bottled	Preferential revenue.	36 per cent. *ad valorem.*	....	24 per cent. *ad valorem.*	12 per cent. *ad valorem.*	....
9(2)	TEA†	Preferential revenue.	Six annas per pound ..	....	Three and three-fifths annas per pound.	Two and two-fifths annas per pound.	....
9(3)	THE FOLLOWING SPICES, whether ground or unground, namely:—						
	Cardamoms, cassia, cinnamon, cloves, nutmegs and pepper.	Preferential revenue.	54 per cent. *ad valorem.*	....	45 per cent. *ad valorem.*	10 per cent. *ad valorem.*	....
	Tariff values—		Per cwt. Rs. a. p.				
	Spices, unground—						
	Cloves, (other than exhausted)		85 0 0				
9(4)	THE FOLLOWING UNGROUND SPICES, namely:—						
	Chillies, ginger and mace	Preferential revenue.	36 per cent. *ad valorem.*	....	27 per cent. *ad valorem.*	12 per cent. *ad valorem.*	....
9(5)	BETELNUTS	Preferential revenue.	54 per cent. *ad valorem.*	....	45 per cent. *ad valorem.*	20 per cent. *ad valorem.*	....
	Tariff values—		Per cwt. Rs. a. p.				
	Betelnuts (husked)—						
	Whole from Goa		75 0 0				
	Whole from Ceylon ..		78 0 0				
	Split from Ceylon—						
	(*a*) Mature		45 0 0				
	(*b*) Immature		70 0 0				
	All other sorts		73 0 0				
9(6)	VANILLA BEANS	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
10	GRAIN AND PULSE, not otherwise specified, including broken grains and pulse, but excluding flour.	....	Free	....	....	....	....
10(1)	WHEAT‡	Protective ..	Re. 1-12-4/5 per cwt. ..	....	....	Free	March 31st, 1948.
11	FLOUR, not otherwise specified	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
11(1)	WHEAT FLOUR	Protective ..	Re. 1-12-4/5 per cwt. ..	....	....	Free ..	March 31st 1948.
11(2)	SAGO FLOUR	....	Free	....	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, raw cashewnuts 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, Black Brick tea, the produce of China, when imported at Calcutta from a port in Burma is exempt from payment of import duty.

‡ Under Government of India, Commerce Department, Notification No. 156-T (3)/41, dated the 6th December, 1941, wheat 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.	Burma.	
	SECTION II—*concld.*						
	PRODUCTS OF THE VEGETABLE KINGDOM—*concld.*						
11(3)	SAGO, TAPIOCA AND TAPIOCA FLOUR	Preferential revenue.	36 per cent. *ad valorem.*	....	24 per cent. *ad valorem.*	12 per cent. *ad valorem.*	....
11(4)	STARCH AND FARINA	Revenue ..	18 per cent. *ad valorem.*	....	....	Free ..	....
12	SEEDS, all sorts, not otherwise specified ..	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
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.	36 per cent. *ad valorem.*	....	24 per cent. *ad valorem.*	12 per cent. *ad valorem.*	....
	Tariff value— Poppy seeds		Per cwt. Rs. a. p. 18 4 0				
12(3)	RUBBER SEEDS	....	Free	....	....	....	....
12(4)	HOPS	....	Free	....	....	....	....
12(5)	FODDER, BRAN AND POLLARDS	Revenue ..	3 per cent. *ad valorem.*	....	....	Free ..	....
13	DYEING AND TANNING SUBSTANCES, all sorts, not otherwise specified.*	Revenue ..	30 per cent. *ad valorem.*	....	....	Free ..	....
	Tariff value— Cochineal		Per lb. Rs. a. p. 1 12 0				
	Gallnuts		Per cwt. 43 0 0				
13(1)	BARKS FOR TANNING	Revenue ..	3-3/5 per cent. *ad valorem*	....	....	Free ..	....
13(2)	CUTCH AND GAMBIER, all sorts	Preferential revenue.	36 per cent. *ad valorem.*	....	24 per cent. *ad valorem.*	5 per cent. *ad valorem.*	....
13(3)	GUMS, RESINS AND LAC, all sorts not otherwise specified.	Revenue ..	30 per cent. *ad valorem.*	....	....	Free ..	....
	Tariff values— Gum olibanum or frankincense.		Per cwt. Rs. a. p. 17 0 0				
	Gum Iranian (false)		12 8 0				
	Myrrh, excluding cleaned and sifted Myrrh		70 0 0				
13(4)	GUMS, Arabic, Benjamin (ras and cowrie) and Dammer (including unrefined batu) and rosin.	Preferential revenue.	36 per cent. *ad valorem.*	....	24 per cent. *ad valorem.*	Free ..	....
	Tariff values— Acacian gums, other than ground, including gum Arabic, gum Senegal and gum African but excluding gums cleaned and sifted.		Per cwt. Rs. a. p. 33 0 0				
13(5)	STICK OR SEED LAC	....	Free	....	....	....	....
13(6)	OPIUM	Revenue ..	Rs. 30 per seer of 80 tolas or 18¾ per cent. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	Free ..	....
13(7)	CINCHONA BARK	....	Free	....	....	....	....
14	CANES AND RATTANS	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
	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 ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
	Tariff values— Lubricating grease		Per lb. Rs. a. p. 0 7 0				
	Petroleum jelly, white ..		0 7 3				
	Petroleum jelly, all other sorts.		0 4 0				
	N.B.—The tariff values apply to articles packed in containers of not less than 14 lbs.						
15(1)	LARD, not canned or bottled	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
15(2)	BEESWAX	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
15(3)	TALLOW	....	Free	....	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 57, Customs, dated the 15th November, 1941, wattle extract for tanning is liable to import duty at 12 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.	Burma.	
	SECTION III—*concld.*						
	FATTY SUBSTANCES, GREASES, OILS AND PRODUCTS OF THEIR DECOMPOSITION; PREPARED ALIMENTARY FATS; WAXES OF ANIMAL OR VEGETABLE ORIGIN—*concld.*						
15(4)	FISH OIL, including whale oil, not otherwise specified.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	..
15(5)	FISH OIL AND WHALE OIL, hardened or hydrogenated.	Revenue ..	Rs. 12 per cwt. ..	....	....	Free ..	...
15(6)	VEGETABLE NON-ESSENTIAL OILS, not otherwise specified.	Preferential revenue.	42 per cent. *ad valorem.*	....	30 per cent. *ad valorem.*	18 per cent. *ad valorem.*	...
15(7)	THE FOLLOWING VEGETABLE NON-ESSENTIAL OILS, namely, coconut, groundnut and linseed.*	Preferential revenue.	42 per cent. *ad valorem.*	....	30 per cent. *ad valorem.*	18 per cent. *ad valorem.*	...
	Tariff values— Per Imperial gallon. Rs. a. p. Linseed oil, raw or boiled .. 5 0 0						
	N.B.—The tariff value applies to articles packed in containers of not less than 14 lbs.						
15(8)	ALL SORTS OF ANIMAL OILS, not otherwise specified.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
	SECTION IV.						
	PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS · TOBACCO.						
16	CANNED OR BOTTLED BACON, HAM AND LARD	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
16(1)	FISH, canned	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
16(2)	ISINGLASS, canned or bottled	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
17	SUGAR, excluding confectionery	Protective ..	The rate at which excise duty is for the time being leviable on Sugar, other than *khandsari* or palmyra sugar, produced in British India† plus Rs. 6-12 per cwt. plus one-fifth of the total duty.	....	....	The rate at which excise duty is for the time being leviable on sugar, other than *khandsari* or palmyra sugar produced in British India.†	March 31st 1946.
17(1)	MOLASSES	Revenue ..	37½ per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	..
17(2)	CONFECTIONERY	Revenue ..	60 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	..
17(3)	SUGAR-CANDY	Revenue ..	Rs. 12-9-3/5 per cwt...	....	....	Free ..	..
18	COCOA AND CHOCOLATE, other than confectionery.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	..
19	BISCUITS, CAKES, AND FARINACEOUS AND PATENT FOODS, canned or bottled.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	..
20	VEGETABLE PRODUCT, JAMS, JELLIES, PICKLES, CHUTNIES, SAUCES AND CONDIMENTS, canned or bottled	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	..
	Tariff value— Per lb. Rs. a. p. Vegetable product (excluding hardened coconut oil). 0 12 0						
20(1)	FRUIT JUICES	Preferential revenue.	36 per cent. *ad valorem.*	....	24 per cent. *ad valorem.*	12 per cent. *ad valorem.*	....
20(2)	FRUITS AND VEGETABLES, canned or bottled..	Preferential revenue.	36 per cent. *ad valorem.*	....	24 per cent. *ad valorem.*	12 per cent. *ad valorem.*	....
21	CANNED OR BOTTLED PROVISIONS, not otherwise specified.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
21(1)	PROVISIONS AND OILMAN'S STORES AND GROCERIES, all sorts not otherwise specified.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem*	....
	Tariff values— Per cwt. Rs. a. p. Cocum.. .. .. .. 11 12 0 Per lb. Vegetable product (excluding hardened coconut oil), not canned or bottled. 0 6 0						
21(2)	ALL SORTS OF FOOD not otherwise specified..	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
22	ALL SORTS OF DRINK not otherwise specified..	Revenue .	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....

* 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 30 per cent. *ad valorem.*

† The rate of excise duty on the 1st January, 1944, 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.	Burma.	
	SECTION IV—*contd.*						
	PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO—*contd.*						
*22(1)	.....	....	....	....	....	....	....
22(2)	ALE, BEER, PORTER, CIDER AND OTHER FERMENTED LIQUORS—					The rate at which excise duty is leviable at the place of importation plus one-fifth of the total duty.	
	(*a*) In barrels or other containers containing 27 ozs. or more.	Revenue ..	Re. 1-2 per Imperial gallon.	....	....		....
	(*b*) In bottles containing less than 27 ozs. but not less than 20 ozs.	Revenue ..	Three annas per bottle	....	....		....
	(*c*) In bottles containing less than 13½ ozs. but not less than 10 ozs.	Revenue ..	One anna and six pies per bottle.	....	....		....
	(*d*) In bottles containing less than 6¾ ozs. but not less than 5 ozs.	Revenue ..	Nine pies per bottle ..	....	....		....
	(*e*) In other containers †	Revenue ..	Re. 1-8 per Imperial gallon.	....	....		....
22(3)	WINES, not containing more than 42 per cent. of proof spirit—					The rate at which excise duty is leviable at the place of importation plus one-fifth of the total duty.	
	(*a*) Champagne and other sparkling wines.	Revenue ..	Rs. 15-12 per Imperial gallon.	....	....		....
	(*b*) Other sorts	Revenue ..	Rs. 9 per Imperial gallon.	....	....		....
22(4)	SPIRITS (other than denatured spirit)—					The rate at which excise duty is leviable at the place of importation plus one-fifth of the total duty.	
	(*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. 45 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. 60 per Imperial gallon.	....	....	....	...
	(*ii*) not so entered	Revenue ..	Rs. 45 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 30 per cent. *ad valorem* ;						
	(*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—					The rate at which excise duty is leviable at the place of importation plus one-fifth of the total duty.	
	(*a*) Bitters—						
	(*i*) entered in such a manner as to indicate that the strength is not to be tested.	Preferential revenue.	Rs. 60 per Imperial gallon.	....	Rs. 54 per Imperial gallon.		. ..
	(*ii*) not so entered	Preferential revenue.	Rs. 45 per Imperial gallon of the strength of London proof.	....	Rs. 40-8 per Imperial gallon of the strength of London proof.		....
	‡(*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. 48 per Imperial gallon.	Rs. 43-3¾ per Imperial gallon.	Rs. 43-3¾ per Imperial gallon.	....	....
	(*ii*) not so entered	Preferential revenue.	Rs. 34-12½ per Imperial gallon of the strength of London proof.	Rs. 31-3¾ per Imperial gallon of the strength of London proof.	Rs. 31-3¾ per Imperial gallon of the strength of London proof.	....	. ..
	(*c*) Perfumed spirits	Revenue ..	Rs. 60 per Imperial gallon or 25 per cent. *ad valorem* whichever is higher plus one fifth of the total duty.	....	....	....	.. .

* 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.

‡ Under Government of India Notification No. 10, dated 22nd April 1944 goods specified in item 22 (5) (*b*) are exempted with effect from 1st March 1944 from so much of the duty of Customs leviable thereon under section 4 (2) of the Indian Finance Act as is in excess of the duty that was leviable on such goods as on 29th February, 1944.

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.	Burma.	
	SECTION IV—*concld.*						
	PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO—*concld.*						
	(*d*) Rum	Preferential revenue.	Rs. 45 per Imperial gallon of the strength of London proof.	....	Rs. 40-8 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 24 per cent. *ad valorem*, and on any article chargeable under this item with the higher rate of duty, the duty levied shall in no case be less than 36 per cent. *ad valorem*;						
	(*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	Revenue ..	11½ per cent. *ad valorem*.	....	....	Free ..	....
22(7)	VINEGAR IN CASKS	Revenue ..	3 per cent. *ad valorem*.	....	....	Free ..	....
23	OILCAKES	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
24	TOBACCO, manufactured, not otherwise specified.	Revenue ..	Rs. 4-8 per lb. ..	....	....	....	....
24(1)	CIGARS	Revenue ..	135 per cent. *ad valorem*.	....	....	10 per cent. *ad valorem*.	....
24(2)	CIGARETTES	Revenue ..	25 per cent. *ad valorem*. and in addition either Rs. 8-2 per thousand or Rs. 3-4 per lb., whichever is higher plus one-fifth of the total duty.	....	....	....	....
24(3)	TOBACCO, unmanufactured*	Preferential revenue.	Rs. 3-14½ per lb. ..	....	Rs. 3-4½ per lb.	12 per cent. *ad valorem*.	...
	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 ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
25(4)	CEMENT not otherwise specified	Preferential revenue.	36 per cent. *ad valorem*.	24 per cent. *ad valorem*.	....	12 per cent. *ad valorem*.	....
25(5)	PORTLAND CEMENT excluding white Portland cement.	Revenue ..	Rs. 16-8 per ton. ..	....	....	12 per cent. *ad valorem*.	....
25(6)	STONE prepared as for road metalling ..	....	Free	....	....	....	....
25(7)	MARBLE AND STONE not otherwise specified‡..	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
26	METALLIC ORES, all sorts except ochres and other pigment ores.	....	Free	....	....	....	....
27	COAL, COKE AND PATENT FUEL	Revenue ..	Twelve annas per ton..	....	....	Free ..	....
27(1)	ASPHALT	Preferential revenue.	30 per cent. *ad valorem*	....	18 per cent. *ad valorem*.	6 per cent. *ad valorem*.	....

* 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. 2-6½ per lb. (standard) and Re. 1-12½ per lb (preferential).

† The rate of excise duty on the 1st January, 1944, and until further notice is Re. 1-9-0 per maund of 82-2/7 lbs. avoir.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, sandstone 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.	Burma.	
	SECTION V—*contd.*						
	MINERAL PRODUCTS—*concld.*						
27(2)	PITCH AND TAR	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
	Tariff value— Coal pitch		Per cwt. Rs. a. p. 8 8 0				
27(3)	ALL SORTS OF MINERAL OILS not otherwise specified.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
	Tariff values—		Per Imperial gallon. Rs. a. p.				
	Mineral Colza oil		1 13 0				
	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.		2 12 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 ..	Four annas and six 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 ..	Four annas and six 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. 18-12 per ton ..	....	....	Free ..	....
	(*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 ..	15 per cent. *ad valorem.*	....	....	....	...
	Tariff value— 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. 68 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 six pies per Imperial gallon.	....	....	Free ..	....
	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.	36 per cent. *ad valorem.*	24 per cent. *ad valorem.*	24 per cent. *ad valorem.*	12 per cent. *ad valorem.*	....
	Tariff values—		Per cwt. Rs. a. p.				
	Alkali, Indian (sajji-khar) ..		14 0 0				
	Ammonium carbonate or bicarbonate.		40 0 0				
	Ammonium chloride—						
	Muriate of ammonia, crystalline.		25 0 0				
	Salammoniac, sublimed ..		50 0 0				
	Other sorts, including compressed.		35 0 0				
	Calcium chloride		18 0 0				
			Per lb.				
	Carbonic acid gas including compressed or liquefied gas.		0 4 3				
	Chlorine		0 8 0				

* The rate of excise duty on the 1st January, 1944, and until further notice, on all kerosene produced in a manufactory in British India is the rate at which customs duty is for the time being leviable under the Indian Tariff Act, 1934, read with any other enactment for the time being in force.

† The rate of excise duty on the 1st January, 1944, and until further notice, on all motor spirit produced in a manufactory in British India is 15 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.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 32 dated the 16th May, 1942, Ipecacuanha root, ergot of rye and cascara sagrada are exempt from payment of import duty.

‖ Under Government of India, Finance Department, (Central Revenues) Notification No. 11-Customs, dated the 8th May, 1943, aluminium fluoride is exempt from payment of import duty.

