

REPORT

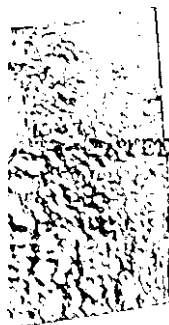
OF

The Millowners' Association, Bombay.

Report for the Year 1936.

(Established 1st February 1875.)

PRESENTED TO THE ANNUAL GENERAL MEETING
HELD ON WEDNESDAY, 10th MARCH 1937.



Bombay :

PRINTED BY G. CLARIDGE & CO., LTD.

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MILLOWNERS' ASSOCIATION, BOMBAY.

ESTABLISHED 1st FEBRUARY 1875.

List of Members.

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Bombay Legislative Assembly—MR. S. D. SAKLATVALA.
Bombay Port Trust—MR. T. V. BADDELEY.
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T. MALONEY, Esq., M.C., *Secretary*.
N. S. V. AIYER, Esq., *Asst. Secretary*.

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Provident Fund—SIR HORMASJI MODY, K.B.E., M.L.A., and MR. S. D. SAKLATVALA.

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.
S. D. SAKLATVALA, 1924.
SIR NESS WADIA, 1925.
A. GEDDIS, 1926.
SIR HORMASJI MODY, 1927.
J. B. PETIT, 1928.
SIR HORMASJI MODY, 1929, 1930, 1931, 1932, 1933, 1934.
SIR JOSEPH KAY, 1935.
V. N. CHANDAVARKAR, 1936.
DHARAMSEY MULRAJ KHATAU, 1937.

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, appointed 1924.

* Part Year.

Millobners' Association, Bombay.

Section I.

PROCEEDINGS OF THE ANNUAL GENERAL MEETING
HELD ON 10th MARCH 1937.

The Millowners' Association, Bombay.

ANNUAL GENERAL MEETING.

PROCEEDINGS OF THE ANNUAL GENERAL MEETING of the Members of the Millowners' Association, Bombay, held in the rooms of the Association (Patel House, Churchgate Street, Fort), at 11-30 a.m. (S.T.) on Wednesday, the 10th March 1937, to transact the following business:—

- (1) To receive and adopt the Committee's Report for the year 1936 ;
- (2) To appoint Auditors of the Association's accounts for the current year and to fix their remuneration ;

and any other business that may be brought forward.

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

The following gentlemen were also present :—

Dr. Nazir Ahmad, Director, Technological Laboratory, Indian Central Cotton Committee ; Dr. R. B. Forster, D.Sc., Head of the University Department of Chemical Technology ; Dr. G. W. Burley, Principal and Secretary, Victoria Jubilee Technical Institute ; Mr. G. H. Cooke ; Mr. Behram N. Karanjia ; Mr. Sankalchand G. Shah ; Mr. Jal Rutnagar ; Mr. J. N. Mody ; Mr. Bhagwandas B. Desai ; Mr. J. A. Sutton ; Mr. B. D. Kulkarni ; Mr. T. E. Harker ; Mr. Nandulal M. Mehta ; Mr. Krishnaraj M. D. Thackersey, Mr. Hurgovandas Jamnadas Ramji and Mr. Bhagwandas Manmohandas Ramji, representing the Crown Spg. and Mfg. Co., Ltd., the Hindoostan Spg. & Wvg. Mills Co., Ltd., the Indian Mfg. Co., Ltd., the Western India Spg. & Mfg. Co., Ltd., and the New Kaiser-I-Hind Spg. & Wvg. Co., Ltd. ; Sir Ness Wadia, K.B.E., C.I.E. and Mr. P. T. Harrison, representing the Bombay Dyeing & Mfg. Co., Ltd. ; Sir Chunilal V. Mehta, K.C.S.I., representing the Century Spg. & Mfg. Co., Ltd. ; Sir Joseph Kay, Kt., Mr. R. L. Ferard, Mr. A. D. Walwyn and Mr. A. H. Baker, representing the Colaba Land & Mill Co., Ltd., the New City of Bombay Mfg. Co., Ltd. and the New Great Eastern Spg. & Wvg. Co., Ltd. ; Mr. T. V. Baddeley, representing the Gokak Mills Ltd., and the Simplex Mills Co., Ltd. ; Mr. A. Geddis, representing the Finlay Mills Ltd., the Gold Mohur Mills Ltd., the Shri Shahu Chhatrapati Spg. & Wvg. Mills and the Swan Mills Ltd. ; Mr. A. M. Mehta, representing the Madhowji Dharamsi Mfg. Co., Ltd. and the Sir Shapurji Broacha Mills Ltd. ; Mr. H. F. Milne, representing the Kohinoor Mills Co., Ltd. ; Mr. A. Pether, representing the New Union Mills Ltd., the Sassoon & Alliance Silk Mill Co. Ltd. and the Sassoon Spg. & Wvg. Co., Ltd. ; Mr. S. D. Saklatvala, M.L.C., representing the Ahmedabad Advance Mills Ltd., the Central India Spg. Wvg. & Mfg. Co., Ltd., the Svadeshi Mills Co., Ltd., and the Tata Mills Ltd. ; Mr. F. Stones, O.B.E., representing the Apollo Mills Ltd., the E. D. Sassoon United Mills Ltd., the Edward Sassoon Mills Ltd., the Elphinstone Spg. & Wvg. Mills Co., Ltd., the Loyal Mills Ltd., the Meyer Sassoon Mills Ltd., and the Raymond Woollen Mills Ltd. ; Mr. B. S. Dabke, representing the Morarjee Goculdas Spg. & Wvg. Co., Ltd. ; Mr. Cavasji Cursetji Dalal, representing the Jam Shri Ranjitsinghji Spg. & Wvg. Mills Co., Ltd., and the Khandeish Spg. & Wvg. Mills Co., Ltd. ; Mr. Govindjee Kalidas Jani, representing the Delhi Cloth & General Mills Co., Ltd. ; Mr. C. S. Tyabjee, representing the Azam Jahi Mills Ltd. ; Mr. Dharamsey Mulraj Khatau and Mr. Laldas Tribhowandas, representing the Khatau Makanji Spg. & Wvg. Co., Ltd. ; Mr. M. M. Amersey, representing the Madhusudan Mills Ltd. ; Mr. Gordhandas Govindjee and Mr. Gordhandas Vandravan, representing the Digvijay Spg. & Wvg. Co., Ltd. ; Mr. L. A. Halsall, representing the Hyderabad (Deccan) Spg. & Wvg. Co., Ltd. ; Mr. Karsandas Dharamsey Soonderdas, representing the Madras United Spg. & Wvg. Mills Co., Ltd. ;

Mr. Badridas Netsidas representing the Krishna Press ; Mr. H. L. Aspden and Mr. Heyes representing Messrs. Courtaulds (India) Ltd. ; Mr. T. Maloney (Secretary) ; Mr. N. S. V. Aiyer (Assistant Secretary) ; Mr. C. A. Dalal (Labour Officer) ; and Mr. A. C. M. Cursetjee (Secretary, The Millowners' Mutual Insurance Association Ltd.)

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

GENTLEMEN,

Last year, my distinguished predecessor, Sir Joseph Kay, opened his speech with a reference to the sense of irreparable loss which we all felt on the death of His Majesty King George V and offered our humble loyalty to his son Edward VIII. It is now my privilege on your behalf to tender to His Majesty King George VI and His Gracious Consort, Her Majesty Queen Elizabeth, our loyal homage and congratulations on their accession to the Throne in this, the year of their Coronation.

As your Chairman for the past twelve months, it is my privilege to present the Report for the year 1936 to you for your approval. On such occasions, it is customary for the Chairman not only to review at length what has been accomplished during the year, but also to enter the dangerous realms of prophecy and endeavour to give some idea of the prospects for the coming year. Knowing the fate which often befalls prophets, it is with very considerable hesitation that I venture into the field. Two years ago, Sir Hormasji Mody, speaking from this chair ventured to prophesy that the tide had turned, that the extreme severity of Japanese competition was gradually being overcome, and that with a wise regulation of production, a steady and remunerative market might be found for our manufactures. The results for 1935 rather belied these anticipations as far as the Textile Industry of this country was concerned, but my immediate predecessor in office, Sir Joseph Kay, was more fortunate when he painted a rather hopeful picture for the future, for it is a fact that 1936 did show better results for the Industry than 1935, though our friends in Ahmedabad appear to have experienced considerable difficulties for a time owing to the heavy stocks which had accumulated at the end of 1935 and at the beginning of 1936. Looking forward to 1937, I think we should be justified in being mildly optimistic even so far as our own unfortunate local industry is concerned. My reason for taking this view is that according to reliable authorities, world economic activity is to-day at a higher level than ever before, and during the past few months, recovery has tended to become more general. It has also been indicated that the expansion of industrial activity has now reached a stage when the output of raw materials can once more be sold at remunerative prices, and this rise in prices of raw materials must, in my view, be of considerable benefit to this great agricultural country of ours, and may substantially increase the purchasing power of the vast majority of our rural population. With even a moderate increase in purchasing power, it should not be so difficult as it has been in the past, for the Cotton Textile Industry of this country to market its manufactures at prices above the bare cost. At the same time, it is, to my mind, quite necessary to point the need for a "go-slow" policy in regard to double shift working. The consuming power of the masses of this country is not unlimited, and it is pertinent to note that it is no longer possible to find a very extensive market for additional production by the displacement of imported goods. Indian mills are to-day producing cotton piecegoods roughly at the rate of 3,500 to 3,600 million yards per year, compared with 2,400 million yards in 1927, an increase of about 1,200 million yards despite a 10 per cent. reduction in hours. This increase in India's production, it may be noted, has been mainly confined to centres outside Bombay City. Bombay's production is more or less the same as it was ten years ago. If we also take into account the growing production of the handloom industry, I do submit that it would now be opportune to undertake a general survey of the situation with a view to controlling production within the limits of the demand.

Coming to the special position of our City and Island Industry, we have reason to believe that the sacrifices and economies made during the last six or seven years by all concerned are bearing fruit, and our mills appear to be better able to stand against both internal and external competition than they were some years ago. Much, however, still remains to

be done in the way of replacement of machinery, the finance for which could not be found in the very lean years through which we have been passing.

A welcome feature to which I should like to draw attention is the slight improvement in our piecegoods export trade. The countries chiefly responsible for this increase from 68 million yards in 1935 to 86 million yards last year are Egypt and Ceylon. The other markets have hardly improved, and the betterment in Egypt and Ceylon is largely due to the fact that Japanese imports have been restricted and this restriction has made it possible for India in common with the United Kingdom to obtain a larger share of the trade. We are still a very long way behind our export figures of a decade ago, but it is, at any rate, encouraging to note that the worst has passed and that there are at least faint possibilities of extra-territorial markets for India in cotton piecegoods. Bombay mills in particular might do well to explore the possibilities of extending their overseas trade in which they have certain slight advantages over their up-country competitors.

We may congratulate ourselves, particularly in Bombay, on the progress which has been made towards the production of a wider range of high class finished goods. In woven coloured goods and in dhoties, notable advances have been made in the qualities turned out, and in fine bleached goods and in printed goods, while we are still in the infant stage, 1936 undoubtedly witnessed some striking developments.

A direction in which I feel there is scope for improvement and closer collaboration is in the selling of our products. Our Association has been in existence for well nigh sixty-two years, and in spite of difficulties and handicaps we have been able to take organized action in many a direction, but I am afraid so far our efforts to bring about closer collaboration in the matter of regulation of prices have turned out to be futile. I think that, unless we apply our mind closely to this question and arrive at some arrangement, it will be difficult for our members to take full advantage of any rise in prices. I realize that the problem is undoubtedly a difficult one, but I am confident that my successor, Mr. Dharamsey, with his greater experience of the Industry will find it possible to make some progress towards a solution.

A grave danger to the better class lines of cotton goods lies in the competition which has to be met from cheap Japanese artificial silk piecegoods which, even with a fairly heavy import duty, are entering this country in rapidly increasing quantities. One of the most important recommendations of our Unofficial Advisers during the Indo-Japanese Trade negotiations which took place during the year was that artificial silk piecegoods should be included in the quota. The very heavy import figures throughout 1936 is a further justification for this recommendation. Another reason for curtailing the imports of Japanese artificial silk piecegoods is that, with more adequate assistance, the handloom industry of this country is capable of producing a substantial proportion of goods similar to those which are now finding a ready market in India.

TARIFF BOARD REPORT AND DUTIES ON UNITED KINGDOM GOODS.

An important event of the year was the publication of the Murray Tariff Board Report. It will be remembered that, four years ago, in the face of a great deal of criticism, this Association took the lead and entered into a Pact with textile interests in the United Kingdom. The main feature of the agreement then made was that, when the revenue position of the country rendered it possible for the Government of India to remove the surcharge on all imports imposed in October 1931, we should not make fresh proposals with regard to the duties applicable to United Kingdom cotton piecegoods imports. In short, we agreed to a 5 per cent. reduction in the import duty on British cotton piecegoods as and when the 5 per cent. surcharge on all imports came off. The Cotton Textile Industry Protection Bill which was introduced in the Legislative Assembly in 1934 gave effect to the agreement in so far as cotton piecegoods were concerned, and at the same time guaranteed adequate protection to the industry for a period of five years ending March 1939. After the termination of the Pact, the scale of duties to be applicable to United Kingdom cotton

piecegoods for the remaining period of protection—three years—was to be decided on a review of the conditions then existing and in the light of such experience as had been gained, and the Murray Tariff Board was, in due course, appointed with these terms of reference. The Board, after a detailed enquiry, during the course of which United Kingdom interests submitted both oral and written evidence, recommended a reduction of 5 per cent. in the import duties applicable to British cotton piecegoods except in the case of prints; and the specific duty on grey goods was at the same time reduced from 4½ annas to 3½ annas per lb. No changes were made in the duties applicable to cotton yarns. Although disappointed with the Board's recommendations, which were less favourable to India than the Mody-Lees Agreement inasmuch as the duty on British cotton piecegoods was reduced by 5 per cent. despite the fact that the surcharge on other imports had not been removed, we, as an association, loyally accepted them and have never been in doubt that they were to be in operation until 1939. We cannot help feeling that Lancashire has recently not been playing the game by instituting propaganda for a reduction in duty on cotton piecegoods beyond that accorded to her as a result of the recent Tariff Board Enquiry. At the same time, I fully appreciate the assistance which her larger takings of cotton are proving to the Indian cotton grower, but I feel that the recent larger purchases have been due in a great measure to the favourable parity of prices at which she has been able to purchase Indian cotton; in other words, the purchase of Indian cotton has been "good business." I would, at the same time, remind our friends in Lancashire that India still spends a great deal more on British cotton piecegoods and yarn than the United Kingdom spends on Indian cotton. Taking the average of the last four calendar years, which roughly represents the period since the Mody-Lees Pact was first entered into, the average annual Indian expenditure on British cotton piecegoods and yarn has been Rs. 10,19 lakhs, while Lancashire's average expenditure on Indian raw cotton has been Rs. 394 lakhs. It must also be remembered that the Indian mill industry has to pay an import duty of half an anna per lb. on imported cotton, and imported cotton must, of course, be used for fine count goods. In addition, we have to pay import duties on all our stores, dyes and chemicals, liquid fuel, etc.; and our machinery, by the time it is erected, costs a great deal more than similar machinery would cost in Lancashire. India is also at a disadvantage in regard to the skill and experience of her workers. What Lancashire appears to be asking for when she asks for a reduction in the present rates of duty is for preference against Indian mills themselves who consume not 500,000 bales but about 3 million bales of Indian cotton per annum. May I also remind Lancashire that, while India certainly bears her no ill-will, she will not sacrifice the measure of fiscal autonomy she now enjoys, and that the present rates of duties on English cotton piecegoods are fixed and definite until March 1939? The protection which the cotton textile industry now enjoys was granted after an Indian Tariff Board Enquiry, and the degree of protection which the Indian cotton industry will in future require must also be decided after a Tariff Board Enquiry or such other enquiry as the Government of India considers necessary.

INDO-BRITISH TRADE NEGOTIATIONS.

I have just referred to the Indo-Lancashire trade relations which naturally leads me on to say a word or two about an important representation submitted by the Association to the Government of India early in August regarding the terms of any new trade agreement which it might be necessary to conclude with the United Kingdom. In so far as major industries were concerned, the Association expressed the view that the measure of protection to be accorded to Indian industries should be such as would equate the prices of imported goods to the fair selling prices of similar goods produced in India; in other words, the existing basis for calculating the amount of protection required should continue, but that in the case of small industries, during their infancy, a more generous treatment might be accorded. A claim was also made for a more expeditious process of enquiry than exists at present and an alteration in the conditions to be fulfilled by an industry before it became qualified for protection. In particular, it was indicated that it appeared to be inequitable to insist that, in order to qualify for protection, an industry's raw materials must be available in the country. When protection was granted as a result of a Tariff Board Enquiry, it was urged that the rate of protection should not be altered to the detriment of the Indian industry concerned for a period of at least five years. The Association will not unfortunately be directly connected with the actual negotiations, but the Indian cotton industry and the cotton trade interests should be well looked after by Mr. Kasturbhai Lalbhai and Sir Purshotamdas Thakurdas.

INDO-JAPANESE TRADE NEGOTIATIONS.