¶ Under Government of India, Finance Department (Central Revenues), Notification No. 23-Customs, dated the 25th September, 1943, Mepacrine Hydro chloride 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.	Burma	
	SECTION VI—*contd.* CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS—*contd.*						
	Per cwt. Rs. a. p. Copper sulphate .. .. 50 0 0 Soda, caustic, flake, petal or powder. 22 0 0 Soda, caustic, solid .. .. 20 0 0 Sodium hydrosulphite .. 120 0 0 Sodium sulphide .. .. 25 0 0 Sodium thiosulphate (Hypo) .. 20 0 0 *N.B.*—The tariff values apply to articles packed in containers of not less than 14 lbs.						
28(1)	BLEACHING PASTE AND BLEACHING POWDER ..	....	Free	....	....	....	....
28(2)	COPPERAS, green (ferrous sulphate)	Revenue ..	3 per cent. *ad valorem* ..	....	....	Free ..	....
28(3)	SULPHUR	....	Free	....	....	....	....
28(4)	SODA ASH, including calcined natural soda and manufactured sesqui-carbonates.	Preferential revenue.	30 per cent. *ad valorem*.	....	18 per cent. *ad valorem*.	6 per cent. *ad valorem*.	....
	Tariff value— Per cwt. Rs. a. p. Soda ash in bags including calcined natural soda and manufactured sesqui-carbonates. 9 0 0 *N.B.*—The tariff value applies to articles packed in containers of not less than 14 lbs.						
28(5)	HEAVY CHEMICALS, the following, namely:—						
	Magnesium chloride	Protective ..	Twelve annas per cwt. or 25 per cent. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. *ad valorem*.	March 31st 1946.
28(6)	THE FOLLOWING CHEMICALS, namely:—					12 per cent. *ad valorem*.	
	(*a*) Alum (ammonia alum, potash alum and soda alum).	Revenue ..	25 per cent. *ad valorem*, or Re. 1-6 per cwt., whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*b*) Magnesium sulphate or hydrated magnesium sulphate.	Revenue ..	25 per cent. *ad valorem*, or Re. 1-4 per cwt., whichever is higher plus one-fifth of the total duty.	....	....	....	...
28(7)	THE FOLLOWING CHEMICALS, namely, cadmium sulphide, cobalt oxide, liquid gold for glass making, selenium, and uranium oxide.	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
28(8)	THE FOLLOWING CHEMICALS, DRUGS AND MEDICINES, namely, acetic, carbolic, 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, asafœtida, cocaine, sarsaparilla and storax.	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
	Tariff values— Per lb. Rs. a. p. Acetic acid .. .. .. 0 12 6 Ammonia gas, anhydrous, including compressed or liquefied gas. 1 6 0 Per cwt. Borax, granular, powdered or crystalline. 34 0 0 Boric acid .. .. .. 50 0 0 Sodium bicarbonate .. .. 12 0 0 Sodium silicate (in liquid form). 12 0 0 Asafœtida, coarse (hingra) .. 55 0 0 *N.B.*—The tariff values apply to articles packed in containers of not less than 14 lbs.						
28(9)	SACCHARINE (except in tablets) and such other substances as the Central Government may, by notification in the *Official Gazette*, declare to be of a like nature or use to saccharine.	Revenue ..	Rs. 7-8 per lb. ..	....	....	Free ..	....
28(10)	SACCHARINE TABLETS	Revenue ..	18¾ per cent. *ad valorem* or Rs. 6-4 per pound of saccharine contents, whichever is higher plus one-fifth of the total duty.	....	....	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.	Burma.	
	SECTION VI—*contd.* CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS—*contd.*						
28(11)	ALKALOIDS OF OPIUM AND THEIR DERIVATIVES	Revenue ..	Rs. 30 per seer of 80 tolas or 18¾ per cent. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	Free ..	....
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 ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
29	CINEMATOGRAPH FILMS, not exposed	Revenue ..	24 per cent. *ad valorem*.	....	....	6 per cent. *ad valorem*.	....
29(1)	CINEMATOGRAPH FILMS, exposed	Revenue ..	45 per cent. *ad valorem*.	....	....	24 per cent. *ad valorem*.	....
	Tariff values— Per foot. Rs. a. p. Exposed standard positive films, new or used— Feature films .. .. 0 7 0 Other films 0 3 0						
	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.	36 per cent. *ad valorem*.	24 per cent. *ad valorem*.	....	12 per cent. *ad valorem*.	....
	Tariff value— Per cwt. Rs. a. p. Cuttle fish bone 8 0 0						
30(1)	DYES DERIVED FROM COAL-TAR, AND COAL-TAR DERIVATIVES, used in any dyeing process.	Revenue ..	12 per cent. *ad valorem*.	....	....	Free ..	....
	Tariff values— Per cwt. Rs. a. p. Alizarine, moist— (*a*) not exceeding 16 per cent. 180 0 0 (*b*) Over 16 per cent. not exceeding 20 per cent. 210 0 0 (*c*) exceeding 20 per cent... 400 0 0 Alizarine, dry— Per lb. (*a*) not exceeding 40 per cent. 5 8 0 (*b*) exceeding 40 per cent... 10 0 0 Congo red .. .. .. 3 8 0 Coupling dyes of the naphthol group— (*a*) Naphthols .. .. 16 0 0 (*b*) Rapid fast colours (rapid salts). 18 0 0 (*c*) Bases .. .. .. 12 0 0 (*d*) Other salts .. .. 7 8 0 Vats— (*a*) Indigo .. .. .. 4 0 0 (*b*) Carbazole blue .. .. 10 0 0 (*c*) Other sorts— (*i*) Paste .. .. 10 0 0 (*ii*) Powder .. .. 40 0 0 Sulphur black .. .. .. 3 0 0 Metanil yellow .. .. .. 3 0 0 Aniline oil .. .. .. 1 8 0 Aniline salts .. .. .. 1 8 0 All others 4 8 0						
30(2)	PAINTS, COLOURS AND PAINTERS' MATERIALS, the following, namely:—					12 per cent. *ad valorem*.	
	(*a*) Red lead, genuine dry, genuine mois and reduced moist.	Preferential revenue.	30 per cent. *ad valorem*, or Rs. 4-12 per cwt., whichever is higher plus one-fifth of the total duty.	24 per cent. *ad valorem*.	....	....	
	(*b*) White lead, genuine dry	Preferential revenue.	30 per cent *ad valorem*, or Rs. 5-12 per cwt., whichever is higher plus one-fifth of the total duty.	24 per cent. *ad valorem*.	....	....	
	(*c*) Zinc white, genuine dry	Preferential revenue.	30 per cent. *ad valorem*, or Rs. 6 per cwt., whichever is higher plus one-fifth of the total duty.	24 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.	Burma.	
	SECTION VI—*contd.*						
	CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS—*contd.*						
	(*d*) Paints, other sorts, coloured, moist— (*i*) in packing of 1 lb. or over ..	Preferential revenue.	30 per cent. *ad valorem* or Rs. 8-8 per cwt., whichever is higher plus one-fifth of the total duty.	24 per cent. *ad valorem*.	....	....	....
	(*ii*) in packing of ½ lb. and over but less than 1 lb.	Preferential revenue.	30 per cent. *ad valorem* or Rs. 11-4 per cwt., whichever is higher plus one-fifth of the total duty.	24 per cent. *ad valorem*.	....	....	....
	(*iii*) in packing of ¼ lb. and over but less than ½ lb.	Preferentia revenue.	30 per cent. *ad valorem* or Rs. 17 per cwt., whichever is higher plus one-fifth of the total duty.	24 per cent. *ad valorem*.	....	....	....
	(*iv*) in packing of less than ¼ lb. ..	Preferentia revenue.	30 per cent. *ad valorem* or Rs. 24 per cwt., whichever is higher plus one-fifth of the total duty.	24 per cent. *ad valorem*.	....	....	....
30(3)	PAINTS, COLOURS AND PAINTERS' MATERIALS, the following, namely:—					12 per cent. *ad valorem*.	
	(*a*) Red lead, reduced dry	Revenue ..	25 per cent. *ad valorem* or Rs. 4-12 per cwt., whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*b*) White lead, genuine moist, and reduced dry or moist.	Revenue ..	25 per cent. *ad valorem* or Rs. 5-12 per cwt., whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*c*) Zinc white, genuine moist	Revenue ..	25 per cent. *ad valorem* or Rs. 6 per cwt., whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*d*) Zinc white, reduced dry or moist ..	Revenue ..	25 per cent. *ad valorem* or Rs. 4-4 per cwt., whichever is higher plus one-fifth of the total duty.	....	....	....	....
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 ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
30(5)	PLUMBAGO AND GRAPHITE	Preferential revenue.	36 per cent. *ad valorem*.	....	24 per cent. *ad valorem*.	12 per cent. *ad valorem*.	....
30(6)	PRINTERS' INK	Revenue ..	12 per cent. *ad valorem*.	....	....	Free ..	....
30(7)	LEAD PENCILS	Revenue ..	25 per cent. *ad valorem* or one anna per dozen, whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. *ad valorem*.	....
30(8)	SLATE PENCILS	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
31	NATURAL ESSENTIAL OILS, all sorts not otherwise specified.	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	
31(1)	THE FOLLOWING NATURAL ESSENTIAL OILS, namely, citronella, cinnamon, and cinnamon leaf. *Tariff value*— Per lb. Rs. a. p. Citronella oil, natural, from the Far East. 4 0 0 *N.B.*—The tariff value applies to articles packed in containers of not less than 14 lbs.	Preferential revenue.	36 per cent. *ad valorem*.	....	24 per cent. *ad valorem*.	12 per cent. *ad valorem*.	....
31(2)	THE FOLLOWING NATURAL ESSENTIAL OILS, namely, almond, bergamot, gajupatti, camphor, cloves, eucalyptus, lavender, lemon, ottorose and peppermint.	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
31(3)	ESSENTIAL OILS, synthetic	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
31(4)	CAMPHOR	Revenue ..	60 per cent. *ad valorem*.	....	....	24 per cent. *ad valorem*.	....
31(5)	PERFUMERY not otherwise specified	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent *ad valorem*.	....
	Tariff value— Per cwt. Rs. a. p. Rose-flowers, dried 50 0 0	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
32	SOAP, not othewise specified	Revenue ..	25 per cent. *ad valorem* or Rs. 20 per cwt., whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. *ad valorem*.	....
32(1)	SOAP, Toilet						

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.	Burma.	
	SECTION VI—*contd.*						
	CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS—*contd.*						
32(2)	SOAP, household and laundry—					Re. 1-12‡ per cwt.	
	(*a*) in plain bars of not less than one pound in weight.	Revenue ..	Rs. 4-12‡ per cwt. ..	....	....	....	....
	(*b*) other sorts	Revenue ..	Rs. 7-12‡ per cwt. ..	....	....	....	....
32(3)	POLISHES AND COMPOSITIONS	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
32(4)	CANDLES	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
33	GLUE, not otherwise specified	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
33(1)	GLUE, clarified, liquid	Revenue ..	12 per cent. *ad valorem*.	....	....	Free	....
34	GUNPOWDER FOR CANNONS, RIFLES, GUNS, PISTOLS AND SPORTING PURPOSES.	Revenue ..	60 per cent. *ad valorem*.	....	....	24 per cent. *ad valorem*.	....
34(1)	EXPLOSIVES, namely, blasting gunpowder, blasting gelatine, blasting dynamite, blasting roburite, blasting tonite, and all other sorts, including detonators and blasting fuze.*	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
34(2)	FIREWORKS, specially prepared as danger or distress lights for the use of ships.	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
34(3)	FIREWORKS, not otherwise specified†	Revenue ..	60 per cent. *ad valorem*.	....	....	24 per cent. *ad valorem*.	....
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 plus one-fifth of the total duty.	....	....	The rate at which excise duty is for the time being leviable on such matches manufactured in British India.‡	....
	(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 plus one-fifth of the total duty.	....	....	The rate at which excise duty is for the time being leviable on such matches manufactured in British India.¶	....
	(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 plus one-fifth of the total duty.	....	....	The rate at which excise duty is for the time being leviable on such matches manufactured in British India.§	....
	(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 plus one-fifth of the total duty.	....	.. .	The rate at which excise duty is for the time being leviable on such matches manufactured in British India.§§	....
	(*b*) Undipped splints such as are ordinarily used for match-making.	Protective ..	Six annas and nine pies per lb.	....	....	12 per cent. *ad valorem*.	....
	(*c*) Veneers such as are ordinarily used for making boxes, including boxes and parts of boxes made of such veneers.	Protective ..	Nine annas per lb.	....	....	12 per cent. *ad valorem*.	....
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	....	....	....	....

* 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 30 per cent. *ad valorem*.

‡ The rate of excise duty on the 1st January, 1944, 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.

¶ The rate of excise duty on the 1st January, 1944, and until further notice is Rs. 3 per gross of boxes or booklets. But under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, matches in boxes or booklets containing on an average more than 40 but not more than 50 matches are liable to duty at the rate equivalent to the excise duty leviable on such matches plus 12 annas and 6 pies per gross of boxes or booklets. The rate of excise duty on such matches on the 1st January, 1944, and until further notice is Rs. 2-8 per gross of boxes or booklets.

§ The rate of excise duty on the 1st January, 1944, and until further notice is Rs. 4 per gross of boxes or booklets.

§§ The rate of excise duty on the 1st January, 1944, and until further notice is 8 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.	Burma.	
	SECTION VII. HIDES, SKINS, LEATHER, FUR SKINS, AND MANUFACTURES OF THESE MATERIALS.						
36	HIDES AND SKINS not otherwise specified ..	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
36(1)	HIDES AND SKINS, raw or salted	....	Free	....	....	....	....
36(2)	SKINS (other than Fur Skins), tanned or dressed, and unwrought leather.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
37	THE FOLLOWING LEATHER MANUFACTURES, namely, saddlery, harness, trunks and bags.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
37(1)	LEATHER CLOTH INCLUDING ARTIFICIAL LEATHER, and other manufactures of leather not otherwise specified.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
38	FUR SKINS, dressed	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
	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 ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
	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 ..	30 per cent. *ad valorem.*	....	....	Free ..	....
40(1)	FIREWOOD	Revenue ..	3 per cent. *ad valorem.*	....	....	Free ..	....
40(2)	FURNITURE AND CABINETWARE, not otherwise specified, excluding mouldings.	Revenue ..	30 per cent. *ad valorem.*	....	....	Free ..	....
40(3)	TEA CHESTS AND PARTS AND FITTINGS thereof	Revenue ..	30 per cent. *ad valorem.*	....	....	Free ..	....
41	CORK MANUFACTURES not otherwise specified.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
42	FURNITURE OF WICKERWORK OR BAMBOO ..	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
	SECTION X. PAPER AND ITS APPLICATIONS.						
43	WOOD PULP	Protective ..	25 per cent. *ad valorem* or Rs. 30 per ton, whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. *ad valorem.*	March 31st, 1946.
44	WRITING PAPER—					12 per cent. *ad valorem.*	
	(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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(b) All other sorts	Protective ..	Ten and four-fifths pies per lb.	....	....	....	March 31st, 1946.
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 ..	Ten and four-fifths pies per lb.	....	....	12 per cent. *ad valorem.*	March 31st, 1946.
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 ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
44(3)	PAPER, including poster and stereo and all coated papers except art paper, all sorts, not otherwise specified.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
44(4)	PASTEBOARD, MILLBOARD, CARDBOARD AND STRAWBOARD, all sorts.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
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 ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 36, dated the 27th June, 1942, rubber scrap including unserviceable rubber tyres is 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, 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. 1-12½ per cwt., (ii) newsprint in reels, other sorts—Re. 2-1½ per cwt., and (iii) all sorts not in reels (excluding chrome, marble, flint, poster, stereo and art paper) white or grey—Rs. 2-6½ 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.	Burma.	
	SECTION X—*concld.*						
	PAPER AND ITS APPLICATIONS—*concld.*						
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 ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
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, ENGRAVINGS AND PICTURES (including photographs and picture post cards) on paper or cardboard.†	Revenue ..	60 per cent. *ad valorem.*	....	....	24 per cent. *ad valorem.*	....
	SECTION XI.						
	TEXTILE MATERIALS AND TEXTILE GOODS.						
46	SILK, RAW (excluding silk waste and noils), and silk cocoons.	Protective ..	25 per cent. *ad valorem* plus 14 annas per lb. plus one-fifth of the total duty.	....	....	12 per cent. *ad valorem.*	March 31st, 1946.
46(1)	SILK WASTE AND NOILS	Protective ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	March 31st, 1946.
46(2)	WOOL, RAW, AND WOOLTOPS	....	Free	....	....	....	....
46(3)	COTTON, RAW‡	Revenue ..	One anna per lb. ..	....	....	Free ..	....
46(4)	TEXTILE MATERIALS, the following:— .. Raw flax, hemp, jute and all other unmanufactured textile materials not otherwise specified.	Revenue ..	Raw hemp—22½ per cent. *ad valorem*; all others—30 per cent. *ad valorem.*	....	....	Raw hemp—free; all others 12 per cent. *ad valorem.*	....
46(5)	SISAL AND ALOE FIBRE	Preferential revenue	36 per cent. *ad valorem.*	....	24 per cent. *ad valorem.*	12 per cent. *ad valorem.*	....
47	SILK YARN including thrown silk warps and yarn spun from silk waste or noils, but excluding sewing thread.¶	Protective ..	25 per cent. *ad valorem.* plus 14 annas per lb. plus one-fifth of the total duty.	....	....	12 per cent. *ad valorem.*	March 31st, 1946.
47(1)	SILK SEWING THREAD	Protective ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	March 31st, 1946.
47(2)	ARTIFICIAL SILK YARN AND THREAD ..	Revenue ..	25 per cent. *ad valorem* or 5 annas per lb., whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. *ad valorem.*	....
47(3)	WOOLLEN YARN, not otherwise specified ..	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
47(4)	WOOLLEN YARN for weaving and knitting wool.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
47(5)	COTTON THREAD, other than sewing or darning thread.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
47(6)	COTTON TWIST AND YARN, and cotton sewing or darning thread§—					Free ..	
	(*a*) of counts above 50's—						
	(*i*) of British manufacture ..	Protective ..	6 per cent. *ad valorem*..	....	....	....	March 31st, 1946.
	(*ii*) not of British manufacture ..	Protective ..	7½ per cent. *ad valorem.*	....	....	....	March 31st, 1946.
	(*b*) of counts 50's and below—						
	(*i*) of British manufacture ..	Protective ..	5 per cent. *ad valorem* or 1¼ annas per lb., whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*ii*) not of British manufacture ..	Protective ..	6¼ per cent. *ad valorem* or 1½ annas per lb., whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
47(7)	TWIST AND YARN OF FLAX OR JUTE	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
47(8)	YARN (excluding cotton yarn) such as is ordinarily used for the manufacture of belting for machinery.	Revenue ..	7½ per cent. *ad valorem.*	....	....	Free ..	....

* 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 pictures and diagrams such as are ordinarily used for instructional purposes are exempt from payment of import duty.

‡ Under the Cotton Fund Ordinance, 1942 (Central Ordinance No. VIII of 1942), dated the 29th January, 1942, an additional duty of Customs at the rate of one anna per lb. is also leviable on raw cotton imported into any port in British India.

¶ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, noil yarn is exempt from so much of the duty as is in excess of 30 per cent. *ad valorem.*

§ 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 6 per cent. *ad valorem* when the thread is of British manufacture and at 7½ per cent. *ad valorem* when it is of non-British manufacture.

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.	Burma.	
	SECTION XI—*contd.*						
	TEXTILE MATERIALS AND TEXTILE GOODS—*contd.*						
48	FABRICS, not otherwise specified, containing more than 90 per cent. of silk, including such fabrics embroidered with artificial silk—					24 per cent. *ad valorem.*	
	(*a*) Pongee	Protective ..	50 per cent. *ad valorem* plus Re. 1 per lb. plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*b*) Fuji, Boseki and corded (excluding white cord).	Protective ..	50 per cent. *ad valorem* plus Re. 1-8 per lb. plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*c*) Other sorts*	Protective ..	50 per cent. *ad valorem* plus Rs. 2 per lb. plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
48(1)	FABRICS, not otherwise specified, containing more than 90 per cent. of artificial silk—					18 per cent. *ad valorem.*	
	(*a*) of British manufacture	Protective ..	30 per cent. *ad valorem* or 2¼ annas per square yard, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*b*) not of British manufacture†	Protective ..	50 per cent. *ad valorem* or 4 annas per square yard, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
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. *ad valorem* or Re. 1-2 per lb., whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. *ad valorem.*	....
48(3)	COTTON FABRICS, not otherwise specified, containing more than 90 per cent. of cotton—					6 per cent. *ad valorem.*	
	(*a*) Grey piecegoods (excluding bordered grey chadars, dhuties, saris and scarves)—						
	(*i*) of British manufacture‡ ..	Protective ..	15 per cent. *ad valorem* or 2¾ annas per lb., whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*ii*) not of British manufacture ..	Protective ..	50 per cent. *ad valorem* or 5¾ annas per lb., whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*b*) Printed piecegoods and printed fabrics—						
	(*i*) of British manufacture§ ..	Protective ..	21 per cent. *ad valorem.*	....	....	....	March 31st, 1946.
	(*ii*) not of British manufacture ..	Protective ..	60 per cent. *ad valorem.*	....	....	....	March 31st, 1946.
	(*c*) Cotton piecegoods and fabrics, not otherwise specified—						
	(*i*) of British manufacture¶ ..	Protective ..	18 per cent. *ad valorem.*	....	....	....	March 31st, 1946.
	(*ii*) not of British manufacture ..	Protective ..	60 per cent. *ad valorem.*	....	....	....	March 31st, 1946.
48(4)	FABRICS, not otherwise specified, containing more than 10 per cent. and not more than 90 per cent. silk—					24 per cent. *ad valorem.*	
	(*a*) containing more than 50 per cent. of silk or artificial silk or of both.	Protective ..	50 per cent. *ad valorem* plus Rs. 2 per lb. plus one-fifth of the total duty.	....	....	....	March 31st 1946.
	(*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. *ad valorem* or Re. 1-8 per lb., whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*ii*) containing no artificial silk or not more than 10 per cent. artificial silk.§§	Protective ..	60 per cent. *ad valorem.*	....	....	....	March 31st, 1946.

* 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. plus one-fifth of the total duty, and (2) Pal all sorts, are exempt from so much of the duty as is in excess of 90 per cent. *ad valorem*.

† Under Government of India, Commerce Department, Notification No. 341-T.(6)/41, dated the 21st July, 1941, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 7 annas per square yard, whichever is higher plus one-fifth of the total duty.

‡ 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 2⅛ annas per lb. whichever is higher plus one-fifth of the total duty.

§ 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 18 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 15 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 plus one-fifth of the total 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.	Burma.	
	SECTION XI—*contd.*						
	TEXTILE MATERIALS AND TEXTILE GOODS—*contd.*						
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—					18 per cent. *ad valorem.*	
	(*a*) containing 50 per cent. or more cotton—						
	(*i*) of British manufacture	Protective ..	30 per cent. *ad valorem* or 2 annas per square yard, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*ii*) not of British manufacture* ..	Protective ..	50 per cent. *ad valorem* or 3½ annas per square yard, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*b*) containing no cotton or containing less than 50 per cent. cotton—						
	(*i*) of British manufacture	Protective ..	30 per cent. *ad valorem* or 2½ annas per square yard, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*ii*) not of British manufacture† ..	Protective ..	50 per cent. *ad valorem* or 4 annas per square yard, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
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 ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
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—					18 per cent. *ad valorem.*	
	(*a*) of British manufacture	Protective ..	30 per cent. *ad valorem.*	....	....	....	March 31st, 1946.
	(*b*) not of British manufacture	Protective ..	60 per cent. *ad valorem.*	....	....	....	March 31st 1946.
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 ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
48(9)	THE FOLLOWING COTTON FABRICS, namely, Sateens including Italians of Sateen weave, velvets and velveteens and embroidered all-overs—					6 per cent. *ad valorem.*	
	(*a*) Printed fabrics—						
	(*i*) of British manufacture‡ ..	Protective ..	21 per cent. *ad valorem.*	....	....	....	March 31st, 1946.
	(*ii*) not of British manufacture ..	Protective ..	42 per cent. *ad valorem.*	....	....	....	March 31st, 1946.
	(*b*) Other fabrics—						
	(*i*) of British manufacture§	Protective ..	18 per cent. *ad valorem.*	....	....	....	March 31st, 1946.
	(*ii*) not of British manufacture ..	Protective ..	42 per cent. *ad valorem.*	....	....	....	March 31st, 1946.
48(10)	FABRICS containing gold or silver thread ..	Protective ..	60 per cent. *ad valorem.*	....	....	24 per cent. *ad valorem.*	March 31st 1946.
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) :— Bed sheets. Bedspreads. 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.	Protective ..	The *ad valorem* rates of duty applicable to the fabric of which the article is wholly or mainly made.	....	....	The *ad valorem* rates of duty applicable to the Burmese 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.

* Under Government of India, Commerce Department, Notification No. 341-T. (6)/41, dated the 21st July 1941, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 5½ annas per square yard, whichever is higher plus one-fifth of the total duty.

† Under Government of India, Commerce Department, Notification No. 341-T. (6)/41, dated the 21st July, 1941, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 7 annas per square yard, whichever is higher plus one-fifth of the total duty.

‡ 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 18 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 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.	Burma	
	SECTION XI—*contd.*						
	TEXTILE MATERIALS AND TEXTILE GOODS—*contd.*						
49(1)	FENTS, being *bona fide* remnants of piecegoods or other fabrics—					24 per cent. *ad valorem.*	
	(*a*) of materials liable to duty under Item 48(3), not exceeding 4 yards in length.	Preferential revenue.	42 per cent. *ad valorem.*	30 per cent. *ad valorem.*	....	....	....
	(*b*) of materials liable to duty under Item 48, 48(1), 48(4), or 48(5), not exceeding 2¼ yards in length.	Preferential revenue.	42 per cent. *ad valorem.*	30 per cent. *ad valorem.*	....	....	....
	(*c*) of other materials, not exceeding 4 yards in length.	Preferential revenue.	42 per cent. *ad valorem.*	30 per cent. *ad valorem.*	....	....	....
49(2)	RIBBONS	Revenue ..	60 per cent. *ad valorem.*	....	....	24 per cent. *ad valorem.*	....
49(3)	BLANKETS AND RUGS (other than floor rugs), excluding blankets and rugs made wholly or mainly from artificial silk.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
49(4)	WOOLLEN CARPETS, FLOOR RUGS, SHAWLS AND OTHER MANUFACTURES OF WOOL, not otherwise specified, including felt.*	Preferential revenue.	42 per cent. *ad valorem.*	30 per cent. *ad valorem.*	....	18 per cent. *ad valorem.*	....
49(5)	COTTON BRAIDS OR CORDS, the following, namely:— Ghoonsis and Muktakesis.	Protective ..	7½ annas per lb. ..	....	....	Free.	March 31st, 1946.
50	JUTE MANUFACTURES, not otherwise specified .	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent *ad valorem*	....
50(1)	SECOND HAND OR USED GUNNY BAGS OR CLOTH made of Jute.	....	Free	....	....	....	....
50(2)	HEMP MANUFACTURES	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent *ad valorem.*	....
50(3)	COTTON, HAIR AND CANVAS PLY belting for machinery.	Revenue ..	7½ per cent. *ad valorem.*	....	....	Free	....
50(4)	ROPES, cotton	....	Free	....	....	....	....
50(5)	OIL CLOTH AND FLOOR CLOTH	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent *ad valorem*	....
50(6)	CORDAGE, ROPE AND TWINE OF VEGETABLE FIBRE other than jute and cotton, not otherwise specified.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent *ad valorem*	....
50(7)	MATS AND MATTINGS, not otherwise specified	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent *ad valorem*	....
50(8)	COIR FIBRE, COIR YARN AND COIR MATS AND MATTING.	Preferential revenue.	36 per cent. *ad valorem.*	....	24 per cent *ad valorem.*	12 per cent *ad valorem.*	....
	Tariff value — Coir fibre .. Per cwt. Rs. a. p 12 0 0						
51	SOCKS AND STOCKINGS made wholly or mainly from silk or artificial silk.	Revenue ..	60 per cent. *ad valorem.*	....	....	24 per cent. *ad valorem.*	....
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. *ad valorem* or Re. 1-2 per lb., whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. *ad valorem.*	....
51(2)	COTTON KNITTED APPAREL, including apparel made of cotton interlocking material, cotton undervests, knitted or woven, and cotton socks and stockings—					12 per cent. *ad valorem.*	
	(*a*) of a weight not exceeding 4 lbs. per dozen.	Protective ..	25 per cent. *ad valorem* or 12 annas per lb., whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*b*) of a weight exceeding 4 lbs. per dozen..	Protective ..	25 per cent. *ad valorem* or 10 annas per lb., whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
51(3)	COTTON KNITTED FABRIC	Protective ..	50 per cent. *ad valorem* or 12 annas per lb., whichever is higher plus one-fifth of the total duty.	....	....	24 per cent. *ad valorem.*	March 31st, 1946.
52	APPAREL, HOSIERY, HABERDASHERY, MILLINERY AND DRAPERY, not otherwise specified.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
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 ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....

* 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.	Burma.	
	SECTION XI—*concld.*						
	TEXTILE MATERIALS AND TEXTILE GOODS—*concld.*						
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 ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
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. *ad valorem* or six annas per pair, whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. *ad valorem.*	....
54(1)*	....	....	....	....	....	....	....
54(2)	UPPERS FOR BOOTS AND SHOES unless entirely made of leather.	Revenue ..	25 per cent. *ad valorem* or three annas per pair, whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. *ad valorem.*	....
55	HATS, CAPS, BONNETS AND HATTERS' WARE, not otherwise specified.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
56	PARASOLS AND SUNSHADES AND FITTINGS for umbrellas, parasols and sunshades.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
56(1)	UMBRELLAS	Revenue ..	25 per cent. *ad valorem* or eight annas each, whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. *ad valorem.*	....
57*	....	....	....	....	....	....	....
	SECTION XIII.						
	WARES OF STONE AND OF OTHER MINERAL MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE.						
58	ARTICLES MADE OF STONE OR MARBLE ..	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
58(1)	ASBESTOS MANUFACTURES, not otherwise specified.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
58(2)	PACKING—ENGINE AND BOILER—all sorts, not otherwise specified.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
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 ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
59(1)	BUILDING AND ENGINEERING BRICKS ..	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
59(2)	EARTHENWARE, CHINA AND PORCELAIN, all sorts not otherwise specified.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
59(3)	EARTHENWARE PIPES AND SANITARY WARE..	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
59(4)	TILES OF EARTHENWARE AND PORCELAIN ..	Revenue ..	25 per cent. *ad valorem* or two annas per square foot, whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. *ad valorem.*	....

* 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.	Burma.	
	SECTION XIII—*contd.*						
	WARES OF STONE AND OF OTHER MINERAL MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE—*contd.*						
59(5)	DOMESTIC EARTHENWARE, china and porcelain, the following, namely:—					12 per cent. *ad valorem.*	
	(*a*) Tea cups and coffee cups—						
	(*i*) having a capacity of more than 7½ ozs.	Revenue ..	25 per cent. *ad valorem* or ten annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*ii*) having a capacity of not more than 7½ ozs.	Revenue ..	25 per cent. *ad valorem* or four annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*b*) Saucers—						
	(*i*) for use with tea cups or coffee cups having a capacity of more than 7½ ozs.	Revenue ..	25 per cent. *ad valorem* or five annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*ii*) for use with tea cups or coffee cups having a capacity of not more than 7½ ozs.	Revenue ..	25 per cent. *ad valorem* or two annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*c*) Tea-pots—						
	(*i*) having a capacity of more than 20 ozs.	Revenue ..	25 per cent. *ad valorem* or Rs. 3 per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*ii*) having a capacity of more than 10 ozs. and not more than 20 ozs.	Revenue ..	25 per cent. *ad valorem* or Re. 1-8 per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*iii*) having a capacity of not more than 10 ozs.	Revenue ..	25 per cent. *ad valorem* or twelve annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*d*) Sugar-bowls	Revenue ..	25 per cent. *ad valorem* or Re. 1-8 per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*e*) Jugs having a capacity of over 10 ozs...	Revenue ..	25 per cent. *ad valorem* or twelve annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*f*) Plates over 5½ inches in diameter—						
	(*i*) over 8½ inches in diameter ..	Revenue ..	25 per cent. *ad valorem* or Re. 1 per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*ii*) not over 8½ inches in diameter ..	Revenue ..	25 per cent. *ad valorem* or ten annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
59(6)	COVERED CRUCIBLES FOR GLASS-MAKING ..	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
60	GLASS AND GLASSWARE, not otherwise specified, and lacquered ware.	Revenue ..	30 per cent. *ad valorem*	....	....	Lacquered-ware—free; all others 12 per cent. *ad valorem.*	....
60(1)	GLASS GLOBES AND CHIMNEYS for lamps and lanterns— (*a*) Globes for hurricane lanterns	Revenue ..	25 per cent. *ad valorem* or four annas and six pies per dozen, whichever is higher plus one-fifth of the total duty.	....	....	12 per cent. *ad valorem.*	....
	(*b*) Other globes and chimneys having an external base diameter of over one inch.	Revenue ..	25 per cent. *ad valorem* or three annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
60(2)	ELECTRIC LIGHTING BULBS	Revenue ..	60 per cent. *ad valorem.*	....	....	24 per cent. *ad valorem.*	....
60(3)	GLASS BANGLES, GLASS BEADS AND FALSE PEARLS.	Revenue ..	60 per cent. *ad valorem.*	....	....	24 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.	Burma.	
	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	....	....	....	....
61(1)	PRECIOUS STONES, unset and imported cut* ..	Revenue ..	30 per cent. *ad valorem*.	....	....	....	....
61(2)	SILVER BULLION AND SILVER SHEETS AND PLATES which have undergone no process of manufacture subsequent to rolling.†	Revenue ..	Three annas and seven and one-fifth pies 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 ..	60 per cent. *ad valorem*.	....	....	24 per cent. *ad valorem*.	....
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 ..	75 per cent. *ad valorem*.	....	....	24 per cent. *ad valorem*.	March 31st, 1946.
61(6)	GOLD PLATE, GOLD LEAF AND GOLD MANUFACTURES, all sorts not otherwise specified.	Revenue ..	60 per cent. *ad valorem*.	....	....	24 per cent. *ad valorem*.	....
61(7)	GOLD OR GOLD-PLATED PEN NIBS	Revenue ..	60 per cent. *ad valorem*.	....	....	24 per cent. *ad valorem*.	....
61(8)	ARTICLES, other than cutlery and surgical instruments, plated with gold or silver.§	Revenue ..	60 per cent. *ad valorem*.	....	....	24 per cent. *ad valorem*.	....
61(9)	CUTLERY, plated with gold or silver	Revenue ..	60 per cent. *ad valorem*.	....	....	24 per cent. *ad valorem*.	....
61(10)	JEWELLERY AND JEWELS§	Revenue ..	60 per cent. *ad valorem*.	....	....	24 per cent. *ad valorem*.	....
62	CURRENT COIN OF THE GOVERNMENT OF INDIA.	....	Free	....	....	....	....
62(1)	SILVER COIN, not otherwise specified	Revenue ..	Three annas and seven and one-fifth pies per ounce.	....	....	....	....
62(2)	GOLD COIN	....	Free	....	....	....	....
	SECTION XV. BASE METALS AND ARTICLES MADE THEREFROM.						
63	IRON OR STEEL, old††	Revenue ..	18¾ per cent. *ad valorem*.	....	....	Free	....
	Tariff value— Iron or steel, old for remelting. Per cwt. Rs. a. p. 1 8 0						
63(1)	IRON ALLOYS, viz., ferro-manganese, ferro-silicon, ferro-chrome, spiegeleisen and the like as commonly used for steel making.	Revenue ..	18¾ per cent. *ad valorem*.	....	....	Free	...
63(2)	IRON OR STEEL ANGLE, CHANNEL, TEE, FLAT, BEAM, ZED, TROUGH AND PILING—					Free	
	(*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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st 1946.
	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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*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 plus one-fifth of the total duty.	....	....	....	March 31st, 1946.

* 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 6 per cent. *ad valorem*.

† The rate of excise duty on the 1st January, 1944, and until further notice, on all silver produced in silver works in British India, is 3 annas and 7½ pies 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 60 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.

†† Under Government of India, Finance Department (Central Revenues), Notification No. 80-C, dated the 4th October, 1941, as amended subsequently, iron and steel, old, covered by this item when imported from Burma, are exempt from payment of import duty.

¶ The rate of excise duty on the 1st January, 1944, 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.	Burma.	
	SECTION XV—*contd.*						
	BASE METALS AND ARTICLES MADE THEREFROM—*contd.*						
	(*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 plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*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 plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
63(3)	IRON OR STEEL BAR AND ROD—					Free ..	
	(*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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
63(4)	IRON, pig	Revenue ..	18¾ per cent. *ad valorem*.	....	....	Free ..	....
63(5)	IRON RICE BOWLS	Revenue ..	18¾ per cent. *ad valorem*.	....	....	Free ..	....
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—					Free ..	
	(*i*) of British manufacture†	Protective ..	12 per cent. *ad valorem*.	....	....	....	March 31st, 1946.
	(*ii*) not of British manufacture	Protective ..	Rs. 69-0-0 per ton ..	....	....	....	March 31st, 1946.
63(7)	CAST IRON PLATES	Revenue ..	18¾ per cent. *ad valorem*.	....	....	Free ..	....
63(8)	STEEL INGOTS	Revenue ..	The excise duty leviable for the time being on steel ingots produced in British India*; or 15¾ per cent. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	Free ..	....
	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)—					Free ..	
	(*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 plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*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 plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
63(10)	STEEL, TINPLATES AND TINNED SHEETS, including tin taggers, and cuttings of such plates, sheets or taggers—					Free ..	
	(*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 plus one-fifth of the total duty.	....	....	....	March 31st, 1946.

* The rate of excise duty on the 1st January, 1944, 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. 69 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 art	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.	Burma.	
	SECTION XV—*contd.*						
	BASE METALS AND ARTICLES MADE THEREFROM—*contd.*						
	(*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 plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
68(11)	IRON OR STEEL ANCHORS AND CABLES ..	Revenue ..	18¾ per cent. *ad valorem*.	....	....	Free ..	....
68(12)	A. IRON OR STEEL BOLTS AND NUTS, including hookbolts and nuts for roofing but excluding fish bolts and nuts—					Free ..	
	(*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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*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. plus one-fifth of the total duty.	....	..	....	March 31st 1946.
	B. IRON OR STEEL FISH BOLTS AND NUTS—					Free ..	
	(*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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*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. plus one-fifth of the total duty.	..	....	..	March 31st, 1946.
68(13)	IRON OR STEEL EXPANDED METAL	Revenue ..	18¾ per cent. *ad valorem*.	....	....	Free ..	....
68(14)	IRON OR STEEL HOOPS AND STRIPS ..	Preferential revenue.	24 per cent. *ad valorem*.	12 per cent. *ad valorem*.	....	Free ..	....
68(15)	IRON OR STEEL RIVETS—					Free ..	
	(*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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*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. plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
68(16)	IRON OR STEEL NAILS AND WASHERS, all sorts not otherwise specified.	Revenue ..	18¾ per cent. *ad valorem*.	....	....	Free	....
68(17)	IRON OR STEEL PIPES AND TUBES AND FITTINGS THEREFOR, if riveted or otherwise built up of plates or sheets—					Free ..	
	(*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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st 1946.
	(*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 plus one-fifth of the total duty.	....	....	....	March 31st, 1946.

* The rate of excise duty on the 1st January, 1944, 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. 44-11½ 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. 52-3½ 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.	Burma.	
	SECTION XV—*contd.*						
	BASE METALS AND ARTICLES MADE THEREFROM—*contd.*						
63(18)	IRON OR STEEL PIPES AND TUBES; also fittings therefor, that is to say, bends, boots, elbows, tees, sockets, flanges, plugs, valves, cocks and the like, excluding pipes, tubes and fittings therefor otherwise specified.	Revenue ..	18¾ per cent. *ad valorem*.	....	....	Free ..	....
63(19)	IRON OR STEEL PLATES EXCLUDING CAST IRON PLATES—					Free ..	
	(*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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*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 plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*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 plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*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 plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
63(20)	IRON OR STEEL SHEETS—					Free ..	
	(*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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*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 plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1944.
	(*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 plus one-fifth of the total duty.	....	....	....	March 31st, 1946.

* 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. 36-6¼ per ton

† The rate of excise duty on the 1st January, 1944, 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 that sub-item are exempt from so much of the duty as is in excess of Rs. 44-12½ 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. 54-6 2/5 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.	Burma.	
	SECTION XV—*contd.*						
	BASE METALS AND ARTICLES MADE THEREFROM—*contd.*						
	(*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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*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. 85 per ton plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*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 plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
69(21)	IRON OR STEEL RAILWAY TRACK MATERIAL—					Free ..	
	A. Rails (including tramway rails the heads of which are not grooved)—						
	(*a*) 80 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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*b*) under 80 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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*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 plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	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 80 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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st 1946.

* 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. 49-3 1/5 per ton.

† The rate of excise duty on the 1st January, 1944, 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. 60 per ton.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 80-C., dated the 4th October, 1941, as amended subsequently. used iron or steel railway track material, covered by this item, when imported from Burma, 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.	Burma.	
	SECTION XV—*contd.*						
	BASE METALS AND ARTICLES MADE THEREFROM—*contd.*						
	(*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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	Free ..	March 31st, 1946.
	(*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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*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 plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*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 plus one-fifth of the total duty.	..	....	....	March 31st, 1946.
	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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st 1946.
	(*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. plus one-fifth of the total duty.	....	....	....	March 31st 1946.
	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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st. 1946.

* The rate of excise duty on the 1st January, 1944, 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. 80- C, dated the 4th October, 1941, as amended subsequently, used iron or steel railway track material, covered by this item, when imported from Burma, are exempt from payment of import duty.

‡ 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.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 80-C, dated the 4th October, 1941, as amended subsequently used iron or steel railway or tramway track material covered by these items when imported from Burma, 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.	Burma	
	SECTION XV—*contd.*						
	BASE METALS AND ARTICLES MADE THEREFROM—*contd.*						
	(*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. plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
63(22)	IRON OR STEEL RAILWAY TRACK MATERIALS,† not otherwise specified, including bearing plates, cast iron sleepers and lever boxes.	Revenue ..	18½ per cent. *ad valorem*.	....	....	Free ..	...
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 ..	18½ per cent. *ad valorem*.	....	....	Free ..	....
63(24)	IRON OR STEEL BARBED OR STRANDED WIRE AND WIRE ROPE.	Preferential revenue.	24 per cent. *ad valorem*.	12 per cent. *ad valorem*.	....	Free ..	....
63(25)	IRON OR STEEL WIRE, other than barbed or stranded wire, wire rope or wire netting; and iron or steel wire nails—					Free ..	
	(*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 plus one-fifth of the total duty.	....	....	....	March 31st, 1946
	(*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 plus one-fifth of the total duty.	.. ....	....	....	March 31st, 1946
63(26)	IRON OR STEEL (other than bar or rod) specially designed for the reinforcement of concrete.	Revenue ..	18½ per cent. *ad valorem*.	....	....	Free ..	....
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—					Free ..	
	(*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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	(*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. *ad valorem*, whichever is higher plus one-fifth of the total duty.	....	....	....	March 31st, 1946.
	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 ..	30 per cent. *ad valorem*.	....	....	Free ..	....
	Tariff values—						
		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.	1 2 0					
		Per can or drum.					
	Cans or drums, not tinned, of two gallons capacity—						
	(*a*) with faucet caps ..	2 0 0					
	(*b*) ordinary	0 12 0					

* The rate of excise duty on the 1st January, 1944, 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. 80-C., dated the 4th October 1941, as amended subsequently used iron or steel railway or tramway track material, covered by these items, when imported from Burma, 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.	Burma.	
	SECTION XV—*contd.*						
	BASE METALS AND ARTICLES MADE THEREFROM—*contd.*						
	Drums of four gallons capacity—		Per drum.				
	(*a*) with faucet caps ..		Rs. a. p. 2 12 0				
	(*b*) ordinary		1 8 0				
63(29)	ENAMELLED IRONWARE, the following, namely :—					Free ..	
	(*a*) Sign-boards	Revenue ..	25 per cent. *ad valorem*. or four and a half annas per square foot, whichever is higher plus one-fifth of the total duty.	....	....	....	..
	(*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. *ad valorem* 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 plus one-fifth of the total duty.	....	....	....	..
	(*ii*) having any diameter exceeding 19 centimetres.	Revenue ..	25 per cent. *ad valorem* 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 plus one-fifth of the total duty.	....	....	....	....
64	COPPER, wrought, and manufactures of copper, all sorts, not otherwise specified.	Preferential revenue.	36 per cent. *ad valorem*.	24 per cent. *ad valorem*.	....	Free ..	....
64(1)	COPPER, scrap*	Revenue ..	30 per cent. *ad valorem*.	....	....	Free ..	....
65	GERMAN SILVER including nickel silver* ..	Revenue ..	30 per cent. *ad valorem*.	....	....	Free ..	....
66	ALUMINIUM—circles, sheets and other manufactures, not otherwise specified.*	Revenue ..	30 per cent. *ad valorem*.	....	....	Free ..	....
66(1)	UNWROUGHT INGOTS, BLOCKS AND BARS OF ALUMINIUM.*	Revenue ..	30 per cent. *ad valorem*.	....	....	Free ..	....
67	LEAD, wrought—the following articles, namely, pipes and tubes and sheets other than sheets for tea chests.*	Revenue ..	30 per cent. *ad valorem*.	....	....	Free ..	....
67(1)	LEAD SHEETS FOR TEA CHESTS*	Revenue ..	30 per cent. *ad valorem*.	....	....	Free ..	..
68	ZINC OR SPELTER, wrought or manufactured, not otherwise specified.*	Revenue ..	30 per cent. *ad valorem*.	....	....	Free ..	....
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. 375 per ton ..	....	....	Free ..	....
70	BRASS, BRONZE AND SIMILAR ALLOYS, wrought, and manufactures thereof, not otherwise specified.*	Revenue ..	30 per cent. *ad valorem*.	....	....	Free ..	....
70(1)	ALL SORTS OF METALS OTHER THAN IRON AND STEEL, AND MANUFACTURES THEREOF, not otherwise specified.*†	Revenue ..	30 per cent. *ad valorem*.	....	....	Free ..	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 80-C., dated the 4th October, 1941, waste and scrap of base metals when imported from Burma, are exempt from payment of import duty.