I had hoped that it would have been possible to deal with the results of the Indo-Japanese negotiations for a new trade agreement which commenced about the middle of last year, but discussions are still proceeding. During the early stages, the Government of India consulted Unofficial Advisers representing the more important industries and Associations of the country. The Unofficial Advisers met in the middle of July, and, it is understood, presented Government with a note outlining their *unanimous* recommendations on all the outstanding points at issue. The negotiations between the Governmental Delegates commenced on July 20 and have taken a considerably longer time than was at first anticipated. It is, however, possible that early decisions will be taken, as we now learn that the Unofficial Advisers are to be consulted again in Delhi on the 16th of this month.

THE ASSOCIATION AND LABOUR.

A feature of the year has undoubtedly been the time and energy expended by the Association on matters pertaining to the welfare of labour. The Association's Labour Officer has had a strenuous year's work and his efforts, in collaboration with those of the Government Labour Officer, and with the assistance of Mill Managements generally, have resulted in a lessening of every type of abuse and injustice. We have, in fact, reached a stage when serious injustice to labour is difficult, and we hope eventually to reach the stage when it will be almost impossible. It is being increasingly brought home to the operatives that it is absolutely unnecessary for them to pay bribes to obtain or retain employment in any mill. Proved cases of bribery are in all cases punished with instant dismissal as 31 persons have found to their cost during the year. Unjust dismissals are now almost non-existent owing to the very close watch kept by the Labour Officers and the tightening up of the rules relating to employment and dismissals.

The Labour Advisory (Managers) Sub-Committee deserve thanks for the work they have done during the year on labour's behalf. As a result of their recommendations, a system of registration of jobbers has been introduced. The procedure regarding the grant of leave has also been systematized; and the *badli* control scheme introduced some two years ago has been under their constant supervision. Another recommendation which they made and which has been adopted relates to the grant of service certificates when substantial retrenchment is effected, the idea being that retrenched workers, who are efficient and regular in attendance, should be assisted as far as possible to obtain employment in other mills. As a result of other recommendations of the Labour Advisory (Managers) Sub-Committee, the ticket system has now been extended to all workers in all Bombay member mills, and certain difficulties which had existed in regard to the payment of unclaimed wages within a reasonable space of time have been removed.

The Labour Advisory (Managers) Sub-Committee also spent a great deal of time considering the Payment of Wages Act and Rules which are expected to come into force very shortly. Their work in this matter was extremely valuable to the General Committee of the Association, and following a series of informal conferences with the Commissioner of Labour, the Chief Inspector of Factories and the Government Labour Officer, almost all their proposals were endorsed. As a result, the Association's Standing Orders for Operatives have been completely revised, and were put into effect only a few days ago along with an improved and uniform procedure in regard to the grant of leave, discharge passes, summary dismissal orders and fines orders. Labour will, in my view, be very considerably benefited by the new regulations which the Association has made in order to ensure the carrying into effect of the provisions of the Payment of Wages Act.

The Hon'ble Sir Frank Noyce, who has deserved well of this country and to whom India will shortly be saying farewell with regret, visited Bombay in August last, and at an informal conference which the Committee had with him, the whole position and attitude of the Association in regard to labour was discussed and the Hon'ble Member expressed considerable satisfaction with what had been done and was being done by the Association and individual millowners of Bombay to improve relations with labour.

I sincerely hope that workers will appreciate all that we have been endeavouring to do for them. As an earnest of our further endeavours to give them a square deal, we have just sanctioned the appointment of an Assistant to Mr. Dalal in order that that phase of the Association's activities may be increased, and to ensure that the necessary follow-up work is done in regard to the recommendations made by the General Committee of the Association from time to time concerning the welfare of labour. In return, we are hoping that our workers will respond with increased loyalty to their employers and improved efficiency in their individual tasks.

Before leaving the subject of labour, I think I ought to say that a further step forward has been made with the Government of Bombay's scheme for the vocational training of educated young men. Bombay mills have agreed to take a fair number of educated youths each year and I was recently appointed to act as the Association's representative on a Committee which will consider the detailed operation of the proposed new system.

TRADE DISPUTES AMENDING BILL.

The Government of India during the year circulated for criticism a Bill which had for its object the amendment of the Trade Disputes Act of 1929. As will be seen from the Report, the Association welcomed Government's proposals, but indicated—as did many other organizations—that provisions regarding picketing similar to those in operation in England should be incorporated in the measure. In brief, what we demanded was that picketing at or near a worker's place of residence shall be made illegal at all times and that picketing of all kinds must cease on the appointment of a Court of Enquiry or a Board of Conciliation under the Act.

THE FENTS PROBLEM.

For the last few years, that is to say, since the introduction of the Quota system, the Indian piecegoods trade has been badly hit by the importation of spurious fents, particularly artificial silk fents from Japan. The Government of India made an attempt to deal with the fents problem in a Bill introduced during the last year's budget session, but unfortunately even the modest proposals brought forward by Government were found unacceptable to the Assembly, and to-day the fents problem is more acute than ever. It will not, in my opinion, be satisfactorily solved until all types of Japanese textile fents are quodaed, and until the duty upon fents is made the same as the duty on the perfect material.

INDIAN COMPANIES ACT.

The Committee of the Association and its eminent representative in the Assembly, Sir Hormasji Mody, put in a great deal of work during the year on the Indian Companies Act Amending Bill, which eventually became law on 15th January 1937. This legislation makes fundamental changes in the management and administration of Joint Stock Companies and Banks. A number of anomalies and administrative difficulties still exist, however, and the possibility of a further amending Bill is not remote. In general, I may say that the Association adopted as sympathetic an attitude as possible towards the Bill as a whole, and objected only to those features of the original Bill which were obviously unjust and unfair to Directors and Managing Agents.

STOCK EXCHANGE ENQUIRY COMMITTEE.

Towards the close of the year, the Government of Bombay appointed a small Committee to examine and report on the organization and methods of working of the Native Share and Stock Brokers' Association of Bombay. The Association's written evidence to this Committee followed closely the lines of the written evidence submitted to the Atlay Committee in 1923 and strongly pressed for the abolition of blank transfers. Oral evidence on behalf of the Association was tendered by Mr. F. F. Stileman and Sir Hormasji Mody to whom the thanks of the Association are due.

REGISTRATION OF TRADE MARKS, TRADE NUMBERS AND TRADE NAMES.

As you will see from the pages of the Report in your hands, the Trade Marks Sub-Committee have been kept very busily employed during the year. At no time in the history of the Association has this Sub-Committee been called upon to meet so often. As a result of their recommendations an effective revision of the Association's Trade Mark Registers has been undertaken and is now nearing completion. In addition, members have been supplied with up-to-date lists of all trade names and trade numbers registered by them so as to ensure that no excuse exists for the use of unregistered names and numbers. Extra staff has had to be engaged by the Association for the purposes just mentioned, but I am certain that the expenditure and effort involved have been well worth while, and that if and when the Government of India introduce a system of registration of trade marks, the Association will be in a position to demand that marks and names registered with the Association should be accepted for registration without question. It has been suggested in certain quarters during the last two years that, in view of the number of infringements of registered trade marks, numbers and names which had been detected, the Association's rules should be reinforced by a system of monetary penalties. This suggestion is still under consideration, but a regulation of the character suggested should be unnecessary if members take care to observe the spirit and letter of the existing regulations, and I sincerely appeal to all our members to back up the continuous efforts which are being made by the General Committee and the Trade Marks Sub-Committee of the Association to preserve the sanctity of, and protect against infringement every mark, number or name registered with the Association.

DEPARTMENT OF CHEMICAL TECHNOLOGY.

As you are all aware, during the last year I have filled the dual role of Vice-Chancellor of the Bombay University and the Chairmanship of this Association, and I shall be failing in my duty both to the Industry and to the University if I do not take advantage of this opportunity to refer to the very important enterprise undertaken by the University three years ago by the opening of the Department of Chemical Technology. This Department has now been completely equipped and is acknowledged by foreign experts to be equal to any similar department in the West. The Department gives post-graduate instruction in two branches—textile chemistry and chemical engineering. The primary function of the Department in imparting advanced training to students in textile chemistry and chemical engineering to enable them to enter industry in responsible positions is also being fulfilled. So far the graduates turned out by the Department have found no difficulty in securing adequate employment. As a matter of fact, the students of the Textile Chemistry Section are being so rapidly absorbed at present that even students, who are appearing for the degree examination this month, have been already engaged in anticipation of their passing the examination by the various mills in the country. Another function of the Department is to act as a centre of research and analytical work for the industries of the Presidency, naturally with special reference to the textile industry. I have no time to enlarge on the facilities available in the Department for routine analyses and technical research. The University, I know, is anxious that the mills should take advantage of the Department as a liaison body between themselves and the manufacturers of dyes and auxiliaries so that independent reliable information would become available on the value of the materials used in cotton processing. The Department has already launched out on several schemes of research, but is handicapped in its great work by lack of space and inadequate funds. My submission to the industrialists is that the University has done its best in giving the Department a really good start, but the resources of the University are very limited, and in these days of vocal democracy it is impossible to expect any grants from Government for the projects which the Department has in view. It is obvious, therefore, that if the Department, which is now housed in an extremely unsatisfactory location, is to be housed in a more suitable site so that it could undertake practical research on behalf of the cotton industry in collaboration with the Indian Central Cotton Technological Laboratory at Matunga, the University will have to look to the captains of the industry for generous support. In Lancashire, the Shirley Institute was founded on the basis of a pound for pound contribution from Government and industrialists. The industry has now realized that research is a paying proposition, and the Institute is run entirely by an organization of the different sections of the industry. The