† Under Government of India, Finance Department (Central Revenues), Notification No. 53, dated the 22nd June, 1938, 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.	Burma.	
	SECTION XV—*concld.*						
	BASE METALS AND ARTICLES MADE THEREFROM—*concld.*						
71	HARDWARE, IRONMONGERY AND TOOLS, all sorts not otherwise specified, including incandescent mantles but excluding machine tools and agricultural implements.	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
	Tariff value— Crown corks (except those bearing monogram or trade mark or name of an importer).	Per gross. Rs. a. p. 2 8 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 ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
71(2)	CUTLERY, all sorts not otherwise specified ..	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
71(3)	METAL FURNITURE AND CABINETWARE ..	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
71(4)	PRINTING TYPE	Revenue ..	One anna and six pies per lb.	....	....	Free ..	....
71(5)	THE FOLLOWING PRINTING MATERIALS, namely, leads, brass rules, wooden and metal quoins, shooting sticks and galleys and metal furniture.	Revenue ..	3 per cent. *ad valorem.*	....	....	Free ..	....
71(6)	RACKS FOR THE WITHERING OF TEA LEAF* ..	Revenue ..	3 per cent. *ad valorem.*	....	....	Free ..	....
	SECTION XVI.						
	MACHINERY AND APPARATUS; ELECTRICAL MATERIAL.						
72	MACHINERY, namely, such of the following articles as are not otherwise specified†:—	Revenue ..	10 per cent. *ad valorem.*	....	....	Free ..	....
	(*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.						
	Note.—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 3 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.	Burma.	
	SECTION XVI—*contd.*						
	MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—*contd.*						
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; dobby cards; lattices and lags for dobbies; wooden winders; silk looms; silk throwing and reeling machines; cotton yarn reeling machines; sizing machines; doubling machines; silk twisting machines; cone winding machines; piano card cutting machines; harness building frames; card lacing frames; drawing and denting hooks; sewing thread balls making machines; cumbli finishing machinery; hank boilers; cotton carding and spinning machines; mail eyes, 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. *ad valorem*.	....	....	Free ..	....
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. *ad valorem*.	....	....	Free ..	....
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. *ad valorem*.	....	....	Free ..	....
72(4)	PASSENGER LIFTS AND COMPONENT PARTS AND ACCESSORIES THEREOF.	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
72(5)	DOMESTIC REFRIGERATORS	Preferential revenue.	36 per cent. *ad valorem*.	24 per cent. *ad valorem*.	....	12 per cent. *ad valorem*.	....
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-brake horse-power.	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently and No. 44, dated the 1st August 1942, 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, and No. 44, dated the 1st August, 1942, 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.	Burma.	
	SECTION XVI—*contd.* MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—*contd.*						
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 ærating 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-brake horse-power.	Preferential revenue.	36 per cent. *ad valorem*	24 per cent. *ad valorem*.	....	12 per cent. *ad valorem*.	....
73	ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, not otherwise specified, excluding telegraphic and telephonic.	Preferential revenue.	36 per cent. *ad valorem*.	24 per cent. *ad valorem*.	....	12 per cent. *ad valorem*.	....
73(1)	THE FOLLOWING ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, namely:—	Preferential revenue.	36 per cent. *ad valorem*.	24 per cent. *ad valorem*.	....	12 per cent. *ad valorem*.	....
	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.						

* 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.	Burma.	
	SECTION XVI—*contd.*						
	MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—*contd.*						
73(3)	THE FOLLOWING ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, namely, telegraphic and telephonic instruments, apparatus and appliances not otherwise specified, flash lights, carbons, condensors, 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 ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
73(5)	TELEGRAPHIC INSTRUMENTS AND APPARATUS AND PARTS THEREOF, imported by, or under the orders of, a Railway Administration.	Revenue ..	18½ per cent. *ad valorem*.	....	....	Free ..	....
73(4)	WIRELESS RECEPTION INSTRUMENTS AND APPARATUS AND COMPONENT PARTS THEREOF, including all electric valves, amplifiers and loudspeakers 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.	60 per cent. *ad valorem*.	48 per cent. *ad valorem*.	....	24 per cent. *ad valorem*.	....
73(5)	ELECTRICAL EARTHENWARE AND PORCELAIN, the following, namely:—					12 per cent. *ad valorem*.	
	(*a*) Insulators, Shackle, Sinclair, Cordeaux or Pin-type, not otherwise specified—						
	(*i*) fitted	Revenue ..	25 per cent. *ad valorem* or Re. 1-2 per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*ii*) not fitted	Revenue ..	25 per cent. *ad valorem* or fourteen annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*b*) Two-way cleats	Revenue ..	25 per cent. *ad valorem* or four annas per gross of pairs, whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*c*) Spacing insulators	Revenue ..	25 per cent. *ad valorem* or two annas per gross, whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*d*) Ceiling roses—						
	(*i*) fitted	Revenue ..	25 per cent. *ad valorem* or ten annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*ii*) not fitted	Revenue ..	25 per cent. *ad valorem* or eight annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*e*) Joint-box cut-outs—						
	(*i*) fitted	Revenue ..	25 per cent. *ad valorem* or eight annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
	(*ii*) not fitted	Revenue ..	25 per cent. *ad valorem* or six annas per dozen, whichever is higher plus one-fifth of the total duty.	....	....	....	....
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 ..	7½ per cent. *ad valorem*.	....	....	Free ..	....

* 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 3 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 18½ 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 18 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.	Burma	
	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—					Free ..	
	(*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. *ad valorem*, whichever is higher plus one fifth of the total duty.	....	....	....	March 31st, 1946.
	(*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. *ad valorem*, whichever is higher plus one fifth of the total duty.	....	....	....	March 31st, 1946.
74(1)	TRAMCARS AND COMPONENT PARTS AND ACCESSORIES THEREOF.	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
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, trollies, trucks; also cranes, water-cranes and water-tanks when imported by or under the orders of a railway administration: 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 *Official Gazette* 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.	Revenue ..	18¾ per cent. *ad valorem*.	....	....	Free ..	....
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: 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.	Revenue ..	18¾ per cent. *ad valorem*.	....	....	Free ..	....
75	CONVEYANCES, not otherwise specified, and component parts and accessories thereof; also motor vans and motor lorries imported complete.	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
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.	45 per cent. *ad valorem*.	36 per cent. *ad valorem*.	....	24 per cent. *ad valorem*.	....
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.	45 per cent. *ad valorem*.	36 per cent. *ad valorem*.	....	24 per cent. *ad valorem*	....
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.	30 per cent. *ad valorem*.	21 per cent. *ad valorem*.	....	6 per cent. *ad valorem*.	....
75(4)	CARRIAGES AND CARTS which are not mechanically propelled, not otherwise specified, and parts and accessories thereof; excluding rubber tyres and tubes.	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....

* The rate of excise duty on the 1st January, 1944, 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.	Burma.	
	SECTION XVII—*concld.*						
	TRANSPORT MATERIAL—*concld.*						
75(5)	CYCLES (other than motor cycles) imported entire or in sections, and parts and accessories thereof; excluding rubber tyres and tubes.	Preferential revenue.	36 per cent. *ad valorem*.	24 per cent. *ad valorem*.	....	12 per cent. *ad valorem*.	....
76	AEROPLANES, aeroplane parts, aeroplane engines, aeroplane engine parts and rubber tyres and tubes used exclusively for aeroplanes.*	Revenue ..	3 per cent. *ad valorem*.	....	....	Free ..	....
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 ..	18¾ per cent. *ad valorem*.	....	....	Free ..	....
76(2)	LIGHT SHIPS	....	Free	....	....	....	....
76(3)	FURNITURE TACKLE AND APPAREL, not otherwise described, for steam-sailing, rowing and other vessels.	Revenue ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
	SECTION XVIII.						
	SCIENTIFIC AND PRECISION INSTRUMENTS AND APPARATUS; WATCHMAKERS' AND CLOCKMAKERS' WARES; MUSICAL INSTRUMENTS.						
77	INSTRUMENTS, APPARATUS AND APPLIANCES, other than electrical, all sorts not otherwise specified, including photographic.‡	Preferential revenue.	36 per cent. *ad valorem*.	24 per cent. *ad valorem*.	....	12 per cent. *ad valorem*.	....
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 ..	30 per cent. *ad valorem*.	....	....	12 per cent. *ad valorem*.	....
77(3)	ARTIFICIAL TEETH	Preferential revenue.	30 per cent. *ad valorem*.	....	18 per cent. *ad valorem*.	6 per cent. *ad valorem*.	....
78	CLOCKS AND WATCHES AND PARTS THEREOF ..	Revenue ..	60 per cent. *ad valorem*.	....	....	24 per cent. *ad valorem*.	....
79	MUSICAL INSTRUMENTS AND PARTS THEREOF, all sorts and records for talking machines.	Revenue ..	60 per cent. *ad valorem*.	....	....	24 per cent. *ad valorem*.	....
	SECTION XIX.						
	ARMS AND AMMUNITION.						
80	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 *Official Gazette*, declare to be ammunition or military stores for the purposes of this Act.§	Revenue ..	60 per cent. *ad valorem*	....	....	24 per cent. *ad valorem*.	....
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. *ad valorem*, whichever is higher, plus 12½ per cent. *ad valorem* plus one-fifth of the total duty.	....	....	24 per cent. *ad valorem*.	....

* 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 3 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 18¾ 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, and No. 44, dated the 1st August, 1942, 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.	Burma.	
	SECTION XIX—*concld.*						
	ARMS AND AMMUNITION—*concld.*						
80(2)	SUBJECT TO THE EXEMPTIONS specified in Item No. 80(3)—					24 per cent. *ad valorem.*	
	(*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.	....	....		....
	(*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 ..	Re. 1-4 each.	....	....		....
			or 37½ per cent. *ad valorem*, whichever is higher, plus 12½ per cent. *ad valorem* plus one-fifth of the total duty				
	(*f*) Machines for making, loading, or closing cartridges for rifled arms.	Revenue ..	60 per cent. *ad valorem.*	....	....		....
	(*g*) Machines for capping cartridges for rifled arms.	Revenue ..	60 per cent. *ad valorem.*	....	....		....
80(3)	THE FOLLOWING ARMS, AMMUNITIONS AND MILITARY STORES:—	....	Free	....	....		....
	(*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.						
	(*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.						
	(*c*) Swords for presentation as army or volunteer prizes.						
	(*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.						
	(*e*) Morris tubes and patent ammunition imported by officers commanding British and Indian regiments or volunteer corps for the instruction of their men.*						
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 ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	...
81	CARTRIDGE CASES, filled and empty	Revenue ..	60 per cent. *ad valorem.*	....	....	24 per cent. *ad valorem.*	..
	SECTION XX.						
	MISCELLANEOUS GOODS AND PRODUCTS NOT ELSEWHERE INCLUDED.						
82	CORAL, prepared	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
82(1)	IVORY, manufactured, not otherwise specified..	Revenue ..	60 per cent. *ad valorem.*	....	....	24 per cent. *ad valorem.*	....
82(2)	BANGLES AND BEADS, not otherwise specified..	Revenue ..	60 per cent. *ad valorem.*	....	....	24 per cent. *ad valorem.*	....

* 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—*concld.*

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.	Burma.	
	SECTION XX—*concld.*						
	MISCELLANEOUS GOODS AND PRODUCTS NOT ELSEWHERE INCLUDED—*concld.*						
83	BRUSHES, all sorts	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
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 ..	60 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
85	BUTTONS, metal	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	....
85(1)	SMOKERS' REQUISITES, excluding tobacco and matches: 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.*	Revenue ..	60 per cent. *ad valorem.*	....	....	Mechanical lighters—20 per cent. *ad valorem* plus the amount of the excise duty on mechanical lighters manufactured in British India*; plus one-fifth of the total duty; all others—24 per cent. *ad valorem.*	...
	SECTION XXI.						
	WORKS OF ART AND ARTICLES FOR COLLECTIONS.						
86	PRINTS, ENGRAVINGS AND PICTURES (including photographs and picture post cards), not otherwise specified.†	Revenue ..	60 per cent. *ad valorem.*	....	....	....	...
86(1)	ART, works of, not otherwise specified ..	Revenue ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	...
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 ..	30 per cent. *ad valorem.*	....	....	12 per cent. *ad valorem.*	...

* The rate of excise duty on the 1st January, 1944, and until further notice is Rs. 3 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-flong 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, twist, 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 1¼ 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.

EXCISE DUTIES LEVIABLE ON CERTAIN ARTICLES PRODUCED OR MANUFACTURED IN BRITISH INDIA.

Serial No.	Articles.	Rate of Excise Duty.
1	SALT	Re. 1-9-0 per maund of 82-2/7 pounds avoirdupois.
	SUGAR—	
	(*i*) Khandsari sugar	Eight annas per cwt.
	(*ii*) All other sugar except palmyra sugar	Rs. 3-0-0 per cwt.
3	KEROSENE	The rate at which customs duty is for the time being leviable under the Indian Tariff Act, 1934, read with any other enactment for the time being in force.
4	MOTOR SPIRIT	15 annas per Imperial gallon.
5	MATCHES—	
	"Match" includes a firework in the form of a match; and where a match-stick has more heads than one capable of being ignited by striking, each such head shall be deemed to be a match.	
	(1) Matches, manufactured in a factory whose daily output exceeds one hundred gross of boxes, in boxes or booklets containing on an average—	
	(*i*) not more than forty matches	Rs. 2-0-0 per gross of boxes of booklets.
	(*ii*) more than 40, but not more than 50 matches.	Rs. 2-8-0 per gross of boxes of booklets.
	(*iii*) more than 50, but not more than 60 matches.	Rs. 3-0-0 per gross of boxes of booklets.
	(*iv*) more than 60, but not more than 80 matches.	Rs. 4-0-0 per gross of boxes of booklets.
	(2) Matches, manufactured in a factory whose daily output does not exceed one hundred gross of boxe in boxes or booklets containing on an average—	
	(*i*) not more than 40 matches	Rs. 1-15-2 per gross of boxes or booklets.
	(*ii*) more than 40, but not more than 50 matches	Rs. 2-7-0 per gross of boxes or booklets.
	(*iii*) more than 50, but not more than 60 matches.	Rs. 2-14-9 per gross of boxes or booklets.
	(*iv*) more than 60, but not more than 80 matches.	Rs. 3-14-4 per gross of boxes or booklets.
	(3) Matches in boxes containing on an average not more than 12 matches of the type known as "Bengal Lights."	10 annas per gross of boxes.
	(4) All other matches	8 anna . for every 1,440 matches or fraction thereof.
6	SILVER	3 annas and 7½ pies per ounce.
7	STEEL INGOTS	Rs. 4-0-0 per ton.
8	MECHANICAL LIGHTERS	Rs. 3-0-0 per lighter.
9	COAL AND COKE—	
	(*i*) Coal and Soft Coke	2 annas per ton.
	(*ii*) Hard Coke	3 annas per ton.
10	COFFEE*	Re. 1-0-0 per cwt.
11	TYRES†	10 per cent. *ad valorem*.
12	VEGETABLE PRODUCT‡	Rs. 5-0-0 per cwt.
13	TOBACCO §—	
	PART I.	
	UNMANUFACTURED.	
	I.—VIRGINIA TOBACCO—	
	A.—Flue-cured ¶—	
	(1) If intended for manufacture into—	
	(*a*) cigarettes—	
	(*i*) containing more than 20 per cent. weight of imported tobacco.	Re. 1-12-0 per lb.
	(*ii*) containing 20 per cent. or less than 20 per cent. weight of imported tobacco.	Re. 1-4-0 per lb.
	(*iii*) containing no imported tobacco	8 annas per lb.
	(*b*) *Biris*	6 annas per lb.
	(*c*) cheroots	2 annas per lb.
	(2) if intended for any other purpose	Re. 1-12-0 per lb.
	B.—Air cured	6 annas per lb.
	II.—COUNTRY TOBACCO—	
	(1) If intended for manufacture into—	
	(*a*) cigarettes	6 annas r lb.
	(*b*) *biris*	6 annas .. lb.
	(*c*) cigars or cheroots	2 annas p lb.

* A duty of excise at the rate of one rupee per cwt. is leviable under the Coffee Market Expansion Act, 1942, on all coffee (except coffee sold and delivered before the estate became subject to the provisions of the Act)—(*i*) which a registered estate is permitted by the internal sale quota allotted to it, to sell in the Indian market, whether such coffee is actually sold or not, and (*ii*) which is released for sale in India by the Indian Coffee Board from the surplus pool.

NOTE.—The Act shall cease to be in force at the end of the twelve months commencing on the first day of July subsequent to the termination of the present hostilities.

† Under the Government of India, Finance Department (Central Revenues), Notification No. 16-Central Excises, dated the 1st April 1941, tyres specially designed for use on animal drawn vehicles are exempt from payment of this duty.

‡ Under the Government of India, Finance Department (Central Revenues), Notification No. 4-Central Excises, dated the 1st April, 1943, vegetable product known as "Margarine" is exempt from payment of this duty.

§ Under the Government of India, Finance Department (Central Revenues), Notification No. 23-Centra Excise, dated the 28th August, 1943, Virginia Tobacco included for manufacture into bookah tobacco, snuff, cigars or cheroots, or for sale as chewing tobacco is exempt from so much of the duty leviable thereon as is in excess of the respective rates for country tobacco.

¶ Under Government of India, Finance Department (Central Revenues), Notification dated 22nd April 1942. The cured gulla tobacco is exempted from so much if the duty leviable thereon as is in excess of the duty leviable on tobacco other than flue cured tobacco which is intended for manufacture into cigarettes: Provided the Collector is satisfied that such flue-cured gulla tobacco s intended for manufacture into cigarettes other containing no other flue-cured tobacco.

EXCISE DUTIES LEVIABLE ON CERTAIN ARTICLES PRODUCED OR MANUFACTURED IN BRITISH INDIA.—*concld.*

Serial No.	Articles.	Rate of Excise Duty.
	(*d*) *hookah* tobacco	1 anna per lb.
	(*e*) snuff	6 annas per lb.
	(2) if intended for sale as chewing tobacco, whether manufactured or merely cured.	1 anna per lb.
	(3) if intended for any other purpose	6 annas per lb.
	III.—Stalks, Stems and Other Refuse of Tobacco—	
	(1) if intended for use in the preparation of any form of manufactured tobacco.	1 anna per lb.
	(2) if intended to be used for agricultural purposes ..	*Nil.*
	PART II.	
	Manufactured.	
	Cigars and cheroots of which the value—	
	(*i*) exceeds Rs. 30 a hundred	Rs. 6-0-0 per 100.
	(*ii*) exceeds Rs. 25 a hundred but does not exceed Rs. 30 a hundred.	Rs. 5-0-0 per 100.
	(*iii*) exceeds Rs. 20 a hundred but does not exceed Rs. 25 a hundred.	Rs. 4-0-0 per 100.
	(*iv*) exceeds Rs. 15 a hundred but does not exceed Rs. 20 a hundred.	Rs. 3-0-0 per 100.
	(*v*) exceeds Rs. 10 a hundred but does not exceed Rs. 15 a hundred.	Rs. 2-0-0 per 100.
	(*vi*) exceeds Rs. 5 a hundred but does not exceed Rs. 10 a hundred.	Re. 1-0-0 per 100.
	(*vii*) exceeds Rs. 2-8-0 a hundred but does not exceed Rs. 5 a hundred.	8 annas per 100.
	(*viii*) exceeds Re. 1-4-0 a hundred but does not exceed Rs. 2-8-0 a hundred.	4 annas per 100.
	(*ix*) exceeds As. 10 but does not exceed Re. 1-4-0 a hundred.	2 annas per 100.
14	Goods specified in item 40 of List II of the 7th Schedule to the Government of India Act, 1935, viz.:—	Rates vary in different provinces.
	(*a*) Alcoholic liquors for human consumption;	
	(*b*) Opium, Indian hemp and other narcotic drugs and narcotics; non-narcotic drugs;	
	(*c*) Medicinal and toilet preparations containing alcohol or any substances included in (*b*) above.	

CESSES LEVIABLE ON CERTAIN ARTICLES ON EXPORT OR OTHERWISE.

No.	Name of Article.	Cess leviable.
*1	TEA	Re. 1-6 per 100 lbs.
†2	JUTE—	
	(*a*) Raw including Jute cuttings and rejections	Two annas per bale of 400 lbs.
	(*b*) Manufactured Jute	Twelve annas per ton of 2,240 lbs.
‡3	COTTON (ginned)—	
	(*a*) Baled	Two annas per standard bale of 400 lbs.
	(*b*) Unbaled	Six pies per 100 lbs.
§4	LAC—	
	(*a*) Any form of manufactured or unmanufactured lac ..	Seven annas per maund.
	(*b*) Refuse lac	Five annas per maund.
‖5	COFFEE	Re. 1 per cwt.
¶6	(*i*) BONES**	½ per cent. *ad valorem*.
	Tariff value— Per cwt. Rs. a. p.	
	Bones, broken or crushed (including bone grist). 4 0 0	
	(*ii*) BRISTLES	
	(*iii*) BUTTER	
	Tariff value— Per lb. Rs. a. p.	
	Butter 1 8 0	
	(*iv*) CEREALS, other than Rice and Wheat	
	Tariff values— Per cwt. Rs. a. p.	
	Bajri 9 0 0	
	Barley 8 0 0	
	Jowar 8 8 0	
	Maize 8 8 0	
	(*v*) DRUGS††	
	(*vi*) FIBRE FOR BRUSHES	
	Tariff value— Per cwt. Rs. a. p.	
	Fibre for brushes, all kinds 17 0 0	
	(*vii*) FISH	
	(*viii*) FRUITS	
	Tariff values— Per cwt. Rs. a. p.	
	Almonds in the shell 70 0 0	
	Almonds without shell 210 0 0	
	Cashew kernels 60 0 0	
	Per thousand.	
	Coconuts 63 0 0	
	Per cwt.	
	Raisins, all kinds 60 0 0	
	Tamarind 14 0 0	
	Walnut in the shell 35 0 0	
	Walnut kernel 55 0 0	

* The cess is levied on all tea exported from any Customs port to any port beyond the limits of British India. Under the Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as subsequently amended, tea exported to any place in the Janjira State or exported from any Customs port to any port in Kathiawar and tea exported by post is exempt from payment of this duty.

† The cess is levied on all jute exported by sea from the port of Calcutta to any other port whether beyond or within India and from the port of Chittagong to any other port beyond or within India (except raw jute exported to Calcutta).

‡ The cess is levied on all cotton produced in India and (*a*) consumed in any mill in British India or (*b*) exported from any Customs port to any port outside British India, or (*c*) exported by land to the French and Portuguese territories of Pondicherry, Karikal, Goa and Daman. The cess is not, however, leviable on cotton waste, kapok and cotton fly. Under the Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as subsequently amended, cotton exported from any Customs port to any port in Kathiawar and linters are exempt from payment of this duty.

§ The cess is levied on all lac and refuse lac produced in India and exported from any Customs port to any port beyond the limits of British India. Under the Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as subsequently amended, lac and refuse lac exported from any Customs port to any port in Kathiawar are exempt from payment of these duties.

‖ The cess is levied on all coffee taken by sea or by land to any place beyond the limits of British India. Under the Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as subsequently amended, coffee taken by sea or by land to any place in the Travancore State or Cochin State or by land to any place in the Mysore State, or exported from any Customs port to any port in Kathiawar is exempt from payment of this duty.

¶ Under the Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as subsequently amended, articles included under item No. 6, exported (*a*) by sea as passengers' baggage, (*b*) by post, (*c*) to any place in the Janjira State, and (*d*) from any Customs port to any port in Kathiawar are exempt from payment of this duty.

** Under the Government of India, Department of Education, Health and Lands, Notification No. F. 8/40, dated the 11th September 1940, Bones, human, exported as anatomical specimens are not subject to this duty.

†† Under the Government of India, Department of Education, Health and Lands, Notification No. F. 8/40, dated the 11th September 1940, Drugs, manufactured, are not subject to this duty

CESSES LEVIABLE ON CERTAIN ARTICLES ON EXPORT OR OTHERWISE—*concld.*

No.	Name of Article.		Cess leviable.
	(*ix*) GHEE		
	Tariff values—	Per Indian maund. Rs. a. p.	
	Ghee	90 0 0	
		Per cwt.	
	Ghee substitute including vegetable ghee and hydrogenated edible oil and fat mixture.	50 0 0	
	(*x*) HIDES, raw		
	Tariff values—	Per lb. Rs. a. p.	
	Buffalo hides (excluding calf skins)—		
	(*i*) Arsenicated	0 7 0	
	(*ii*) Salted	0 5 6	
	Cow hides (excluding calf skins)—		
	(*i*) Arsenicated	0 9 6	
	(*ii*) Salted	0 6 6	
	(*xi*) MANURES		
	Tariff value—	Per cwt. Rs. a. p.	
	Manures of animal origin, all kinds ..	4 4 0	
	(*xii*) OILCAKES		
	Tariff values—	Per ton. Rs. a. p.	
	Groundnut oilcakes	70 0 0	
	Groundnut oilcake meal	75 0 0	
	Linseed oilcakes	70 0 0	
	Oilcakes other kinds	70 0 0	
	(*xiii*) PULSES		
	Tariff values—	Per cwt. Rs. a. p.	
	Dal, all kinds	13 0 0	
	Pulses, all kinds	12 0 0	
	(*xiv*) SEEDS		
	Tariff values—	Per cwt. Rs. a. p.	
	Ajwan	15 0 0	
	Aniseed	19 0 0	
	Castor seed	15 0 0	
	Celery seed	60 0 0	
	Coriander seed	12 0 0	
	Cotton seed	5 8 0	½ per cent. *ad valorem*.
	Groundnuts, decorticated	14 0 0	
	Linseed	12 0 0	
	Mustard and rape seeds	12 0 0	
	Niger seed	7 0 0	
	Til (Sesamum)	15 0 0	
	(*xv*) SKINS, raw		
	Tariff values—	Per piece. Rs. a. p.	
	Goat skins (excluding kid skins) ..	1 4 0	
	Sheep skins (excluding lamb skins) ..	0 14 0	
	(*xvi*) SPICES		
	Tariff values—	Per cwt. Rs. a. p.	
	Chillies, dry	30 0 0	
	Ginger, dry	75 0 0	
	Pepper, black	45 0 0	
	Turmeric	16 0 0	
	(*xvii*) TOBACCO, unmanufactured		
	Tariff values—	Per lb. Rs. a. p.	
	Flue cured	0 8 0	
	Non-flue cured	0 4 0	
	Chewing, *bidi*, cheroot and cigar tobacco	0 4 0	
	(*xviii*) VEGETABLES		
	Tariff values—	Per cwt. Rs. a. p.	
	Garlic	15 0 0	
	Onions	5 0 0	
	Potatoes	14 0 0	
	(*xix*) WHEAT		
	Tariff value—	Per cwt Rs. a p.	
	Wheat, all kinds	12 0 0	
	(*xx*) WHEAT FLOUR		
	Tariff values—	Per cwt. Rs. a. p.	
	Wheat atta	13 8 0	
	Wheat flour and suji	14 8 0	
	(*xxi*) WOOL, RAW		

Report for the Year 1943.

Section IV.

SPEECH OF THE FINANCE MEMBER

ON

INTRODUCTION OF BUDGET FOR 1944-45.

SPEECH BY THE HONOURABLE THE FINANCE MEMBER ON INTRODUCING THE BUDGET PROPOSALS FOR 1944-45.

This is the fifth war budget which it is my duty to present to the House, and I do so at a time when the growing ascendancy of the United Nations over their enemies has created in us all the fullest confidence in a victorious outcome, though the precise time and manner of that victory are still hidden from us. We can now look back and survey the grim vicissitudes through which we have passed.

In India the last eighteen months has been a period of economic storm. The rapid advance which brought the Japanese to the eastern threshold of India had produced a widespread feeling of uncertainty, at the same time as it called for the most active measures to meet the threat. The execution of those measures necessitated very heavy expenditure and a vast and rapid diversion of resources from civilian to war consumption. At that critical moment there was an outburst of internal disturbance which aggravated the loss of confidence and the economic instability. Natural calamities—cyclone, flood and pest—also played their part in destruction and dislocation. Soon hoarding, speculation and profiteering manifested themselves in every form and on a scale to cope with which the administrative machine was but poorly equipped. There was a time when it seemed that there could be no check to the ravages of these pernicious forces and that salutary measures of control could never overtake them. At that moment the economic perils which beset the country were as grave as the military threat, and if they have now receded somewhat, the aftermath has been a measure of human suffering which will stand out even in the record of this devastating war.

Welcome Progress.

2. Many of the problems with which we have had to grapple are still with us, if not in so acute and intractable a form. There is still cause for anxiety and need for constant vigilance. But he would be a pessimist indeed who denied that in many respects the economic situation has greatly improved, and that a gratifying degree of stability has been achieved and maintained in recent months. The resolute measures of a twofold character launched by the Government, in the monetary field and in the sphere of control of commodities, have had a distinctly salutary effect on price tendencies. There has also been a marked psychological reaction, a growth of confidence in the determination and the ability of the Government to enforce its policy of control and to overcome the resistance of sectional interests which, in this country as elsewhere, place their own advantage above the common good.

In spite of the limitations of our administrative machinery, the vast territories and multitudes with which we have to deal, and the constant opposition of those who hoped that we would fail, we have made definite and welcome progress towards our broad economic objectives. At times, when solemn warnings had failed to check unhealthy practices and tendencies, we have taken very drastic action and have been encouraged to find it endorsed by the mass of public opinion. We cannot, of course, emulate the results achieved in much more highly organised and closely integrated countries who can employ large qualified staffs to operate their controls and can count on the intelligent co-operation of a highly educated public. We can only claim that our efforts should be judged in the light of the experience of other countries similarly situated and at a comparable stage of development, who have, like us, been exposed to the turbulent forces released by the alternating and unpredictable fortunes of war.

3. I have one more general observation to make before I embark on the presentation of the budget figures. In a country which is so prone to rumour and panic, the operation of psychological factors is often more damaging than the objective forces at work. It is inevitable that the Government should bear this in mind when making any pronouncement. The outside critic fastens on particular aspects of the economic position and in his zeal to establish the validity of his own analysis may have scant regard to the practcial effects, in a delicate and dangerous situation, of the vehement expression of his own views. The Government on the other hand cannot adopt this freedom and detachment in dealing with conditions which may be the cause of acute anxiety. At the risk of being charged with complacency it must strive

to restore a sense of balance and to counteract the panic which may itself be the most dangerous element in the situation, and which, if unchecked, will frustrate all remedial action. This may seem obvious, but in the light of the events of the past year I make no apology for repeating it.

Financial Year 1942-43.

4. I will now give briefly the results of the last financial year. In our Revised Estimates for 1942-43 we expected to end the year with a deficit of Rs. 94.66 crores. The actual deficit turned out to be Rs. 112.17 crores. Defence expenditure exceeded our estimates by about Rs. 25 crores, but on the civil side there was a saving of about Rs. 9 crores. Revenue was also Rs. 2 crores below expectations. Although income-tax collections improved by Rs. 8 crores, there was a reduction of Rs. 3 crores in receipts from war insurance and of Rs. 6 crores under Customs. Following on the decision of His Majesty's Government to bear the cost of the petrol and aviation spirit required for the expansion of India's air and land forces, there was a refund to the Defence Services of the duty initially collected under the ordinary customs procedure. This accounts for the decrease under customs revenue.

Financial Year 1943-44.

5. Turning to the current year, I shall first deal with the revenue positions. Total revenue is expected to reach Rs. 254.50 crores which is Rs. 35.50 crores more than our budget anticipations.

The general trend of customs has not been materially different from our budget anticipations, but here again a large amount of duty on imported petrol has to be deducted from the gross figure. We now estimate the net revenue under this head for the whole of the current year at Rs. 25.94 crores.

Under Central Excises our present calculations suggest an improvement of Rs. 63 lakhs over the Rs. 25.02 crores provided in the Budget Estimates. We expect a short-fall of Rs. 1½ crores under 'tobacco,' which will, however, be counterbalanced by the increased collections anticipated under 'motor spirit,' and 'matches.' Our Revised Estimates under "sugar" provide for a revenue of Rs. 6.40 crores which includes Rs. 40 lakhs collected under the Sugar (Temporary Excise) Ordinance 1943. The disposal of this special revenue is under consideration.

6. Under Taxes on Income the budget allowed for a collection of Rs. 102 crores but with the speeding up of assessments we now expect the total revenue for the year to reach Rs. 138 crores. Excess Profits Tax will, according to our expectations, now yield Rs. 62.25 crores against Rs. 40 crores forecast in the budget. This, of course, excludes some of the collections under the Ordinance issued last summer which, for accounting purposes, are treated as deposits pending regular assessments. The divisible pool of income-tax has been taken at Rs. 44.04 crores and the share of the Provinces at Rs. 19.50 crores (including Rs. 1.98 crores on account of the previous year's arrears). The provincial share will thus be Rs. 7.40 crores more than the budget figure.

7. In salt revenue we expect a short-fall of Rs. 50 lakhs; there is an improvement of Rs. 4.94 crores under "Currency and Mint" of which Rs. 4.26 crores is the increase in Government's share of the surplus profits of the Reserve Bank.

The revenue of the Posts and Telegraphs Department is expected to reach Rs. 25.32 crores, an improvement of Rs. 3.38 crores over the Budget Estimate. Traffic earnings have again exceeded expectations and we took over the telephone system at Calcutta with effect from the 1st April instead of from the 1st September 1943 as anticipated in the budget. There is an increase of Rs. 2.36 crores in the expenditure which is estimated at Rs. 15.94 crores. The anticipated surplus of Rs. 9.38 crores will accrue to general revenues.

As the House has already heard, we are adopting for our Revised Estimates a contribution of Rs. 32.27 crores from Railways against Rs. 27.10 crores taken in the Budget.

Expenditure.

8. *Defence Services.*—On the expenditure side I shall deal first with the defence services. The striking reverses inflicted on the Axis forces during the closing months of 1942 marked the turning of the tide of fortune in favour of the United Nations and the year 1943 witnessed an almost unbroken series of victories over all three Axis partners by land, sea and air. The invasion of Italy followed shortly by the unconditional surrender of her Government, the devastating blows dealt by the British and American air forces on Germany's production centres, the striking successes against the Japanese achieved by American and Australian forces of all arms in the South West Pacific, and above all the crushing defeats inflicted by our great Russian ally on the German invader whose armies are rapidly being flung out of Russia, these are all significant portents of the end that awaits our enemies.

This House is already aware and justifiably proud of the part played by India in the campaigns in North Africa and Italy and I need not dwell upon them here. It will be sufficient to say that the trained soldiers and the stream of munitions and war stores poured out by India have been a most potent factor in the victories achieved in these theatres.

9. In India itself the year 1943 has been to a large extent one of patient preparation and gathering of strength for the large-scale offensive which we all hope and believe will finally dispose of Japan's pretensions to domination in Asia.

South-East Asia Command.

The major event of the year has been the setting up of the South-East Asia Command under Admiral Lord Louis Mountbatten as Supreme Allied Commander, assisted by naval, army and air commanders and staff officers drawn from both the British and American forces. The responsibilities of this new command are mainly the direction and co-ordination of the offensive based on India against Japan but they also include the security and local defence of India within a relatively small area on India's North-Eastern Frontier. While, however, all responsibility for actual operations against Japan has thus passed out of India's direct control she has been entrusted with weighty responsibilities in respect of the training and maintenance of the sea, land and air forces required for the grand offensive of which she will be the main base.

10. As I shall explain later, the setting up of this new command does not of itself either add to or diminish India's liability for defence expenditure. It is clear, however, that a substantial increase in the demands on India's resources of skilled man-power and materials, even though the cost were not borne by Indian revenues, would impose a severe additional burden on her economy which has already shown distinct signs of overstrain, and might even lead to a serious breakdown. This danger has been foreseen and a number of safeguards have been introduced to ensure that India's economic stability, on which depends not only the well-being of her people but her utility as a base for the operations in question, is not imperilled.

This does not mean that any slackening of India's war effort or any repudiation of commitments entered into by her towards the other Allied Nations is contemplated.

The Government of India have, however, made it clear that no further substantial increase in the overall quantum of war demands on India's resources can be met without grave risk of economic collapse and that an early lightening of her present burden, by the release for vital civil needs of certain types of supplies and productive capacity at present appropriated for war purposes, is essential in order to counteract the unhealthy tendencies now manifesting themselves.

As regards the extra demands for supplies and services only obtainable in India, which must inevitably arise out of her utilisation as an operational base, these can only be met provided equivalent relief is afforded by the diversion of war demands previously placed on her to other sources of supply, or by other means.

Land Forces.

11. The land forces in India continued to grow throughout the year partly as a result of the bringing of additional forces into the country and partly by further raisings in India in accordance with the expansion plans, though owing to the increasing insistence on the maintenance of quality the rate of recruitment was lower than in the previous year.

During the course of the year, as foreshadowed in my last budget speech, these forces reached approximately the strength held to be necessary and sufficient for local defence purposes. How the strength in India will be modified in the near future by the combined effect of further increases in recruitment and movements of troops into and out of India, depends of course on operational developments. In any case, should the strength of troops in India at any time exceed the limit to which I have just referred, the cost of such excess would, as I shall explain shortly, not fall on India.

12. Further improvements in the conditions of service of officers and other ranks of the Indian Army have been introduced or are in contemplation. Rates of corps pay admissible to I.C.O's employed in technical branches have been levelled up to those admissible to K.C.O.'s, while the rules governing the grant of disability and casualty pensions have been liberalised on the lines recently adopted by His Majesty's Government in regard to British service personnel.

In the case of other ranks an important development has been the improvement of the scales of rations allowed for Indian troops. Reports from the medical authorities indicated that the previous scales were deficient in certain nutritive properties and that in the interests of the health of the troops some changes were desirable. More liberal and varied scales approximating to those allowed on field service were accordingly introduced with effect from the 1st July 1943 at an estimated annual cost of about Rs. 6 crores.

In addition, military pensioners are sharing in the general increases recently sanctioned in the amounts of small Government pensions up to Rs. 40 a month.

Military Stores.

13. The year under review has seen a further large increase in the volume of military stores handled in India, mainly due to steadily increasing arrivals of guns, ammunition, tanks, lorries, equipment of all sorts, raw materials and foodstuffs, from the U.K., the U.S.A., Canada, Australia, etc.

The administrative problem of providing storage accommodation for these large accretions and the staff and establishments required for their custody, distribution and maintenance is one of the most difficult with which the defence authorities in India have been faced, involving as it does extensive and costly building projects and the recruitment and training of technicians capable of handling and repairing the complicated machines required for modern warfare. Great progress has been made during the year towards meeting these requirements but much still remains to be done.

In particular schemes for increasing the capacity of India's railway system and for providing the additional port facilities so essential to her as a base for operations overseas are rapidly going ahead.

Royal Indian Navy.

14. The Royal Indian Navy continued to grow and in order to deal with the increased intake of personnel new training establishments were sanctioned and existing establishments expanded. The programme of new construction of ships in India is now well advanced and a considerable fleet of war vessels is now in commission.

The value of the new fleet as an ancillary to the older navies of the Allied Nations is being more and more recognised. During 1943, in addition to carrying out its primary role

of local naval defence of India, the R.I.N. has been engaged in escort work, and has also been employed in support of the army on the eastern front. Units of the R.I.N. have, moreover, operated in British waters and participated in various operations in the Mediterranean including the invasion of Sicily.

Indian Air Force.

15. The rapid expansion of the air forces in India continued throughout the year, which saw the arrival of many additional squadrons, some of types entirely new to India, together with ancillary and maintenance units of all kinds. The forces now in India are not only capable of dealing adequately with any attack by air that might conceivably be launched against her by the enemy, but they have for some time past been much in excess of the strength held by the Indian defence authorities to be necessary and sufficient for this purpose.

India's liability for these squadrons, ancillary units and maintenance facilities arises, of course, only in respect of those held to be needed for purposes of her local defence.