annual expenditure on the Shirley Institute is about £85,000, that is over Rs. 11 lakhs, while the annual total expenditure of the Department of Chemical Technology of the Bombay University is under Rs. 2 lakhs, for both the sections—textile chemistry and chemical engineering. Not a week passes in England without the announcement of handsome contributions to scientific research on the part of industrial organizations and of private citizens. I have only to mention the name of Lord Nuffield to show to you what industrial magnates are doing to promote industrial research in England. I should like to take this opportunity of appealing to the industrialists all over the country to come to the help of the University to enable it to expand the scope and activities of the Department of Chemical Technology so that it could undertake extensive research, especially on the problems connected with the textile industry and to promote the development of minor chemical industries.

DOMESTIC AFFAIRS.

Now it is my duty—and a very pleasant duty—to thank the Committee and all those who have helped in the work of the Association during the last year. To the Deputy Chairman, Mr. Dharamsey Mulraj Khatau, I owe a debt of gratitude for his consistent and loyal support throughout the year. To the Secretary, Mr. Maloney, I owe a special debt of gratitude. His work was rendered more difficult on account of my lack of experience in the work of the Association. He gave me his help in an unstinted measure, and I do not mind confessing that, if, after a great deal of hesitation, I decided to accept this onerous and responsible office, it was because I knew that I could rely upon the loyal support and advice of Mr. Maloney. The able and hard working Assistant Secretary, Mr. Aiyer, and the staff deserve our thanks for their efficient and loyal service throughout the year.

We are extremely lucky in having been able to secure Mr. Dharamsey Mulraj Khatau as our Chairman for the coming year. His family has been connected with the textile industry for three generations, and Mr. Dharamsey has already made his mark as an industrialist of enterprise and ability in the country. I am sure his Chairmanship will prove to be of the greatest benefit to the Association and to the industry.

And now from the statement of accounts in your hands you will find that our finances are in a very satisfactory position and the year's working shows a credit balance of Rs. 14,000 which, I hope, you will agree is satisfactory. In this connection, I may inform you that, early in the year, the Committee provisionally donated two sums of Rs. 1,000 each from the funds of the Association to the King George V Memorial Fund and the Sir Dinshaw Wacha Memorial Fund, the latter as a token of the services rendered to the Association by the late Sir Dinshaw Wacha over a continuous period of more than forty years, and I request you to confirm these two contributions.

Gentlemen, I now move “that the Report of the Committee for the year 1936 be and is hereby approved and adopted.”

In seconding the adoption of the Report, MR. DHARAMSEY MULRAJ KHATAU, Deputy Chairman, said :—

GENTLEMEN,

You have just heard the Chairman speak on the more important issues dealt with by the Association during the year which has just closed. His review leaves no manner of doubt that the Association is, as it has always been, alive to the necessity of taking steps to protect the interests of the Cotton Textile Industry in general, and of our members in particular.

I shall now deal very briefly with certain aspects of the work of the Association of immediate interest to our members upon which the Chairman did not touch. Under the provisions of the Merchandise Marks Act, all cloth issued out of a mill must be stamped with its correct length. It is not compulsory, however, to stamp the width, but if a width is stamped on a piece of cloth by a manufacturer, it must be the correct width. Recently, it was brought to the notice of the Association that a fairly large number of up-country mills had been stamping dhoties for the Calcutta market with markings which, on examination,

the Committee considered as misleading to the buyer and detrimental to the good name of the Industry as a whole. It was felt that every effort should be made to prevent any malpractices of this nature in member mills, and an instruction was issued calling their attention to the necessity of so marking the dimensional particulars on cotton piecegoods that there could be no misconception on the part of a purchaser. I am glad to say that the co-operation of the Ahmedabad Millowners' Association was obtained in this matter, and they issued a similar circular to their members. As regards mills outside our two Associations, we are not at present in a position to take any effective action, but the situation is being carefully watched, and if this malpractice continues, your Committee might find it necessary to approach Government for an amendment of the Merchandise Marks Act. In this connection, I might mention that the marking of yarn bundles is also under investigation by a special Sub-Committee of the Association. Concrete evidence is being collected in order to ascertain the exact nature of the malpractices in vogue with the object of suggesting means for their eradication.

The Municipal assessment of cotton mills in the City has become almost a hardy annual, but it rather looks as though the Deputy Chairman is in danger of being robbed of one of the stock items for his general meeting speeches, since the year has seen what we hope is the conclusion of the long-standing differences which we have had with the Municipality on this matter.

The year has also witnessed the continuance of the efforts to obtain some measure of justice for the Yarn Section of the Indian Mill Industry which is definitely under-protected against imports of foreign yarn. The Murray Tariff Board could not, owing to the restricted nature of their terms of reference, deal with the protection necessary against Japanese and Chinese yarns, and the Government of India turned a deaf ear to a plea made by the Association for an extension of their terms of reference. Despite this, the Spinning Section of the Industry put forward a very well reasoned case to the Murray Tariff Board which was supported by the Association. The Board, however, recommended no changes in the duties against English yarns. In suggesting the modifications required in the Indo-Japanese Trade Agreement, the Association put forward a strong plea for the institution of a quota for yarn as a means of assistance to the Yarn Industry against imports from Japan, and it is understood that unofficial advisers connected with the Cotton Trade and Industry strongly pressed the need for a quota on yarn imports during the Indo-Japanese trade negotiations. In view of the serious position of the Spinning Section, the Chairman of the Association took the initiative in organizing a Deputation of Spinning Mill interests to the Honourable the Commerce Member during his brief visit to Bombay towards the end of July. The Honourable Member gave a sympathetic hearing to the case presented by the Deputation, and as a result, a case was submitted to Government on behalf of the Spinning Mills in the country for the immediate appointment of a special Tariff Board to report on the protective needs of the Industry against imports from Japan and China. Unfortunately, these efforts have not up to now resulted in any action being taken to afford an adequate measure of relief to the spinning side of the Industry.

Another matter to which I should like to refer briefly is the efforts made by the Association, at the suggestion of Mr. S. D. Saklatvala, to stimulate greater interest in the work done at the Technological Laboratory of the Indian Central Cotton Committee at Matunga. A special Sub-Committee was appointed to submit recommendations, and their proposals were, it is understood, favourably received at a recent meeting of the Indian Central Cotton Committee.

The Association has always had a high reputation for the excellence of its statistics. This year has seen several modifications made for the purpose of increasing their utility. For a very long period of time, it has not been possible for those connected with the Mill Industry of the country to obtain any very great benefit from the Production Statistics published by the Government of India owing to the fact that it was not found feasible to collect, print and publish them until about three months after the close of the period to which the figures related. An arrangement has now been entered into with the Director-General of Commercial Intelligence and Statistics under which the Production Statistics for the Presidency of Bombay are made available to the Association about one month after the close

of the period to which they refer. These statistics are summarized and a periodic note is being sent out by the Secretary, which is intended to draw the attention of member mills to the more important changes and developments which are taking place in regard to the goods turned out by mills in the Presidency. There are, however, still a number of difficulties to be overcome, before any production statistics relating to the Mill Industry can be of very great use to the Trade. The most important of these is the unsatisfactory character of the heads under which the statistics are collected. The position has been made known to the Government of India, and it is hoped that, in the near future, some, if not all, of the recommendations made by the Association from time to time will be adopted, since it is becoming increasingly more important for manufacturers and spinners to study what is being produced in the country itself.

Gentlemen, it now only remains for me to recognize the honour you have done me in electing me your Chairman for the coming year. It is perhaps an honour that, owing to heavy pressure of work, I would have preferred to have been deferred, but I promise to do my best for the Association, and I know I can rely on the help and co-operation of my Deputy Chairman and fellow-Members on the Committee.

I have much pleasure in seconding the adoption of the Report of the Committee for the year 1936.

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

On the motion of MR. S. D. SAKLATVALA, M.L.C., seconded by MR. A. GEDDIS, 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 the usual remuneration hitherto paid to the Association’s Auditors.”

SIE CHUNILAL V. MEHTA, K.C.S.I., proposing, and MR. T. V. BADDELEY seconding, it was resolved :—

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

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

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

Millowners' Association, Bombay.

Section II.

FOREWORD, PRELIMINARY REPORT AND ACCOUNTS
OF THE ASSOCIATION.

REPORT
OF THE COMMITTEE OF THE
MILLOWNERS' ASSOCIATION, BOMBAY

For the period 1st January to 31st December 1936.

FOREWORD.

AT the commencement of 1936, there were indications of a recovery in international trade, and as the year progressed, substantial economic improvement was reported in several countries. World production increased and prices in general rose slowly but steadily. The economic recovery was, however, mainly confined to the expansion of internal markets, the increase in international trade being relatively small. Many manufacturing countries had previously adopted measures intended to promote economic self-sufficiency, and these led to greater industrial activity in such countries than before. This improvement in industrial activity stimulated the demand for raw materials and agricultural countries were thus indirectly benefited, but the main factor which helped extra-territorial trade during the year was the comparative steadiness of international exchanges. One notable event in so far as the future of international trade is concerned was France's departure from the gold standard and the exchange agreement between the U.S.A., the United Kingdom and France which followed this in September. Unfortunately, owing to various exchange restrictions imposed in the past, the pace of international trade recovery is likely to be slower than it otherwise might have been, but everything considered, the economic prospect appears more hopeful. The political situation, on the other hand, still remains uncertain, and 1936 witnessed several events which added to the anxieties of a war-weary world. Early in the year, Japan withdrew from the London Naval Conference. In February, the Franco-Soviet Pact was ratified, and this pact greatly influenced Germany's foreign policy. In March German troops occupied the Rhineland, and Germany denounced the Locarno Treaty. In the month of May, Abyssinia was formally annexed by Italy, whilst in Austria the Chancellor assumed dictatorial powers and in July the Austro-German agreement was concluded. About this time the Civil War in Spain commenced which subsequently led to international crises which are likely to lead to further complications. In August, Greece set up a Dictatorship. At the end of the year, Sino-Japanese relations took a serious turn, and Germany and Japan entered into an "anti-communist" agreement. In view of this rapid succession of political coups, it is hardly surprising that international trade in its widest sense could not be rapidly developed. The dangerous political situations which have arisen and are still arising from time to time have led nations to pursue very active re-armament policies and the pace increased throughout the year in all the more important countries. The conquest of Abyssinia; the occupation of the Rhineland;

Japanese domination in Manchuria ; the clash in Spain and the talk of Disarmament which ended in a race for Armaments have all shaken the power and prestige of the League of Nations, but if the present political unrest could be dissipated, then there is little doubt that an all-round economic recovery would ensue.

Turning to matters nearer home and of immediate concern to the Textile Industry of this country, the outstanding events of the year may briefly be summarised as below. The Report of the Tariff Board on the Woollen Mill Industry, which was published early in the year, generally supported the case made out by that Industry for protection, but the reluctance of an important unit which constituted nearly 50 per cent. of that Industry to give evidence before the Board was held by Government to vitiate the findings of the Board and the recommendations based thereon ; with the result that the measure of protection which the Board had recommended has not been given effect to.

The Cotton Ginning and Pressing Factories (Amendment) Act, a salutary piece of legislation designed to prevent malpractices such as mixing, watering, etc., of Indian cottons, was passed early in the year by the Local Legislature and became law. Similarly, the Cotton Control Bill was passed into law, and the cultivation of Goghari cotton or any other cotton mixed with Goghari cotton was prohibited, in the first instance, for a period of three years from 1st June 1936 in the district of Surat and in the Ankleshwar Taluka of the Broach and Panch Mahals District. Both these measures should be helpful to the cotton trade.

The Central Legislature, after considerable discussion, passed into law the Payment of Wages Bill, which provides for the earlier payment of wages to industrial workers and sets forth the types of deductions which would be permitted from their wages. This Act forms another landmark in the history of labour legislation and will be brought into force on or before the 1st April 1937.

Another important measure affecting employers and employees taken up for consideration by the Assembly during the year was the Trade Disputes Amendment Bill which is now being circulated for opinion.

The year witnessed the passage into law of the Indian Companies Act (Amendment) Bill, a comprehensive piece of legislation designed to reform Indian company law. It was framed as a result of a detailed investigation by a special officer, whose recommendations were subsequently informally examined by a committee of non-official business men. The Bill, *inter alia*, sought to regulate and control the powers of Directors and of Managing Agents of Companies. After a fairly lengthy debate in both Houses of the Central Legislature, the Bill was finally passed with a number of modifications and will become effective from the 15th January 1937.

With the termination of the Mody-Lees Pact at the end of 1935, it became necessary, in accordance with a statement made by the Hon'ble the Commerce Member with the Government of India during the course of

the debate on the Textile Protection Bill in 1934, to institute an enquiry with a view to determining the levels of duty necessary to protect the Indian Cotton Mill Industry against competition from British textile goods. The Report of the Special Tariff Board under the chairmanship of Sir Alexander Murray, which was entrusted with this enquiry, was released towards the middle of the year. On an examination of costs data, etc., the Board recommended a reduction of the duty on British goods, excluding printed goods, from 25 per cent. to 20 per cent. No recommendations were made in respect of artificial silk goods in view of the paucity of the requisite costs data. The recommendations made by the Board were accepted *in toto* by Government, and were given effect to from the 25th June 1936.

By far the most important problem which faced the Industry during the year was the question of the renewal of the Indo-Japanese Trade Convention and Protocol, concluded early in 1934. The Protocol attached to the Convention, prescribing the limits of the quantity of cotton piecegoods importable from Japan into India, is due to expire at the end of March 1937, and it, therefore, became necessary to examine the desirability of its renewal, either in its original form or in a modified form. It was generally felt that the present agreement required modification in certain directions if the Textile Industry was to be adequately protected.

Of equal importance to the Industry was the question of the proposed discussions between His Majesty's Government in the United Kingdom and the Government of India for the conclusion of a new trade agreement in replacement of that entered into at Ottawa in 1932, notice of denunciation of which was given on behalf of the Government of India on the 13th May 1936, in consequence of a motion adopted by the Legislative Assembly in this behalf on the 30th March 1936. Negotiations were still proceeding at the end of the year.

The unsatisfactory state of railway finances in the country during the past few years led the authorities concerned to consider the enhancement of the freight rates on a number of articles carried by the railways, including cotton piecegoods. Any increase in freight rates is bound to have serious repercussions on the free movement of cotton piecegoods. Since then, in view of the close bearing which the financial position of Indian Railways have on the general budgetary position of the Central Government, an expert Committee was appointed towards the close of the year under the able chairmanship of Sir Ralph Wedgwood, Chief General Manager, London and North Eastern Railway, to examine the whole position of Indian State-owned railways and make suggestions for improving the financial position of the railways. The results of the enquiry, which is at present being carried on, is awaited with keen interest.

Mention might here also be made of another Committee appointed by the Local Government, under the presidency of Mr. W. B. Morison of the London Stock Exchange with a view "to examine and report on the organization and methods of working of the Native Share and Stock Brokers' Association of Bombay, to consider whether any modifications are desirable in the interests of the investing public and to make recommendations." This Committee is expected to function early in the new year.

We shall now examine in detail how our cotton, cloth and yarn markets were affected by world events and other factors described above.

The year 1936 opened with Broach April May Rs. 219, Oomra January Rs. 200, Bengal Rs. 146, New York May 11.10 cents, Liverpool May 6.19*d*. Prices gradually declined from day to day slowly until the end of February, Broach touching Rs. 186, the lowest price of the year, Oomra March Rs. 170 and Bengal March Rs. 138, New York May 10.68 cents, Liverpool May 5.68*d*. Bengals, owing to good demand and lower price parities, did not fall so heavily as other contracts. The parity between Bengal and Broach contracts remained low throughout the cotton season 1935-36. For a few days there was some anxiety as to the quality of New Broach, but soon this turned out to be only a scare. The parity between Liverpool and Broach in January was very narrow, Rs. 46, but this position could not be maintained very long. The decline was mainly due to the decision of the Supreme Court of the U.S.A. against the A.A.A. on the 6th of January. The 4 cents a pound processing tax (Bankhead Bill) had been removed by this decision, which ultimately helped the old crop American cotton by broadening local demand and cheapening cloth, while, on the other hand, the funds required to finance the crop control also stopped coming.

On the 18th February the Indian crop report was issued at 56,79,000 bales, an increase of 20 per cent. over the previous year, and about the same time the Bankhead Bill was substituted by a new Act called the Soil Conservation Act.

The market steadied from the beginning of March and prices slowly and steadily improved to Rs. 203 on 20th April, and with a small reaction here and there. In the month of May, prices fluctuated within a narrow range, and the April/May Broach contract closed at Rs. 200 on 25th May.