16. Turning now to the Indian Air Force it is gratifying to note that the supply of modern aircraft is no longer a limiting factor in its expansion and satisfactory progress has been recorded in implementing the main Ten-Squadron Plan. Indeed, the chief limiting factor is now a lack of officer pilots. For both the Ten-Squadron Plan and for India's participation in the Empire Air Training Scheme 70 pilots a month are needed and unless the best of India's man-power comes forward to meet this requirement we shall not be able to build up the strong Indian Air Force which this country should possess.

In addition to the expansion envisaged in the Ten-Squadron Plan and participation in the Empire Air Training Scheme, the Indian Air Force has undertaken four further important expansion measures. The first of these is the development in India of the complicated and extensive training and maintenance organisation necessary to back up her Ten-Squadron Air Force.

The second measure is the introduction of a scheme for the appointment of a number of I. A. F. personnel to R. A. F. staffs and units in India to gain experience in established units working under war conditions. This scheme is wide in its scope and will eventually not only add thousands to the wartime strength of the I. A. F. but also provide the basic material from which to build up a permanent training and maintenance organisation behind India's Air Forces.

The third measure is the Indianisation of the Balloon Squadron of the Air Forces in India.

The fourth measure is the inauguration of the Indian Air Training Corps to give pre-entry training to prospective pilots at Universities. Eight Universities have started Indian Air Training Corps units under this scheme.

17. The well-being and welfare of the Services has been assigned a higher place both in administration and in the apportionment of financial resources than in any previous period. Physical fitness and thorough training must be allied with mental fitness, which can only be achieved if the fighting man knows what he is fighting for and also is assured of a reasonable standard of comfort and recreation when he is not actually training or fighting.

The provision of amenities and arrangements for the soldier's welfare generally are secured by means of Government grants for expenditure on the purchase of literature, games requisites, radio sets, gramophones and so forth, as well as on the construction of recreational institutions, their furnishing and equipment. Concert parties for both British and Indian troops have been arranged and recently there has been a very large expansion in this class of amenities. Grants are also made for the promotion of more serious mental and physical recreation, which are intended to be spent on Unit libraries, hobbies and handicraft equipment. the provision of external lecturers and visits to places of interest.

A good deal of attention is now being paid to the protection of the interests and promotion of the well-being of the men's families, as on this depends to a great extent the morale of the fighting soldier. So far as British troops are concerned this is done mainly through the agency of the Soldiers, Sailors and Airmen's Families Association. The welfare of the Indian Services' families and ex-servicemen is safeguarded by the Soldiers Board organisation which has recently been greatly strengthened and extended with the help of grants from defence funds, and now covers all areas which have furnished considerable numbers of men to the Services. The Soldiers Boards are aided by the Civil Liaison Officers organisation which is staffed by military officers, and which is a link between the District Soldiers Boards and the Headquarters of the Services. These organisations investigate all complaints from absent soldiers, sailors and airmen and their families, look after their interests in law suits, ensure that they get their fair share of rations and necessities when there are shortages, and generally see to the well-being not only of the families but also of discharged or disabled service men.

Financial Settlement Stands.

18. The effect on India's finances of the developments in the defence field that have just been described have now to be considered. The allocation of defence expenditure between India and the U.K. continues to be governed by the terms and principles of the Financial Settlement, and developments in the war situation and the establishment of the S. E. A. Command have not rendered it necessary to depart from those principles. In accordance with those principles India's liability for the cost of forces serving within her geographical frontiers is subject to the condition that such forces are both necessary and available for local defence purposes. It has been recognised that the strengths of forces needed for such purposes at any time are subject to maximum limits and limits of this nature have already been laid down by H.E. the Commander-in-Chief for both the land and air forces.

These limits (or ceilings as I shall term them) are of course related to the actual or probable threats to India's security at a specified time and are, therefore, subject to revision in the light of developments in the war situation as a whole.

The estimates and accounts of India's defence expenditure have, therefore, to be prepared with due regard to those ceilings, as certified from time to time by the Indian defence authorities, which set bounds to her liability for the cost of the additional forces brought into or raised in the country. During the year 1942-43, neither of the ceilings came into effective operation but in framing the estimates for subsequent years they constitute an important factor, particularly on the air force side.

As already indicated, so far as land forces are concerned the present ceiling has not yet been exceeded and the revised estimates have, therefore, been based on the actual strengths likely to be available in India for local defence purposes. In the case of the air forces, however, the ceiling was reached during the current year and for some time past the strength of air forces in India has exceeded the ceiling strength by a considerable and steadily growing margin.

19. It will be recalled that in my last budget speech I explained that pending arrival at an understanding regarding the air force ceiling, provision had been made in the 1943-44 budget estimates for only half the extra expenditure arising out of the expansion of the air forces in India, the balance of the expenditure being included provisionally under suspense. The air force ceiling eventually prescribed turned out to be less than the estimated strength of air forces for 1943-44 and as a result the half share (amounting to Rs. 10.82 crores) of the estimated recurring cost provisionally taken under suspense became distributable between India and H. M. G., in the proportion of Rs. 8.98 crores to Rs. 1.84 crores.

So far as capital outlay on the provision of airfields and other operational facilities is concerned it was found that all the airfields etc., included in the 1943-44 programme were necessary to enable the air forces included within the ceiling to perform their function of defending India. Accordingly provision has been made in the revised estimates for the whole of such capital outlay, whereas in the budget estimate for 1943-44 a sum of Rs. 9.32 crores, representing one-half the estimated capital outlay on the expanded air forces had, pending investigation of this point, been provisionally taken to suspense.

While the Defence estimates exclude the cost of forces serving in India in excess of ceiling strengths, India also bears no financial liability for other units or formations employed in India on duties unconnected with her local defence or for measures such as those relating to the expansion of administrative and maintenance organisations, the acquisition and holding of additional stocks and the improvement of internal transportation and port facilities, which are incidental to the setting up of the S.E.A.C., or to the utilisation of India as a base for large-scale offensive operations against Japan.

Revised Defence Estimates.

20. The revised estimates of defence expenditure for the year 1943-44 amount to Rs. 262.64 crores and Rs. 38.30 crores under the Revenue and Capital heads respectively. The details are as follows :—

Revenue portion. (In lakhs of Rs.)

(1)	Basic Normal Budget	36,77
(2)	Effect of rise in prices	13,01
(3)	India's War Measures	204,53
(4)	Non-effective charges	8,33
	Total ..	262,64

Capital portion.

(1)	Air Force—Airfields	14,67
(2)	Capital outlay on industrial expansion	6,00
(3)	Reciprocal Aid—Airfields	10,85
(4)	New Construction for the R. I. N.	2,58
(5)	Capital outlay on Tele-communications scheme	4,20
	Total	38,30

21. In the Revenue portion, the increase of Rs. 2,39 crores in item (2) over the corresponding budget figure is due to the increase in the price levels of stores and to the grant of improved scales of rations to Indian troops from 1st July 1943. The increase of Rs. 77.52 crores in item (3) is due mainly to the two causes just mentioned, as well as to the inclusion of a portion of the recurring expenditure on the air forces provisionally placed under suspense last year, to increases in the strengths of forces in India and to increased supplies and services rendered, by India to the U.S.A. on Reciprocal Aid terms. A reduction in the estimated total of receipts on account of lend-lease stores supplied to Provincial Governments, Railways, the Posts and Telegraphs Department and other paying indentors from Rs. 15 crores to Rs. 12 crores has also contributed to the excess.

The estimate of non-effective charges shows a slight reduction due to the restriction on retirements and the re-employment of pensioners. The reduction is less than it would otherwise have been owing to the inclusion in the revised estimate of provision for the general increase in small pensions with effect from the 1st November 1943.

22. As regards the capital portion, the amount included in the Budget against item (1) was Rs. 2.52 crores, Rs. 9.32 crores being held under suspense. The revised estimate therefore represents an increase of Rs. 2.83 crores over budgetary anticipations, due mainly to heavy liabilities carried forward from 1942-43.

The increase of Rs. 2 crores in item (2) arises out of unforeseen expansions of ordinance factories and dairy farms during the year.

Item (3) shows an increase of Rs. 8 crores due partly to a heavier carry-over of liabilities from 1942-43 and partly to additional demands for airfields and connected works required by the U.S.A. forces in India. The decrease of Rs. 70 lakhs under item (4) is due mainly to a carry forward of liabilities to 1944-45.

23. Civil Expenditure in the current year has increased from Rs. 76.78 crores provided for in the Budget Estimates to Rs. 84.29 crores. Of this increase about Rs. 1 crore represents self-balancing items such as War Risks Insurance premia, Cotton Fund and the collections under the Sugar (Temporary Excise) Ordinance, 1943. The problem of evacuees from Burma, Malaya, and other enemy-occupied territories continues to engage the attention of the Government. The scheme of financial assistance to evacuees and the families in India of British subjects detained in enemy-occupied territories has been continued during the year. The organisations set up in the Provinces have been further strengthened and efforts have been particularly directed to the finding of employment for the large number of refugees still unable to support themselves. These measures are estimated to cost Rs. 2.92 crores in the current year, an increase of about Rs. 2 crores over the budget provision.

24. In my last Budget speech I mentioned that a review of Civil Defence policy was being undertaken. The savings in the current year's budget did not, however, materialise and we had to incur certain unforseen expenditure in the North-East. The revised figures for 1943-44 are consequently Rs. 49 lakhs in excess of the budget. In the light of the improved war situation a further review was made in November last.

A.R.P. activities have now been closed down in about two-thirds of the 346 towns in which precautions of varying degree had been in force and the estimated expenditure for 1944-45 is nearly Rs. 1½ crores less than the revised figures for the current year.

25. In co-operation with the provinces and States, the Government of India have intensified their efforts in the prosecution of the "Grow More Food" campaign, and have assisted schemes either by loan or grant to an extent of well over Rs. 2 crores. Such schemes include the distribution at concessional rates of improved seed and manures, irrigation projects promising quick returns and the provision of additional agricultural staff.

26. The Revised Estimates include provision for a grant up to Rs. 3 crores by way of Central assistance to Bengal in meeting the heavy expenditure the Province has been called upon to bear on famine relief. Without attempting to assign causes or to impinge on the strict constitutional allocation of financial responsibilities, we feel that the calamity which has overtaken large areas of the Presidency is so unique and of such magnitude as to justify a substantial contribution from Central resources both this year and next. The actual amount of the grant in each year will be a proportion of the booked expenditure under certain famine heads.

27. I would mention here that the Government have recently carefully considered whether the somewhat uneven effects of the impact of war on provincial finances called for temporary modification of the manner in which the provincial share of the divisible income-tax pool is allocated between the provinces as prescribed in paragraph 5 of the Government of India (Distribution of Revenues) Order, 1936. A full examination of recent developments in the finances of all provinces led to the conclusion that, although some provinces are clearly in a more prosperous condition than others, the situation is not such as to call for modification at present, and that such action would have an unsettling effect. This view is shared by the Secretary of State.

Lloyd Barrage Debt.

There is one other matter in the field of provincial finance calling for comment. Some time ago the Sind Government advanced a proposal for setting-off the capitalised value of the subvention prescribed for them in the Schedule to the Distribution of Revenues Order in Council against the outstanding balance of the Lloyd Barriage debt, the remainder of the debt to be defrayed from Sind's free balances. Owing to the high level of agricultural prices, land values have risen very considerably and sales of land in the Barrage area have accelerated

to a pitch which the original estimates could not possibly have foreseen. Further, it has been found possible to fix larger initial purchase instalments and to reduce the number and amount of subsequent instalments. This excess of present receipts over estimates will be reflected in a fall in receipts in the later years of the repayment scheme.

It, therefore, seems desirable to recognise the change in conditions which has occurred since the original repayment scheme was devised, and the Government of India have supported the proposal to the Secretary of State, who is now taking the steps necessary to secure an amendment to the Schedule to the Distribution of Revenues Order in Council. Under the arrangement proposed the subvention will be capitalised at 4½ per cent. per annum, the rate of interest borne by the Barrage debt. It is a remarkable index of the financial prosperity of Sind that she is now in a position to repay the balance of some Rs. 5⅝ crores required to complete the transaction. The extinction of this large provincial liability, with all that it means for the people of Sind, will be a major example of the salutary process of debt repayment which is now going on, and which is a welcome compensation for some of our other economic ills.

Dearness Allowance.

28. I referred last year to the problems of the increased cost of living and its bearing on Government servants. With the approval of the Standing Finance Committee we last revised our scheme of dearness allowance in June 1943 when we further increased the rates and raised the limits of pay up to which the allowance is admissible. We are now considering a measure of further liberalisation. Under the existing scheme we expect to spend this year on this object, in respect of Central Government servants other than those paid for from Railway and Defence Estimates, almost Rs. 2¼ crores. In accordance with our general anti-inflationary policy, which favours the provision of cheap supplies wherever practicable, we have readily extended to Central Government servants the benefits of schemes adopted, to secure this object, by the Governments of Assam, Bengal, Bihar and the U.P., and have made similar arrangements involving concessional prices for certain food-grains to our employees in Delhi and Simla on pay not exceeding Rs. 300. These measures are likely to cost, this year, about Rs. 41 lakhs. We prefer, however, to tackle these problems by measures of wider applicability, which affect living conditions throughout the country.

29. The House is already familiar with the various control measures, both in the financial and the commodity field, which have been brought into operation since my last Budget. I would here refer to the activities of two Departments of Government which have been concerned mainly with the enforcement of commodity controls. It is clearly of no avail to attempt to stabilise the prices of the other elements which go to make up the essential minimum requirements of the people, if the most important element, namely food, is left free to exert an uncontrolled pressure on the general price structure. The acceptance of the principle of the statutory control of food prices as an integral part of the general policy designed to stabilise the economy of the country has, as Honourable Members are aware, been achieved only with the greatest difficulty.

The experience of the past year has clearly shown that shortages of food, as of other commodities, are created as much by psychological as by physical factors and that the controlled distribution of food-grains at reasonable prices can only be secured by the planned movement of surpluses supported by urban rationing and price control. The Government of India have announced their intention of proceeding towards all-India statutory price control by way of provincial and regional controls as well as the extension of urban rationing all over India. Substantial progress has already been made towards both objects and we are determined that no local or sectional interests shall be allowed to obstruct the execution of a policy essential for the well-being of the country as a whole. To support this policy, further imports of food-grains from abroad have been arranged and these have been arriving regularly since the middle of October last.

Thus, as far as actual physical shortages of food are concerned, there has been much improvement, and this should help to restore confidence, strengthened in the cities by the knowledge that, through rationing everyone will receive a fair share of available supplies.

At the same time it is the intention that the primary producer shall obtain a fair price for his crop and, what is more, a fair return in terms of the things which he has to buy. We may, therefore, hope that the factors which a year ago led to speculation and shortage will cease to operate and that with the growing realisation of the Government's determination and ability to control the situation, confidence will be fully restored.

Industries And Civil Supplies.

30. I turn now to civil supplies other than food. In this sphere the measures which have been taken by the Department of Industries and Civil Supplies have resulted in a very considerable easing of the situation. In regard to cloth, the most urgent requirement of the country after food, agreement was secured in June 1943 with the cotton textile industry to a scheme which brought the whole of the production of this country under control. This was combined with a large measure of rationalisation through the manufacture of Standard Cloth to the extent, if necessary, of 2,000 million yards and with measures calculated to bring hoarded stocks back into the market. Ceiling prices were fixed for all cloth going into the civil market, and steps taken to prevent its being hoarded.

These measures were rendered effective by the co-operation of the industry, without which the task would have been immensely more difficult, and have not only secured a reduction in retail prices of the order of 40 per cent. but have reassured the consumer that he will not again be exposed to the merciless exploitation of last year. This feeling has been confirmed by the recent further reduction in ceiling prices.

Another vital need of the country is an adequate supply of drugs and medicines at reasonable prices. Here the problem was different because India's production is inadequate to her requirements and she must rely largely upon imports. Increased supplies have been arranged and are already beginning to come in. Their distribution and price are regulated under the Drug Control Order of November 1943. These measures have already yielded valuable results and there is every reason to expect that the situation will continue to improve. Apart from the equitable control of the price and distribution of existing stocks and an increase in imports, Government have also endeavoured to secure wherever practicable the release on a more generous scale of indigenous supplies hitherto mainly reserved for defence requirements. Twenty-five per cent. of the Indian output of woollen clothing for defence requirements is now being released for the civilian consumer, and steps are also being taken to make similar releases of capacity for the manufacture of footwear.

The measures I have described were intended to relieve the situation in respect of specific vital commodities, but there remained a thousand and one other consumer goods which were placed out of the reach of the ordinary man by the anti-social practices of profiteering and hoarding. To combat these it was necessary to frame an all-embracing enactment, designed generally to lower prices and to ensure that such supplies as are in the country are made freely available to the consumer. The results hitherto of the Hoarding and Profiteering Ordinance cannot be regarded as unsatisfactory, but its complete success must ultimately depend on the full co-operation of the general public.

Supply Department.

31. In the activities of the Supply Department since my last Budget Speech, two important changes have occurred, in the setting up of an organisation for Aircraft and one for Salvage and Disposals. The latter has been established to effect a more rapid and widespread civil utilisation of military salvage as well as of other classes of salvage and of surplus stores, and to be the foundation of a post-war Disposals Organisation. The importance of utilising salvage as a means of husbanding our resources during the war needs no emphasis, and already large quantities of scrap and unserviceable stores are being economically absorbed. It will be even more important to ensure that the disposal of the vast quantities of surplus military stores which will be released at the end of the war is effected in an orderly manner.

The value of the orders placed by the Supply Department rose from Rs. 184 crores in 1941-42 to Rs. 256 crores in 1942-43 and was Rs. 129 crores in the first nine months of 1943-44.

The increase during the last two and a half years does not, unfortunately, reflect simply the rise in the volume of supplies secured. The Supply Department has not escaped the fate of other consumers and has had to pay steadily rising prices for its purchases over this period. There has been some falling off in demands in certain lines as I foretold last year, and although we cannot hope that the burden over the whole field will be greatly lightened in 1944, the demands for certain types of supply will continue to decrease gradually. This will afford an opportunity of diverting orders to other uses, and, together with the measures which are being taken to control prices will lead, I hope, to a reduction in the cost of our supplies. It will at any rate make it easier to hold out for narrower margins of profit on war orders, which we have always wanted, but have not always been able to achieve.

32. This concludes my general review of the current year and it only remains for me to summarise the final position.

Our revised estimates for revenue show an improvement of Rs. 35.50 crores while there is a net increase of Rs. 87.34 crores under expenditure charged to revenue. We thus expect to close the current financial year with a revenue deficit of Rs. 92.43 crores.

Financial Year 1944-45.

Revenue.

33. I shall now deal with the financial year 1944-45. Our total revenue estimates amount to Rs. 284.97 crores as compared with Rs. 254.50 crores in the Revised Estimates for the current year. Anticipating that more shipping space for imports will be available next year we have placed the estimate under customs revenue at Rs. 27 crores against Rs. 25.94 crores in the current year. Under Central Excise Duties the estimates for next year allow for an improvement of Rs. 1.25 crores. Under "tobacco," where the experience gained has enabled us to improve the efficiency of the administrative machinery, we expect to collect Rs. 10½ crores as compared with Rs. 9 crores in the current year.

Taking into account the trend of recent collections, we are providing for a total of Rs. 174 crores under Corporation Tax and Income-tax. This includes an expected yield of Rs. 78 crores from E.P.T. The divisible pool of income-tax has been taken at Rs. 56.38 crores and the share available to Provinces will reach the high figure of Rs. 23.69 crores. Currency and mint receipts are placed at about the same level as the current year's revised estimate, while the contribution from Railways to general revenues has been taken at Rs. 31.37 crores. The revenue of the Posts and Telegraphs Department is expected to be Rs. 27.92 crores and expenditure Rs. 16.61 crores. Our estimates of expenditure for next year make provision for the transfer of an extra Rs. 1 crore to the Renewals Reserve Fund in view of the large outlay on the Tele-communications scheme. Even after this transfer, the surplus is estimated at Rs. 11.31 crores. the whole of which will accrue to general revenues.

War Risks Insurance premia which, as the House is aware, are taken to Revenue in the first instance, and later transferred to the relevant Funds, are expected to decrease by about Rs. 4 crores in the coming year owing to the lowering of the rate of premium.

34. *Defence Services.*—The budget estimates of defence expenditure for 1944-45 amount to Rs. 276.61 crores and Rs. 24.60 crores under the Revenue and Capital heads respectively. The details are as follows :—

Revenue portion.

In lakhs of rupees.

(1)	Basic Normal Budget	36,77
(2)	Effect of rise in prices	15,05
(3)	India's War Measures	215,58
(4)	Non-effective charges	9,21
	Total	276,61

Capital portion.	In lakhs of rupees.
(1) Air Force—Airfields	10,00
(2) Capital outlay on industrial expansion	2,00
(3) Reciprocal Aid—Airfields	5,20
(4) New Construction for the R.I.N.	1,60
Capital outlay on Tele-communications scheme	5,80
Total	24,60

35. In the revenue portion the increase of Rs. 2.04 crores over the Revised Estimates in item (2) is due partly to the fuller operation of the enhanced price levels and partly to the fact that the improved scales of rations to Indian troops introduced in July 1943 will be effective throughout 1944-45. In regard to item (3) the increase of Rs. 11.05 crores as compared with the Revised Estimates is the net result of large increases and decreases.