The difference of price between old crop spot and new crop Americans was very wide in view of shortage of desirable cotton which was mostly held by Government on a loan of 12 cents to farmers, and which could not be sold under that price plus the carrying charges. The final figures for the American crop were 10,638,000 bales. In December 1935 New York May was 11.35 cents and Broach April May 1936 Rs. 225. During the month of April, New York May was quoted at the same price, 11.35 cents, while Broach stood at Rs. 196. The parity had widened to this extent owing to the tight position at New York. There was a great export demand for Oomras and Bengals, but staple cotton was rather neglected owing to the poor response from mills who found difficulty in moving their stocks, and the result was a further narrowing of prices between short and long-staple cottons.

In the beginning of May, the difference between Broach July/August (Rs. 200) and Broach New April/May 1937 (Rs. 196) was only Rs. 4, which gradually widened to Rs. 14 at one time, because of a squeeze in July/August contract, which disorganized basis of staple cotton considerably. July/August Broach contract advanced very rapidly, the rate on 27th May being Rs. 200 and Rs. 213 on the 1st of June owing to a squeeze created by a group of local operators. This squeeze finally ended by tenders being taken up to

the tune of 2,47,350 bales till the last tender day, i.e., 25th August. One effect of the artificial premia ruling for the July/August contract over April/May 1937 contract was that tenderable and untenderable stocks were rushed to Bombay. There was thus a glut of staple cottons in the Bombay market, and this could not move into consumption freely until the July/August contract had run out. Mills experienced great hardships in filling their requirements owing to the unnatural position thus created. They had either to pay enormous premia on top of the already high price of the contract owing to squeeze, or wait till the termination of the contract period. Foreign markets for a time seemed to help the bull syndicate, and a good rise was recorded owing to better trade conditions in America. The parity between old and new crop Broach widened owing to the syndicate hedging its purchases of July/August in New April/May contract. There was thus wide disparity between cotton and cloth prices and there was no alternative left to mills but to fill up immediate requirements only.

The month of June ended with a rise of Rs. 10 over the rates ruling in the beginning, but July recorded a still further rise. By this time, Bengal stocks were almost exhausted and the difference between old July Bengal contract and new December/January Bengal contract was Rs. 34 which is regarded as a record.

On the 8th of July, the American acreage report was published at 30,621,000 acres as against 29,166,000 acres last year. This estimate was much lower than the general trade expectation, and gave a general impetus to the market. The top reached was Rs. 243 for Broach July/August on the 14th, Oomra July Rs. 220 and Bengal July Rs. 200; New crop Broach April/May 1937, Rs. 228½; Oomra December/January 1937, Rs. 208½, and Bengal December/January 1937, Rs. 166. These prices could not be maintained owing to lack of trade support, and Broach July/August declined by the end of July to Rs. 227. In August, prices were sustained till the 8th, when a bearish U.S.A. Bureau crop report of 12,481,000 bales brought down prices by Rs. 8. The market thereafter improved a little, and finally the July/August Broach contract ran out on the 25th of August at Rs. 223. The bull syndicate achieved little by the squeeze, but the spot market remained totally paralysed during July and August.

The first Indian cotton acreage report showed 15,769,000 acres against 14,494,000 acres last year, an increase of 3 per cent.

In September there was a steady rise from the beginning of the month and prices reached Rs. 222 for Broach April/May 1937 on the 12th after a bullish U.S.A. crop report of 11,121,000 bales, a reduction of 13½ lakhs over the previous report and also on reports of drought in Gujerat and Kathiawar. These prices could not be maintained, however, and Broach declined to Rs. 213 on the 25th. Thereafter, the market improved again by Rs. 7.

In the months of October and November, prices remained more or less steady. The October and November U.S.A. crop estimates were 11,609,000 and 12,400,000 bales respectively, but these did not materially affect the markets.

There were unseasonal rains in Oomra districts and quality has suffered but not the quantity. The late rains, on the other hand, benefited Gujerat, Kathiawar and Southern districts to a considerable extent.

In December, the final figures of the U.S.A. crop stood at 12,407,000 bales, but the market had already discounted this figure, and prices improved owing to good trade demand in America and also here owing mainly to the daily strong Sampin market in Japan. Broach prices touched Rs. 226 on the 15th, but thereafter there was a small reaction. Towards the end of the year owing to war scares in the East and in Europe, prices rose rapidly and a few stray transactions were reported for April May 1937 Broach as high as Rs. 234½. Final closing prices were :—

New York March	12.40 cents.
Liverpool March	6.85d.
Broach April May 1937	Rs. 231½
Oomra December January 1937	Rs. 210½
Oomra March	Rs. 210½
Bengal December January 1937	Rs. 180
Bengal March	Rs. 178/12
Cross rate	4.91

During December, Japanese shippers were heavy buyers of all styles of cottons, Bengals, Oomras and even Dholleras, and by the end of December, desirable qualities of Bengals appeared to be scarce. We might here note that, while the American crop is under control, other countries have increased their cotton crops greatly. China, for instance, which produced some years back a crop of two million 500-lb. bales, has this season greatly increased her cotton output. The increase in China has been stimulated by the high protective import duty on cotton. This import duty is not based on value, but is a fixed duty, and with Indian prices ruling low at present it is telling heavily against Indian cotton.

In the cloth and yarn markets, prices fluctuated independently from cotton prices. From April to September, offtake remained poor and stocks went on increasing, while order books became leaner and leaner. The Spanish Civil War and the possibility of the whole of Europe being involved had some effect in improving clearances, and offtake has been considerable since the last week of October. By the end of December, the situation had so improved that unsold stocks had reached the lowest point of the year and the total unfilled orders the highest level of the year. At one time, the position appeared so serious that Ahmedabad and Bombay mills were considering measures of concerted action to stop double-shift working, but with the change in the position, more mills began working double shift to take advantage of the boom that is apparently expected in the year 1937 as a result of the possibility of war.

Communal riots in October once again disfigured Bombay, and took their usual toll from our Industry. In the beginning of October, it was expected that a large forward business would be done in cloths and yarns, since merchants from up-country had come to Bombay in large numbers.

These, however, were scared away by the riots, and Ahmedabad is reported to have benefited materially. The mills in that centre are reported to have cleared large quantities of unsold stocks which had accumulated with them, but at sacrifice prices. *Moorat* sales in Bombay have been estimated at about seventy to seventy-five thousand bales. Had it not been for the riots it was expected that *Moorat* sales would reach the 150,000 bales level, passing all previous records.

In January, considerable sales of cloth were reported on the basis of 9 annas 4 pies for grey shirtings. By March the rate had declined to 9 annas, because of continued poor offtake, and a few sales were reported on the basis of 9 annas 1 pie for shirtings, 11 annas 9 pies for 24^s/32^s dhoties and 14 annas for 30^s/40^s dhoties. In spite of steady cotton even those prices could not be maintained mainly owing to keen internal competition, and in May large sales were reported of 40^s/40^s shirtings by a prominent group at 14½ annas a lb., while another group was reported to have sold 20^s/20^s shirtings at 8 annas 10½ pies per lb. At about the same time, 30^s/40^s dhoties were sold at about 13½ annas a lb. In July/August, small sales were reported at prices ranging from 9 annas to 9½ annas for 20^s/20^s grey shirtings. Towards the end of September, offtake was large; this continued through the last quarter, though prices did not show any improvement. *Moorat* sales were effected on the basis of 9 annas for 20^s/20^s grey shirtings, 13½ to 13½ annas for 30^s/40^s dhoties and 14½ annas for 40^s/40^s shirtings. While prices did not show any improvement, the year closed with signs of better times for the cloth markets for the year 1937, though these are mostly based practically on expectations of war.

In the yarn markets, fluctuations were even narrower, prices moving scarcely a quarter anna either way from the basis of 7 annas for 20^s. Offtake continued poor till the end of September. During the last quarter of the year, the offtake was good, though prices did not show any improvement and the year closed with 20^s quoted at 6¾ annas and 10^s 5½ to 5½ annas per lb.

One indication of the serious difficulties the Industry in Bombay has had to contend with during the year 1936 is the number of looms and spindles idle and working double shift. At the end of 1935, 30 per cent. of the spindles and 40 per cent. of the looms were working double shift; by the end of September, these figures had fallen to 17 per cent. and 23 per cent. and at the end of the year, the figures were 26 per cent. and 33 per cent. The percentage of machinery idle had risen in the case of spindles and looms from 21 and 14 per cent. in the beginning to 31 and 22 per cent. by the end of October and was 26 per cent. and 17 per cent. at the end of 1936.

But there is no doubt that the year has ended with better promise for the future and more confidence amongst traders. World trade, as we have seen, is on its way towards recovery, and if no unforeseen circumstances retard its progress, then Indian industries and agriculture are bound to have a share in the general recovery, but possibly the Textile Industry in Bombay will be unable to reap any substantial advantages owing to the growing competition of up-country mills, but Bombay should at any rate be able to face the future with greater hope.

ELECTION OF CHAIRMAN OF THE ASSOCIATION FOR 1937.

The annual ballot for the office of the Chairman of the Association was held on the 4th January 1937 and resulted in the election of **Mr. Dharamsey Mulraj Khatau.**

ELECTION OF DEPUTY CHAIRMAN OF THE ASSOCIATION FOR 1937.

The annual ballot for the election of the Deputy Chairman took place on the 11th January 1937 and resulted in the election of **Mr. Krishnaraj Madhowji Thackersey.**

ELECTION OF THE COMMITTEE FOR 1937.

The ballot for the election of the Committee was held on the 18th January 1937 and the following members were duly elected : —

Sir Ness Wadia, K.B.E., C.I.E. ; Sir Chunilal V. Mehta, K.C.S.I. ; Sir Hermasji Mody, K.B.E., M.L.A. ; Sir Joseph Kay, Kt. ; Mr. V. N. Chandavarkar ; Mr. T. V. Baddeley ; Mr. B. D. Benjamin ; Mr. R. L. Ferard ; Mr. A. Geddis ; Mr. Hurgovandas Jamnadas Ramji ; Mr. Bhagwandas Manmohandas Ramji ; Mr. A. M. Mehta ; Mr. H. F. Milne ; Mr. A. Pether ; Mr. S. D. Saklatvala, M.L.C. ; Mr. F. Stones, O.B.E. ; Mr. C. P. Wadia ; and Mr. Neville N. Wadia.

REFORMED BOMBAY LEGISLATIVE ASSEMBLY.

ASSOCIATION'S REPRESENTATIVE.

Early in December, in accordance with the statutory provisions governing the constitution of the reformed Bombay Legislative Assembly, the Governor in Council called upon the Bombay Millowners' Association Constituency to elect a member before the 5th March 1937. **Mr. S. D. Saklatvala**, the Association's representative in the existing Bombay Legislative Council, was subsequently returned unopposed as the Association's representative on the reformed Bombay Legislative Assembly.

SYDENHAM COLLEGE OF COMMERCE AND ECONOMICS :

ADVISORY BOARD.

ASSOCIATION'S REPRESENTATIVE.

Early in October, in response to an invitation received from Government, the Committee re-appointed **Mr. Dharamsey Mulraj Khatau** as the Association's representative on the re-constituted Advisory Board of the Sydenham College of Commerce and Economics for the triennium 1936-39.

INDIAN CENTRAL COTTON COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

Under Rule 3 of the Indian Cotton Cess Rules, Mr. S. D. Saklatvala completed his three-year term of office as the Association's representative on the Indian Central Cotton Committee on the 31st March 1936. Early in March, the Committee re-nominated Mr. Saklatvala for a further term of three years.

The Committee also re-nominated Mr. Dharamsey Mulraj Khatau and Mr. A. D. Walwyn for co-option as representatives of this Association on the Technological Research Sub-Committee of the Indian Central Cotton Committee for the year 1936-37.

G. I. P. RAILWAY LOCAL ADVISORY COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

Under Rule 9 of the Rules and Constitution of the G. I. P. Railway Local Advisory Committee, the tenure of office of the existing members of the Advisory Committee expired in May. The Committee of the Association, therefore, again nominated Mr. A. Geddis as the Association's representative on the re-constituted Advisory Committee for a period of two years from June 1936.

THE VICTORIA JUBILEE TECHNICAL INSTITUTE.

REPRESENTATION OF THE ASSOCIATION.

(See page 7 of Association's Report for 1933.)

Under Rule 2 of the Rules and Regulations of the Victoria Jubilee Technical Institute, the Association was entitled to elect two members to the Board of the Victoria Jubilee Technical Institute so long as it continued to contribute not less than Rs. 2,000 per annum for the maintenance of the Institute. The rule as framed was obviously inelastic inasmuch as it did not provide for the Association's representation in the event of circumstances intervening which rendered it necessary for the Committee to reduce the Association's grant.

Until the year 1930 the Association had contributed Rs. 2,000 to the funds of the Institute. The amount was subsequently reduced to Rs. 1,500. The possibility of the Association's representation on the Board being reduced was then fully realised by the Committee, but in view of the precarious condition of the Association's finances, the Committee were prepared to accept it.

Rule 3 of the Rules and Regulations of the Institute provided for co-option by the Board of the Institute as "life members," of representatives of corporate bodies who subscribed for the purpose of the Institute a sum of not less than Rs. 50,000. In this connection, it will be recalled that in response to a special appeal issued by the Chairman of the Association in the year 1922, a sum of Rs. 1,04,500 was collected by the Association from member mills towards the funds of the Institute, and was ultimately handed over to the Institute on their recognizing "that a representative of the Mill-owners' Association should always be appointed on the Board, this representation to be apart from the representation under Rule 2 of the Memorandum of Association," but the Committee reserved to themselves the right to ask the Institute to appoint a representative on their Board, under Rule 3 (b) of their Memorandum of Association if for any reason the Association's annual subscription was withdrawn.

Early in May, the Principal and Secretary of the Victoria Jubilee Technical Institute informed the Committee that the Association's right to representation on the Board under the provisions of Rule 2 had been challenged, and in the circumstances, suggested that representation might continue under Rule 3 (b). This arrangement appeared to be in order and the proposal was agreed to.

VISIT OF THE HON'BLE THE COMMERCE MEMBER.

Towards the end of July, the Committee met the Hon'ble Sir Muhammad Zafrullah Khan, Kt., Member for Commerce and Railways with the Government of India, during his brief visit to the City, and informally discussed certain questions which had been the subject-matter of correspondence between the Association and the Commerce Department.

VISIT OF THE HON'BLE SIR FRANK NOYCE.

Early in August, the Committee met the Hon'ble Sir Frank Noyce, K.C.S.I., C.B.E., I.C.S., Member for Industries and Labour with the Government of India, during his visit to Bombay, and informally discussed various matters arising out of recent labour legislation in the country. The opportunity was also taken to acquaint the Hon'ble Member with the measures taken by the Association during the last few years with the object of improving relations with Labour.

VISIT OF MR. W. W. NIND, C.I.E.

Mr. W. W. Nind, Member, Central Board of Revenue, visited Bombay towards the middle of August.

of the Association informally discussed with Mr. Nind various questions affecting the revenues of the country, which had formed the subject-matter of correspondence between the Association and the Central Board of Revenue.

MEMBERSHIP OF THE ASSOCIATION.

The total membership of the Association on 31st December 1936 was 103 as against 104 at the end of 1935. The Andhra Cotton Mills and the Pulgaon Cotton Spinning, Weaving and Manufacturing Company, Limited, ceased to be members of the Association, while the Digvijay Spinning and Weaving Company, Limited, was elected a member during the year.

DOMESTIC AFFAIRS.

On Monday, the 23rd March 1936, the Committee entertained Sir Joseph Kay, the retiring Chairman, to Dinner.

Early in the year, Mr. F. E. Dinshaw, who had been a member of the Committee in 1920 and 1921 and from 1930 to 1934, suddenly died. At the succeeding meeting of the Committee, the following resolution was passed unanimously :—

“The Committee of the Millowners’ Association, Bombay, have learnt with great regret of the sad and untimely death of Mr. F. E. Dinshaw and place on record their sense of loss at the passing away of a colleague who held a unique position in the commercial and industrial life of Bombay and who rendered very eminent services to the Indian Textile Industry as a member of the Millowners’ Association for very many years.”

Towards the middle of February, Sir Dinshaw E. Wacha, Kt., one of the most distinguished members of the Committee with a record of over forty years’ connection with the Association, died at a ripe old age. At a meeting of the Committee specially convened on the day following the sad event, the following resolution was unanimously carried :—

“The Committee of the Millowners’ Association, Bombay, place on record the sense of loss sustained by the Bombay Cotton Mill Industry by the sad death of Sir Dinshaw E. Wacha. The late Sir Dinshaw joined the Committee of the Association in the year 1892, became Chairman of the Association in the year 1917, and throughout his long connection with the Association was an outstanding, able and active member. He was greatly respected by his colleagues for his sincerity of purpose and his selfless labours on behalf of the Association and the several institutions in the country with which he was connected during his long and honourable public and business career.”

In view of the meritorious services rendered by the late Sir Dinshaw to the public for well-nigh two generations, a meeting of the citizens of Bombay was subsequently held, and it was decided to raise a Fund with the object of perpetuating his memory in a suitable manner. It was intended that the memorial should take the form of a statue of the deceased to be erected on a suitable site in Bombay and that the surplus should be devoted to found a

Fellowship of Economic Research in the University of Bombay. The Committee donated a sum of Rs. 1,000 from the funds of the Association to the Memorial Fund.

At a meeting held on the 30th March, the Committee placed on record their sense of loss at the untimely death of Mr. Bomanji Aderji, who for several years acted as a member of the Committee and on several Sub-Committees.