The increases are mainly due to the two causes just mentioned, to provision having been made throughout the year for the full air force ceiling strength, and to increased supplies and services expected to be rendered by India to the U.S.A. on Reciprocal Aid terms.

These increases are partly counterbalanced by reductions in expenditure as a result of anticipated despatches of troops overseas and a decrease in army works. The receipts to be realised during 1944-45 on account of lend-lease stores supplied to Provincial Governments, Railways, the Posts and Telegraphs Department and other paying indentors, have been roughtly estimated at Rs. 10 crores.

The increase of Rs. 88 lakhs in non-effective charges reflects mainly the effect over a full year of the increases in small pensions sanctioned from November, 1943.

36. The decrease of Rs. 13.70 crores under the Capital portion of the budget estimate as compared with the revised is due mainly to the completion in 1943-44 of the bulk of the airfields construction programme for the British and American Air Forces in India for the cost of which India is liable. A reduction during 1944-45 in the Capital expenditure on expansion of factories, dairy farms, etc., is also anticipated. The Tele-communications scheme is expected to be nearly completed during the coming year.

Mutual Aid Agreement With U.S.A.

37. In my last budget speech I referred to the possibility of India's entering into a direct Mutual Aid Agreement with the U.S.A. After preliminary discussions it was agreed to suspend these negotiations in view of the difficulty of determining India's post-war policy in certain respects at this stage. The Government of India nevertheless have accepted the principles underlying Mutual Aid and continued to receive lend-lease goods and services from the U.S.A., and to grant Reciprocal Aid in return. This Reciprocal Aid now takes three main forms :—

(*a*) Reciprocal Aid to the U.S. forces in India in the shape of rations, clothing, ordnance and other stores, the construction of accommodation, airfields and connected works, and the provision of transportation, communication and maintenance facilities of various kinds.

(*b*) Reciprocal Aid to U.S. shipping using Indian ports, in the shape of port dues of all kinds, ship repairs, and so on.

(*c*) Available raw materials and available foodstuffs such as tea, required by the U.S. Government directly for war purposes.

The arrangements for granting Reciprocal Aid of the first two kinds are working smoothly, but the administrative arrangements governing Reciprocal Aid for raw materials are still being worked out.

38. The estimated cost of Reciprocal Aid to be afforded to the U.S.A., on present information, during the years 1943-44 and 1944-45 is about Rs. 26 crores and Rs. 43 crores respectively and provision has been tentatively included in the Revised and Budget Estimates of the years concerned for these sums. The total cost of such aid up to the end of 1942-43 was Rs. 12¼ crores so that the estimated progressive total amount to the end of 1944-45 is a little more than Rs. 81 crores.

It is not possible at present to say what the total financial benefit that India will receive as a result of lend-lease supplies from the U.S.A. during the same period will amount to, because the allocation of lend-lease goods and services received in India between the Government of India and H.M.G. has not yet been determined. Assuming that lend-lease goods and services continue to be received in India at approximately the same rate as is obtaining now, the total value thereof up to the end of 1944-45 may be estimated to be of the order of Rs. 350 crores. The allocation of these benefits between H.M.G. and the Government of India is a matter of great complexity since it can only be based on the actual use to which the goods and materials will have been put and the classification of that use in terms of measures for which H.M.G. and India are respectively liable. On such investigation as we have been able to make up to the present it seems reasonable to assume that India's share in these benefits will not be less than one-third. For the reasons explained last year, however, any estimates of Reciprocal Aid and still more those of lend-lease must be taken with very considerable reserve.

Civil Estimates.

39. Civil expenditure shows an increase of about 2¼ crores as compared with the revised estimates of the current year. As, however, there will be a reduction of about Rs. 4 crores in the amounts transferred to War Risks Insurance Funds consequent on the reduction in the rate of premium, the real increase is about Rs. 6¼ crores. It accrues mainly under the head Interest, our liability for which increases with our increased borrowings and the success attending our savings campaigns. The full effect will begin to be felt next year and our interest payments are likely to increase by about Rs. 9 crores. Honourable Members will find full details of the variations under other items in the Explanatory Memorandum. I shall only mention here a few of the more important ones.

We are including provision for a contribution up to Rs. 1½ crores towards Bengal's expenditure on famine relief. An extra sum of Rs. 50 lakhs is being provided for food production, and Rs. 68 lakhs for residential accommodation for ministerial staff in Delhi. There will be a reduction of about Rs. 1½ crores in Civil Defence.

Industrial Research.

40. In connection with industrial research we have made provision for a grant of Rs. 10 lakhs for the construction and equipment of glass and fuel research laboratories and for general planning for other institutions. The Council of Scientific and Industrial Research has done valuable work within the limits of the funds allotted to it by Government, and the Government of India have now agreed to the Council drawing up plans for a co-ordinated scheme for the advancement of research on the assumption that Rs. 1 crore will be forthcoming towards capital expenditure on a chain of research institutions. The institutions in contemplation, in addition to the two I have mentioned, are a National Physical Laboratory, a National Chemical Laboratory and a National Metallurgical Laboratory.

The balance of Rs. 1 crore will be spread over a period of three or four years after the cessation of hostilities. This step will, I am sure, be regarded as a practical expression of Government's resolve to foster the development of Indian industry and should at the same time serve as an incentive to private enterprise to come forward and support industrial research. A handsome beginning has already been made by the Tata Trust, whose enlightened liberality in matters of this kind I gladly take this opportunity to acknowledge; they have now increased their promised donation of Rs. 8.30 lakhs towards a National Chemical Laboratory by a further Rs. 11.70 lakhs towards the proposed National Metallurgical Laboratory, making Rs. 20 lakhs in all.

41. I can now summarise the position for the coming year. The expenditure detailed in the Civil Estimates comes to Rs. 86.57 crores and the provision for Defence Services has been placed at Rs. 276.61 crores. Our total expenditure estimates thus amount to Rs. 363.18 crores. The total revenue at the existing level of taxation is estimated at Rs. 284.97 crores. We are thus left with a prospective revenue deficit of Rs. 78.21 crores.

Ways and Means : Combating Inflation.

42. I now come to what has always been called the ways and means position. That now imports a much larger and more complicated problem, nothing less than the release and absorption of general purchasing power throughout the country. Here as elsewhere great public attention has been focussed on it. We have all become conscious of the dangers of inflation, an awareness which has been heightened by the series of anti-inflationary measures which Government themselves have launched and which are in operation to-day, contributing in various ways and degrees to the desired result.

In every country at war the essential problem is the same. Goods and services are mobilised for the common end by a vast outpouring of Government money, and unless this is systematically re-absorbed on an adequate scale, it exercises an ever-increasing pressure on the reduced supplies available for civilian consumption. The effect on prices may be mitigated to some extent by controls and by rationing, but these must be accompanied by measures to reduce the abundance of purchasing power; in India the problem takes a special form because rather more than half of the war expenditure in the country is incurred by H.M.G. and other Allied Governments. It is true that the expenditure debitable to the Indian Budget has been fully met by taxation and borrowing throughout the period of the war. In that sense there have been no uncovered budgetary deficits, though there have, of course, been revenue deficits which have added to the permanent debt. But what matters from the point of view of preventing inflation is that the re-absorption of purchasing power should be adequate to the total Government outlay, and our troubles have arisen from the fact that we have not at all times been able to raise sufficient rupees from the market to finance the recoverable war expenditure.

The rupees issued to fill the gap have, of course, been backed by sterling assets, but since these are, during the continuance of war conditions, largely incapable of being converted into goods, the increase of free purchasing power in the country has had inflationary effects. It was for this reason, that I emphasised last year the supreme importance, for the maintenance of our own economic health, of more and more borrowing. It cannot be repeated too often or too widely that in their own interest the people of a country at war must " save and lend." I shall have more to say later on this topic, but meanwhile it is of interest to review the course and extent of Government borrowing during the last year.

Public Borrowing.

43. Thanks to sustained propaganda and special efforts throughout the country, and helped undoubtedly by the favourable turn in the progress of the war, we have succeeded in attracting, by various forms or public borrowing, a sum nearly three times as large as the total of the previous year. The subscriptions to the Defence Loans during the period beginning with the 1st February 1943 and ending with the 31st January 1944 amounted to a record figure of Rs. 115 crores. The third Defence Loan, 3 per cent. 1951-54, which was closed on the 30th June 1943 amounted to Rs. 55 crores, the amount subscribed from the 1st February to the 30th June being Rs. 23 crores. The total subscriptions to the fourth Defence Loan 3 per cent. 1953-55, within a period of about seven months have been Rs. 81 crores, i.e., at the rate of over Rs. 11 crores a month.

In May, 1943, a special issue of 3 per cent. Defence Bonds 1946 for Rs. 20 crores was announced to assist in the funding of the liabilities created in connection with the acquisition of railway debentures. The total sales of this issue now aggregate Rs. 19 crores. A further special issue of 3 per cent. 1963-65 was made in July and fetched Rs. 15 crores. In October 1943, an issue of 3 per cent. Funding Loan 1966-68 for Rs. 25 crores was made of which Rs. 20 crores were taken up by subscription and the balance of Rs. 5 crores was subsequently sold through the Reserve Bank. Recently a further issue of Rs. 50 crores of this loan has been made and about Rs. 4½ crores have already been sold.

It was announced in August that to assist in the funding of the liabilities connected with the acquisition of 2½ per cent. and 3 per cent. undated Sterling Stock, counterparts of 3½ per cent. paper would be created to the aggregate value of these two loans and would be sold through the Reserve Bank. There was considerable demand during the year for counterpart loans, mostly for 3½ per cent. Paper, the total amount invested in such issues during the period 1st February, 1943, to 31st January, 1944, being Rs. 93 crores against Rs. 36 crores for the corresponding period last year. As was the case last year, about Rs. 6 crores of new money was subscribed to certain provincial loans floated to enable the provinces to repay a part of the consolidated debt due to the Centre.

All these investments total Rs. 279 crores over the last 12 months which compares with Rs. 93 crores for the same period last year and an aggregate of Rs. 547 crores since the beginning of the war. This means that during the last twelve months we have been able to raise a little more than half the total amount raised since the beginning of the war.

Premium bonds in denominations of Rs. 10 and Rs. 100 carrying no interest but in respect of which half-yearly prizes, representing a rate of interest to Government of 2 per cent. per annum, will be allotted, have been issued from the 15th of January. It is too early yet to attempt to estimate the probable yield of the issue.

Small Savings.

44. In the important field of small savings, thanks in no small measure to the energetic co-operation of several provinces, which I gratefully acknowledge, there has been a welcome improvement. Whereas in 1941-42 and 1942-43 transactions in all forms of small savings resulted in net withdrawals by the public totalling Rs. 14 crores and Rs. 3½ crores respectively, they are now yielding net deposits at the rate of over Rs. 2½ crores a month and still show a marked upward trend.

As from the 1st October the Post Office Ten-Year Defence Savings Certificates were replaced by Twelve-Year National Savings Certificates, which are uncashable for the first three years but which yield to maturity nearly 3½ per cent. per annum compound interest free of income-tax. From the same date the rate of interest on Post Office Savings Bank Deposits was raised from 1½ per cent. to 2 per cent. per annum. Much of the excess purchasing power to-day is passing into the hands of those who are unaccustomed to investing in Government loans and it is important that as much of this as possible should be drawn off. For this express purpose a National Savings Commissioner was appointed last autumn broadly to direct and control the small savings movement from the Centre.

A scheme has been evolved which provides for the employment of authorised agents on a commission basis whose function will be to collect money for investment from villagers, purchase certificates on their behalf and deliver them in the villages. The scheme also provides for the appointment of centrally paid staff to assist provincial authorities, the establishment of savings bureaux in all important towns and for extensive publicity and propaganda designed to promote saving and investment. An honorary lady organiser has also been engaged to enlist the help of women's organizations. The scheme has been accepted by most provinces and is now getting under way. With the co-operation and backing of Provincial Governments we may hope for substantial results.

While we may take comfort from the encouraging response to the efforts which were continued throughout the year to attract support to public loans, it must be recognised that we have still a long way to go to achieve our purpose. The aim of our borrowing is not merely to meet out budgetary deficits but also to bridge the inflationary gap, and, as we shall see later, there is no reason why if the necessary concomitant steps are taken, we should not attain this target.

Physical Controls.

45. I have referred before to the variety of anti-inflationary measures that we have introduced. These are partly in the nature of physical controls and partly in the nature of direct monetary regulations. The object is, briefly, on the one hand to restrict spending on

the limited supply of consumer goods by the public, and, on the other, to canalise the neutralised purchasing power into Government securities direct, or at least into activities such as the production of consumer goods which tend to alleviate the present scarcity or which will have a definite salutary effect in the immediate post war period. *Pari passu*, the importance of increasing production and supplies has been recognised, and wherever circumstances permit, supplies are increased by import or production of suitable articles to satisfy irreducible public requirements.

In the matter of physical controls, the Government is handicapped by difficulties the nature of which is now always realised. It is not merely the vast size of the country and the educational backwardness of the general population ; but it is also a question of the sufficiency of experienced and capable personnel. Our main difficulties unquestionably arise from the lack of adequate personnel for operating the large variety of physical controls that are in operation, or that should be brought into operation. Nevertheless it is the Government's firm intention to take all possible steps to increase the effectiveness of the measures they have already adopted and to extend control in such further directions as the situation may from time to time demand.

46. In the monetary field we are faced with a difficulty of another kind, and that is, that a large proportion, of the purchasing power arising out of Government disbursements finds its way into the hands of classes which are not used to investment in Government securities, and whose outlook can only be changed by sustained persuasive and educative effort. In rural areas, of course, stress is first laid on the desirability of repayment of debts to the Government, Co-operative Banks and private individuals and it is most gratifying to observe that a good deal of progress appears to have been made with the reduction of the burden of agricultural debt.

47. So far as the investment-minded public is concerned, namely, institutional investors and the urban public generally as well as the indigenous credit agencies in the rural areas, we have endeavoured to devise a range of securities to meet every variety of demand. The Government are convinced that the further step suggested in certain quarters, namely, an enhancement of the rates of interest would be infructuous and is fraught with the risk of heavily mortgaging the future development of the country, apart from its immediate ill-effects on the balance sheets of institutional investors, who have for the last four years steadily supported the securities market. Nor can I see any advantage in the proposal that any other Allied Government should enter the field as a direct borrower, substituting its credit for that of the Indian Government. It has never been claimed nor is it likely to prove true, that such a substitution would assist in persuading the rural investor to change his attitude towards investment in Government securities.

Sales of Gold.

48. At this stage I may mention one other important anti-inflationary measure which has attracted public attention. I refer to the sales of gold which the Reserve Bank has been conducting for the last six months. These sales afford an age-old alternative to those who do not, for one reason or the other wish to invest in Government securities, notwithstanding the advantages of the latter over investment in gold. As I said in reply to a question in this House earlier in the present session, the gold has been provided by H.M.G. and the Government of the U.S.A. from their own resources and the sale proceeds have been used by them towards their war expenditure in India. The import of this gold has thus usefully reduced the gap between India's exports and the restricted imports of other commodities which are available in present circumstances, and by its direct effect in absorbing surplus purchasing power, as well as by its less direct influence, has materially supplemented the other measures which we have been taking to counter inflation and check the rise in commodity prices.

Sterling Credits.

49. Now I come to the other facet of the same problem, namely, the accumulation of sterling and the possibility of utilising this to the best advantage of the country, or what is sometimes called, the transfer problem. Our sterling credits continued to grow during the

year on account of the recovery of war expenditure from H.M.G. and Allied Governments and the purchases from the market, resulting from the current trade surplus. Allowing for receipts and payments during the remaining month of the financial year, it is estimated that the holdings of the Reserve Bank as on the 31st March 1944, will be approximately Rs. 950 crores.

The question of these large balances continues to engage Government's earnest attention. So far as concurrent utilisation is concerned, the possibilities of repatriation of our public debt have very nearly been exhausted as the year saw the final stage of the programme of repatriation. The 3½ per cent. Railway Debentures, for which notice of redemption was given last year, were redeemed on the 4th February, 1944, the amount paid being £8·8 millions. Stray parcels of the Government of India's sterling stock, both dated and undated, and of Railway Debentures bought and cancelled during the current financial year amounted to £3 millions, rupee finance being provided by Government from their balances. Including dated and undated Government of India Stocks, Railway Annuities, Railway Debentures, purchase of railways and one-fourth of the Chatfield debt, the total amount of our sterling obligations redeemed to date is about £350 millions. The sterling liabilities now outstanding consist of the comparatively small amount of £11½ millions of Government of India Stock and Railway Debentures. These amounts represent holdings which either fell outside the scope of the Vesting Orders or in regard to which there has been delay in surrendering the scrip for redemption.

50. In my budget speech last year I said that while it was difficult to state with precision to what extent the funding of the floating debt for the purposes of repatriation had been achieved, the broad position was that Rs. 160 crores could be regarded as being in the form of Central Bank finance. I am glad to be able to inform the House that, mainly as a result of the operations already mentioned, this excess has now been reduced to only Rs. 20 crores, which is roughly equivalent to the amount by which the rupee securities held by the Reserve Bank in its Issue Department exceed the corresponding figure at the outbreak of the war. As a further measure of residual repatriation, arrangements have been made for the acquisition of the Madras and Southern Mahratta Railway and the South Indian Railway from 1st April, 1944, i.e., 21 months in advance of the date when we would be entitled to do so under the agreements with the Railway Companies. These operations will absorb a sum of approximately £6 millions.

Post-war Monetary Regulation Plans.

51. As the House is aware, discussions have been taking place in Washington from time to time in regard to the British and United States and other plans that have been put forward for international monetary regulation in the post-war period. These discussions have so far been at the technical level without implying any commitments on the part of the Governments of the countries represented. India has not so far been directly represented in these conversations though we have been kept fully informed of their progress by our Agent-General in America and by H. M. G. The Government have invited opinions in this country on the proposals and the subject has recently been discussed in the General Policy Committee for Reconstruction. After an opportunity has been afforded for discussion in the Legislature, Government will be in a position to formulate their views. It is expected that in due course a conference of all the United Nations will be convened at which India will be represented.

It is patent that one of the problems that will confront the world in the post-war period will be the orderly liquidation of balances acquired by various countries during the war and in considering whether India should lend her support to any scheme that may be put forward for international monetary regulation, one of the major considerations will naturally be the extent to which such a scheme assists in providing a solution for problems of this character.

Dollar Fund.

52. This is an issue the outcome of which it is not possible to prejudge at the present stage. Yet it is a matter of peculiar interest to this country, faced as it will be after the war with the urgent necessity of raising its extremely low standard of living. For this purpose

plans for reconstruction and development, including a forward policy of industrialisation, are now being laid. The early implementation of these plans will, however, be dependent to no small extent on external finance. This aspect of India's post-war problem was discussed with H. M. G. in connection with the acceptance by India of the general principle of the extension of reciprocal aid to raw materials and foodstuffs. H. M. G. fully sympathise with the desire of the Government of India to make such advance provision as may be practicable during the war for the requirements of post-war development.

The House will be gratified to know that H. M. G. have agreed in this connection, and as an integral part of the reciprocal aid arrangement, to set aside each year from now onwards a part of the dollars accruing from India's exports to the U.S.A., apart from and in addition to our current dollar requirements which are met from the Empire dollar pool under the usual sterling area arrangements.

These amounts will be held in a dollar account by the Reserve Bank of India with the Bank of England and will thus be immediately available for India's development purposes after the war.

Post-war Planning.

53. This is perhaps the most suitable stage for me to say a few words on the financial aspect of post-war planning. I have been dealing with magnitudes large in the perspective of Indian finance, and this is itself seems to provide a bridge between the limitations of the past and the larger future. Indian public opinion in striving to outline that future, is also thinking in figures of an order which would have frightened an older generation. Let me say at once that I fully recognise that if any effective development is to take place, large amounts are bound to be involved, but this is equally true of war. But perhaps the closest resemblance between war finance and reconstruction finance as this : they both involve, and necessarily involve, a continuously high level of taxation, as well as of borrowing, if the objective is to be attained.

It is true that if the investment is wisely carried out, we may expect from development expenditure both an increase in the real income of society and an increase in the taxable capacity of the country, but we cannot overlook the fact that some forms of investment will never be able to pay for themselves in the literal sense of being financially self-supporting. This is obviously true of two forms of effort which must inevitably bulk large ; public health expenditure and expenditure on education. In the phase of expansion, very heavy capital outlay will be involved, and once the desired level has been reached, there will be a heavy recurrent charge, a large proportion of which will inevitably fall upon the general budget of the Centre and the Provinces. It is indisputable that the nation will greatly benefit by such capital and recurrent expenditure; but it is equally beyond doubt that the annual recurrent cost cannot be met out of taxation levied from the direct beneficiaries themselves. A heavy residual budgetary charge will remain.

External Reserve Indispensable.

54. That brings me to another point. We may hope, and legitimately hope, that the provision of capital equipment from overseas will be powerfully assisted by our possession of large sterling balances. We must not, however, ignore the difficulties which are likely to arise, in at least the first post-war decade, from competing claims for capital equipment and from transfer difficulties associated with the balance-of-payments position of the United Kingdom. Again, to utilise the whole of these balances and at the same time the whole increment of foreign funds accruing from current exports, would leave India with a wholly fiduciary currency. A note-issue with nothing behind it except the authority of the Government is exposed to all the winds that blow, and some of them might be very adverse indeed—a failure of the monsoon, or a world-depression or a renewed threat of war might easily lead to a flight from the currency or to a demand for foreign exchange which it would be very difficult to satisfy. Some external reserves seem to me to be absolutely indispensable, and, therefore, it is unrealistic to assume that foreign balances, actual or prospective, could in any circumstances be fully available for reconstruction finance.

55. I have no wish to enter into controversy regarding certain aspects of the plan which a number of prominent business men have recently put out in the desire to focus discussion and to provide a nucleus for constructive thinking. I am, however, bound to confess to a feeling of misgiving regarding the extent to which the financing of post-war-development could be based on "created money." I realise fully that an expansion of the currency in peace time, during a period of rapid intensification of production, is a different thing from an expansion accompanying the enforced scarcities of war time. But the difference between the initial effects may well be much less than has been suggested. In so far as development projects are concerned with capital investment, a time-gap will necessarily intervene between initial investment and final completion, during which time no addition to the national income in real terms will take place to offset the inflationary effect, and by the end of that time prices will already have risen.

Again, if development projects such as education and public health are to be financed in this way, the effect will be still more marked. For although improved health and higher standards of education are important elements of national well-being, their influence on national production and on national income is of a more remote and indirect nature, whilst the influence on money-incomes and on demand created as a result of inflation will be direct. I must say in justice to the authors of this proposal that they are aware of the dangers involved and propose to counter these effects by drastic over-all controls imposed by a strong Central Government.

This would mean that the public, which has had perforce to submit to control in war time when the fact of shortage was inescapable, should accept the continuance of controls prolonged over a far longer period after peace returns. I am far from suggesting that the results to be achieved would not justify this degree of sacrifice. But could so comprehensive and drastic a control be effectively administered in the conditions of this country, with the internal inflationary pressure rising rapidly with each succeeding year ? It would surely not be wise to force the pace of post-war development at the cost of imposing such severe limits on the standard of living during the development period, at the cost of further accentuating the disparities of wealth which inflation inevitably entails, or at the risk of a financial and economic collapse before the objective itself could be reached.

Reconstruction Funds.

56. It is my firm conviction that the first pre-requisite of reconstruction finance is a sound financial position, both at the Centre and in the Provinces, secured by the fullest development of their respective taxation resources. This may perhaps sound pedestrian, but in the light of our experience of war-time finance there is no reason, given the will to find money for peace on the scale on which it has been found for war, why resources should not be forthcoming to an extent which could not possibly have been envisaged in pre-war days. Many Provinces have already started exploiting their revenue sources and building up reconstruction funds, as a result of which they will embark on the post-war period with an improved revenue position and a useful cash balance. This is a hopeful start, though there is still considerable scope for extension ; but the magnitude of the problem is so great that the Provinces will undoubtedly need all the financial assistance that the Centre may be in a position to give.

I have recently brought under review the post-war budgetary position of the Central Government, in so far as the many uncertainties inherent in the conditions of the present and the future permit. The review indicates that, on the assumptions of a reasonably speedy rate of demobilisation after the conclusion of hostilities, the maintenance by concerted international effort of full production and employment, and a determination on the part of the Government of the day to utilise to the full the taxable capacity of the country, it might well be that after one or two deficit years, revenue surpluses would emerge rising in the fourth or fifth year to the order of Rs. 100 crores per annum. With all-out borrowing continued in accordance with the technique developed during the war, it is by no means fantastic to visualise total resources for the purposes of reconstruction during the first effective quinquennium approximating to the Rs. 1,000 crores level ; and this excludes any estimate of direct private investment. Beyond that I would prefer at this moment not to attempt to dip into the future,

although it would be reasonable to assume that estimates for the subsequent five-year periods could be related to the actual results of the first quinquennium in a sort of geometric progression.

57. The immediate task of investigation and planning is already well in hand, and some of the official reports and data which are now under the consideration of Government will shortly be released for the information of the public. These constitute the essential raw materials of any practicable plan of development, but equally important is the preparation of a sure foundation of sound finance capable of carrying with safety the edifice to be erected upon it. This edifice can itself be made both stronger and larger if the invidual schemes of which it is composed are so designed as to be in their revenue aspect as remunerative as possible, and if high priority is accorded to such of them as can contribute directly to an increase in material wealth and prosperity and thereby reinforce the public revenues.

New Proposal.

58. Whether we approach the matter from the viewpoint of building the new India of our hopes, or from the viewpoint of mitigating the hardships and inequity of the immediate present, it is clearly our paramount duty to deal first with the menace of inflation. That danger cannot be said to be averted, nor can the upward movement of prices be regarded as securely arrested so long as the total of our taxation and borrowing falls short of the total of rupee outgoings. The problem of closing this gap, or reducing it to innocuous proportions, has, therefore, to be tackled in a determined and systematic way.

The Government's plan has three broad aspects. In the first place, we must control and stabilise the net over-all demand placed upon Indian resources, compensating as far as possible for any inevitable increases by imports of food, bullion or other capital and consumer goods.

In the second place, we must step up in every way the rate of rupee incomings until it equals the rate of rupee outgoings.

In the third place, we must maintain and extend our price controls.

These three methods of attack must all be pursued concurrently and experience has already shown that they are capable of yielding the desired results. Our calculations show that during the current year the gap between total incomings and total outgoings of rupees was of the order of Rs. 250 crores. In the fight of the remedial measures which we have already taken, and assuming the continued operation of the favourable factors now at work, we hope for a substantial narrowing of the gap in the coming year.

The proposals which I have now to make are designed virtually to close the gap, and to check the insidious process which is capable of causing such unlimited misery to the people. It is an object worthy of sacrifice, and indeed without sacrifice greater hardships cannot be avoided.

59. The proposals are of two kinds, measures of ordinary taxation and measures of the nature of compulsory deposit. The most important of the latter is a provision for advance payments of tax on income from which tax is not now deducted at source. The income mainly affected will be income from property and from business, profession or vocation. The main outlines of the scheme, which is being put before the House in an Income-tax Amendment Bill, are as follows :

An assessee will have the option to pay tax quarterly either on the basis of his last assessed income or on the basis of his own estimate of current earnings. Government will pay 2 per cent. interest on all sums paid in advance under the scheme but if the assessee's own estimate, which can be revised during the year, falls short of 80 per cent. of the tax determined on regular assessment, penal interest at 6 per cent. on the difference will be payable. No penal interest will be payable where the assessee chooses to pay on the basis of his last assessed income. To secure compliance with the scheme, certain provisions of the penalties

section of the Income-tax Act—Section 28—are imported, and failure to make payments under the scheme will be treated as a default. Credit for tax paid under the scheme will be given to the assessee in the regular assessment. The sums collected will be treated not as revenue but as deposits to be taken to revenue when the regular assessments are made.

Excess Profits Tax.

60. As regards Excess Profits Tax, our proposals make no change in the rate of tax, which remains at 66⅔ per cent. Nor do they make any change in the proportion of the tax, namely one-tenth, which is to be repaid to the assessee. But the compulsory deposit of one-fifth of the tax which was prescribed in Ordinance No. XVI of 1943 is to be increased to 19/64 of the tax. The effect of this will be to immobilise as deposits the whole of the excess profits remaining after E.P.T. has been paid on them and income-tax and super-tax has been paid on the balance.

This compulsory deposit has not hitherto been payable in connection with provincial E.P.T. assessments made under the provisions of the Ordinance. We now propose that at the time of the provisional assessment a compulsory deposit of 19/64 of the tax provisionally assessed shall be paid.

Income-tax.

61. In regard to rates of Income-tax, we propose to give relief at the bottom of the scale by raising the taxable minimum from Rs. 1,500 to Rs. 2,000. In regard to incomes up to Rs. 10,000 no change is made but on the slab of income from Rs. 10,000 to Rs. 15,000, the Central surcharge is to be increased by 2 pies from 16 to 18 pies, in addition to the basic rate of 24 pies ; and on the balance above Rs 15,000 the surcharge will be increased by 4 pies from 20 to 24 pies, in addition to the basic 30 pies. This latter rate will of course, apply to Companies and in every case where the tax is to be charged at the maximum rate.

As regards super-tax, there will be an increase of half an anna in the Central surcharge on the slabs of income between Rs. 35,000 and Rs. 2 lakhs.

Corporation tax will also be raised by one anna to a rate of 3 annas in the rupee but a rebate of one anna in the rupee will be given on so much of a Company's total income as is not distributed in dividends other than dividends payable at a fixed rate. A special provision is being made for Life Insurance business by which the combined rate of income-tax and super-tax is limited to 63 pies, which was the combined rate for Companies fixed by the 1942 Finance Act. It is also proposed to give retrospective effect to this provision for 1943-44. From these changes in rates the additional revenue is estimated at Rs. 8½ crores.

62. In regard to customs duties, we propose to continue for a further period of one year the emergency surcharge on the import tariff which has been levied for the last two years. I need hardly repeat, in the present context, that this is purely a revenue measure. The rate of the surcharge will again be one-fifth of the basic duties except in the case of tobacco and spirits, where it will be one-half. The additional receipts from the increased surcharge on tobacco and spirits, which will come into effect at once, are roughly estimated at Rs. 1 crore.

Central Excise Duties.

63. In the field of central excise there are important changes. We propose to increase the rates of duty on unmanufactured tobacco and on cigars and cheroots and to introduce three new taxes.

The tobacco excise is, in India as in other countries, an almost unrivalled means of raising revenue, and is destined to play an important, role in the financing of post-war development. The present modest rates of duty were adopted in the initial stage to allow of the building-up of the widespread organisation necessary for the operation of such an excise in so vast a country. Thanks to the efforts of the executive staff, the preliminary organisation has been completed more quickly than might have been expected and it is now possible to raise the duty to a more productive level. The opportunity has been taken to recast the scale

of duties in a somewhat simpler form. The additional yield from the enhanced duties is estimated at Rs. 10 crores ; they will take effect at once by virtue of a declaration under the Provisional Collection of Taxes Act.

64. The three new items which we propose to include in the Central Excise Tariff are betelnuts, coffee and tea and the rate of duty proposed in each case is two annas a pound.

The arguments in favour of the excise on betelnuts are generally the same as in the case of tobacco ; the total consumption is large and spread through all classes ; it is not a necessity of life ; and the average consumption per head is small, so that the impact of the tax on the individual will be slight. And since chewing tobacco is already taxed it is not unreasonable that a similar impost should be placed upon its rival. Betelnut has not been the subject of an agricultural marketing survey and full statistics of production are not, therefore, available, but on the data gathered by the central excise staff the total annual yield from the rate of duty now proposed is roughly estimated at Rs. 2 crores. Like the tax on betelnuts those on coffee and tea have been introduced in order to broaden the basis of indirect taxation. Both are suitable subjects for an excise duty and the one could hardly be introduced without the other. At the rates now proposed the two excises are together expected to yield a total sum of approximately Rs. 2 crores in the coming year.

65. The total estimated yield of our ordinary taxation proposals thus amounts to Rs. 23½ crores, reducing the prospective revenue deficit from Rs. 78.21 crores to Rs. 54.71 crores. But for anti-inflationary purposes we have to reckon the total effect of new measures of taxation and compulsory deposit, including the addition to railway fares, and this approximates to Rs. 100 crores. Together with all the other measures which are concurrently being directed to the same end, this will, we have every hope, firmly check the inflationary trend and facilitate the maintenance of all our controls. At the same time this programme will assist the preparations for post-war development, by providing for the regular building up by industry of the necessary reserves, as well as by fortifying permanently the revenue resources of the State.

Death Duties.

66. In the last-named direction much still remains to be done. In particular the Provinces, on whom so large a share of the building of the future inevitably falls, will need expanded resources.

We have, therefore, under active consideration the possibility of an estate duty on non-agricultural property, which would be levied by the Centre but of which the proceeds would be assigned to the Provinces.

In spite of war-time taxation it is indisputable that enormous private fortunes have been made during the war, aggravating the great inequality which already existed. Even on a modest programme vast sums will be needed for the post-war development of the country, and there is manifest justification for a system of death duties whereby these large fortunes will be laid under contribution. We have encountered, as we expected, certain initial difficulties but we hope to overcome these and to be in a position to place a carefully prepared measure, before the Legislature at a subsequent session. I have no doubt that such a measure would not only fill a gap in the fiscal armoury of India but could serve a great social end.

67. That brings me to the end of my story. The last five years have witnessed changes of a significance and magnitude which few indeed could have ventured to foretell, as India has been caught up ever more irresistibly in the rapid stream of world events. Who can doubt that she is destined to play a momentous part in the years ahead, when the last great effort has been crowned with victory, and men turn again to the fruitful tasks of peace ?

Report for the Year 1943

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 1943.

Section VI.

RULES AND REGULATIONS.

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 procuration, 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 procuration, 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 procuration, 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 procuration 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 procuration 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.

Mode of electing members.

17. Members of the Association shall be elected by ballot in the manner hereinafter mentioned.

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 subscription.

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.

Form of adherence to be signed by members.

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.

Mode of resigning from membership.

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.

The Committee, its constitution and mode of election.

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.

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 Assocation 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 paper 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.

The procedure to be adopted by the Committee in conducting business.

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.

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-Commitees 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 SubCommittees 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.

Minutes Book of the Committee.

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.

General Meetings of Members.

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.

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 advertisment 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.

Responsibility of the Chairman, Deputy Chairman, Secretary and members of the Committee.

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.

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 ARBITRATIONS ON INDIAN PIECEGOODS AND YARN.

(Revised and adopted down to the 1st July 1940.)

PREMABLE.—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.

Panel of Arbitrators.

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 Umpires.

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.

5. If a member of the Arbitrators' or Umpires' panel shall resign or refuse to act or become inacapable 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.

Appointment of Arbitrators.

7. (*a*) The parties to a dispute may appoint an arbitrator selected from the panel of arbitrators to act as sole arbitrator or

Reference to sole arbitrator if second arbitrator not appointed within 10 days.

(*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.

(c) No person shall be appointed to act as arbitrator under these rules whose consent to so act shall not previously have been obtained. Arbitrators not to be appointed without previous consent.

(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. Appointment of arbitrators to be made on the form prescribed by the Association.

(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.

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. Arbitrators to be disinterested.

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. Appointment of Umpire by arbitrators.

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.

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. Submission of statements.

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.

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. Samples for inspection.

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.

Notes :—

1. After the coming into force of the War Risks (Goods) Insurance Ordinance, 1940, it was suggested that a clause on the following lines be inserted in the cloth and yarn contracts of all member mills. This clause affirms the buyer's liability in respect of premia paid by the seller on goods held by him at the risk of the buyer :—

" 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."

Member mills were advised that all contracts entered into by them on and after 31st October 1940 should contain the above additional clause which should be initialled by the buyers and the Company.

2. In July 1942, member mills were recommended to insert the following " War Emergency Clause " in their cloth and yarn contracts. This clause seeks to protect the mills in the event of their having to cancel contracts or to ask for postponement of delivery in respect of contracts entered into by them with bazaar dealers if such cancellation or postponement of delivery was necessitated by requisitions placed on the mills by the Department of Supply, the Government of India.

" Notwithstanding anything hereinabove contained or implied if an Order for goods shall be placed with the Company by or on behalf of the Government of India subsequent in date to the contract date, and if, as a result, the Company shall decide that it is unable to perform the contract in whole or in part within the contract time or times, then the Company shall within seven days of the receipt of such order give written notice (the Company's notice) to the buyer of such decision, and shall in the Company's notice state the extent of its inability to perform and within what substituted time or times the Company will be able to perform the contract. Within seven days of the receipt of the Company's notice the Buyer shall give written notice (the Buyer's notice) to the Company whether the Buyer elects to affirm the contract as varied by such substituted time or times or whether the Buyer elects to cancel the contract to the extent of the inability. If the Buyer affirms the contract as varied then, the contract shall remain in force as varied. If the Buyer cancels the contract, to the extent of the inability, then the contract shall stand cancelled to that extent, and the Buyer shall have no claim for compensation. If the Buyer fails to give the Buyer's notice to the Company within the period aforesaid, the Buyer shall be deemed to have affirmed the contract. If an order for goods shall be placed by or on behalf of the Government of India subsequent in date to any such affirmation, and if, as a result, the Company shall decide that it is unable to perform the contract in whole or in part as so varied then the like procedure shall be adopted with the like consequences. The Buyer shall be entitled if he so requires, to inspect any order giving rise to such decision as aforesaid but the Buyer shall not be entitled to raise any question in respect of such decision or in respect of the extent of the inability or in respect of the time or times so substituted."

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.*

Section 5. (1) The Corporation shall consist of one hundred and seventeen Councillors, as follows :—

(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.

(1) [*Repealed by Act XVI of* 1895.] Section 6

(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.

(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. Section 7.

(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.

Any person who ceases to be a Councillor shall, unless disqualified, be re-eligible. Section 8.

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 15.

(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. Section 22.

(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.

The dates for all General Elections shall be fixed in the following order, and with the following intervals, namely :— Section 23.

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.

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(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. Section 31.

(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.

(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. Section 32.

(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.

RULES FOR THE ELECTION OF A REPRESENTATIVE OF THE ASSOCIATION AS A FELLOW ON THE SENATE OF THE UNIVERSITY OF BOMBAY.

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1. The Committee shall fix a day for a meeting of all members of the Association for the purpose of electing a representative of the Association to serve as a Fellow on the Senate of the University of Bombay.

2. The Secretary of the Association shall notify all members of the Association of the date fixed for such meeting.

3. Candidates shall be nominated in writing duly proposed and seconded by members of the Association, and signed in each case by authorised representatives whose names have been duly entered in the List of Persons Eligible to Act and Vote maintained by the Association under Rule 13 of the Association's Rules and Regulations, and the nomination papers must be received by the Secretary at least ten clear days before the date of the meeting at which the election is to take place.

4. Nominations shall be sent to the Secretary on the prescribed form.

5. No nomination shall be valid unless the candidate proposed and seconded also signifies his assent to the nomination on the nomination paper.

6. In the event of there being only one valid nomination such candidate shall be deemed to have been elected by the members of the Association and the Committee shall thereupon declare that he has been duly elected.

7. The Chairman or in the event of his being a candidate or out of Bombay the Deputy Chairman shall determine whether nominations are valid or invalid. In the event of the Deputy Chairman also being a candidate or out of Bombay the Committee shall appoint a member of the Committee other than the Chairman or Deputy Chairman and not being himself a candidate to perform this duty and to preside at the meeting.

8. The Secretary shall if more than one nomination shall have been received by him notify to all members of the Association the names of all candidates duly proposed and seconded at least 7 clear days before the date fixed for the meeting.

9. The Chairman or in the event of his being a candidate or out of Bombay the Deputy Chairman or in the event of his also being a candidate or out of Bombay the member of the Committee appointed under rule 7 shall take the chair at the meeting. He shall appoint two Scrutineers from among the members of the Committee present whose duty it will be to open the box at the end of the ballot, count the votes and declare the result.

10. Ballot papers with the names of the candidates shall be handed to the representatives of members while the ballot is open.

11. The ballot box shall be kept open in the room in which the meeting is held, for one hour from the time it is declared open by the Chairman of the meeting, for the reception of the ballot papers.

12. Votes shall be cast on the ballot paper and deposited in the ballot box.

13. In the event of a ballot paper being spoiled or torn, the member concerned may ask for a new ballot paper, surrendering the spoiled or damaged paper.

14. Members shall record their votes through their authorised representatives whose names have been duly entered in the List of Persons Eligible to Act and Vote maintained by the Association under Rule 13 of the Association's Rules and Regulations.

15. The quorum necessary at this meeting shall be two.

16. Each subscribing member shall be entitled to one vote for every sum of Rs. 50 paid by him as the annual subscription to the Association.

17. The candidate who has the largest number of votes shall be declared duly elected.

18. In the event of there being a tie, the Committee shall decide by a ballot at a meeting specially convened for the purpose, which of the candidates shall be deemed to have been elected by the members and shall thereupon declare that he has been duly elected.

MILL STATEMENT FOR 1943