DONATIONS.

At the Annual General Meeting of the Association held on Monday, the 23rd March 1936, 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.

At the Annual General Meeting held on the 23rd March 1936, Messrs. A. F. Ferguson and Company were appointed as the Association's Auditors for the current year on the usual remuneration.

WORKING OF THE COTTON MILLS OF BOMBAY IN 1935.

In accordance with the usual practice, an annual statement showing the results of the working of the cotton mills in Bombay was prepared by the Association and audited by Messrs. A. F. Ferguson & Co. Sixty-four out of the seventy-eight mills in Bombay submitted returns. The statement disclosed a total loss of Rs. 95,58,561 for the year 1935, after providing for depreciation on machinery and buildings, in spite of the fact that during the year managing agents gave up interest, commission and allowance to the extent of Rs. 18,26,658.

ARBITRATION RULES.

PANEL OF ARBITRATORS.

(See page 10 of Report for 1935.)

In the last issue of the Report was published a full list of the panels of Arbitrators and Umpires appointed by the Committee under Rules 3 and 4 of the Association's Rules for Arbitration on Piecegoods and Yarn, for the triennium ending 31st December 1937.

Early in the year, Mr. Bomanji Aderji, an Arbitrator on the Mill-owners' Panel, died, and Mr. Ranchhoddas Dhanji, an Arbitrator on the Piecegoods Merchants' Panel, resigned for personal reasons. These vacancies were filled by the appointment of Mr. Neville N. Wadia and Mr. Gordhandas Gokaldas Morarjee respectively.

The panels, as modified by the appointments referred to above, consist of the following gentlemen :—

LIST OF ARBITRATORS APPOINTED IN ACCORDANCE WITH RULE 3
OF THE RULES FOR ARBITRATIONS ON PIECEGOODS.

MILLOWNERS' PANEL.	PIECEGOODS MERCHANTS' PANEL.
1. Mr. F. Stones, O.B.E.	1. Mr. Devidas M. Thackersey.
2. Mr. S. D. Saklatvala, M.L.C.	2. Mr. Vithaldas D. Govindji.
3. Mr. Bhagwandas Manmohandas Ramji.	3. Mr. Premji Goculdas.
4. Mr. Dharamsey Mulraj Khatau.	4. Mr. Harjivan Valji.
5. Mr. Hurgovandas Jamnadas Ramji.	5. Mr. Vaman Shridar Apte.
6. Mr. Neville N. Wadia.	6. Mr. Devjibhai Damodar.
7. Mr. Pransuklal Mafatlal.	7. Mr. Premji Virji.
8. Mr. Pranjiwandas Vussonji.	8. Mr. Gordhandas Vandravandas.
9. Mr. J. G. Anderson.	9. Mr. Maganlal Chakubhai.
10. Mr. B. D. Benjamin.	10. Mr. Gordhandas Gokaldas Morarjee.
11. Mr. A. D. Walwyn.	11. Mr. Bhimji Jethabhai.
12. Mr. H. F. Milne.	12. Mr. Purshotamdas Jamnadas.
13. Mr. A. M. Mehta.	13. Mr. Ratansey Champsey.
14. Mr. A. Pether.	14. Mr. Jamnadas Mathradas.
15. Mr. T. V. Baddeley.	15. Mr. Mansukhlal Premji.

LIST OF UMPIRES APPOINTED IN ACCORDANCE WITH RULE 4 OF THE
RULES FOR ARBITRATION ON PIECEGOODS.

1. Mr. F. Stones, O.B.E.
2. Mr. S. D. Saklatvala, M.L.C.
3. Mr. Devidas Madhowji Thackersey.
4. Mr. Hurgovandas Jamnadas Ramji.
5. Mr. Premji Virji.
6. Mr. T. V. Baddeley.
7. Mr. A. Pether.
8. Mr. Devjibhai Damodar.
9. Mr. Vithaldas Damodar Govindji.
10. Mr. Vaman Shridar Apte.

DEATH OF HIS MAJESTY KING GEORGE V.

Early in the morning of the 21st January, the Committee received the sad news of the untimely death on the previous night of His Majesty King George V. A special meeting of the Committee was convened on the following day for the purpose of drafting a message of condolence to the Royal Family. Sir Ness Wadia, who presided on the occasion in the absence of both the Chairman and Deputy Chairman from Bombay, moved the following resolution, which was seconded by Sir Hormasji Mody, supported by Mr. S. D. Saklatvala and was adopted in silence, all members present standing :—

That the following message be despatched to His Majesty the King-Emperor through His Excellency the Viceroy :—

“The Committee and members of the Millowners' Association, Bombay, have learnt with profound grief of the death of their beloved King-Emperor George V, and in humble duty tender their heartfelt sympathies to His Majesty the King-Emperor Edward VIII, to Her Gracious Majesty the Queen-Mother and to the Royal Family in the irreparable loss which they and the Empire have suffered.

“The members of the Association also desire to tender to His Imperial Majesty the King-Emperor their best wishes on His accession to the Throne.”

The terms of the resolution were afterwards conveyed to the Private Secretary to His Excellency the Viceroy.

The Committee also decided to recommend to all members that the 28th January, which was declared as a public day of mourning in connection with the funeral obsequies of His late Majesty King George V, be observed as a non-working day; and further, that the wages of both time and piece-workers should be paid in full in mills which were closed on the 21st immediately on receipt of news of the sad event.

A strong and influential Committee comprising all nationalities and interests in the City was subsequently formed under the presidency of His Excellency the Governor of Bombay for the purpose of collecting funds for perpetuating, in a fitting manner, the memory of the deceased sovereign. It was decided that the memorial should take the form of a statue of His late Majesty, to be erected in a suitable site, and an Infirmary, adequately endowed, which it was hoped would relieve the present congestion in the hospitals of the City. Collections were organised, on a voluntary basis, from all sections of the public, and the Mill Industry Sub-Committee which was responsible for the collections from the Textile Industry, collected a sum of Rs. 20,730-1-0 made up of :—

Donations from mill companies	.. ..	Rs.	14,200-0-0.
Contributions from mill staffs	.. ..	..	1,385-2-3.
Contributions from mill staffs and workers	.. ..	..	3,090-7-5.
Contributions from mill workers	.. ..	..	2,054-7-4.
		Total .. Rs.	20,730-1-0.

In addition, a special donation of Rs. 1,000 was made to the Memorial Fund from the funds of the Association.

PROVIDENT FUND OF THE ASSOCIATION.

(See page 9 of Report for 1931.)

Rule 6 of the Association's Provident Fund Rules reads as under :—

"6. *Compulsory Contribution.*—Contribution to the Fund shall be compulsory on all permanent employees of the Association who are in receipt of pay exceeding Rs. 60 per mensem, and whose services with the Association shall have commenced subsequent to 15th April 1924."

Towards the middle of May, in response to an application received in this behalf, the Committee decided to extend the benefit of the Provident Fund to the menial staff employed by the Association, and, with the sanction of the Commissioner of Income-tax, modified the rule in question so as to make contributions compulsory on all employees of the Association, who are in receipt of a pay of Rs. 25 or more per mensem. The new rule was brought into force on the 1st July 1936 on which date the sepoys were admitted to the Fund.

PROPOSED PENALTIES FOR INFRINGEMENT OF THE
ASSOCIATION'S RULES FOR THE REGISTRATION
OF TRADE MARKS, TRADE NUMBERS AND
TRADE NAMES.

Early in the year under review the attention of the Committee was drawn to a number of cases in which either through carelessness, ignorance or wilfully, member mills had used trade marks, trade numbers and trade names without previous registration with the Association. In certain instances, it appeared that well-known marks of other members already registered with the Association had been freely copied or imitated. On representations being made by the Association, matters were set right by the mills concerned, but the position was unsatisfactory, since when the matter was brought to the notice of the Association, the unregistered trade mark, trade number or trade name had probably been in use for some time with the result that member mills, whose registered trade marks, numbers or names had been copied or imitated, suffered considerable damage or loss.

The question was fully discussed by the Committee and members were warned against using unauthorised and unregistered trade marks, trade numbers and trade names. A suggestion for the amendment of the Association's Rules to provide for the imposition of a monetary fine on members for infringement of the rules as an intermediate punishment prior to expulsion was also considered, and the Association's Solicitors who were consulted in the matter, were of the opinion that "if a member agrees to abide by certain rules and he fails to abide by any one of them, the Committee could legally inflict a fine upon him." The Committee, however, decided that the question of the introduction of penalties should be deferred for six months, and that in the interim such steps as are possible should be taken by the Association to ensure that none but registered trade marks, numbers and names are used

by members. As a first step in the direction of stamping out unregistered trade marks, trade numbers and trade names, members were asked to furnish to the Association copies of all trade marks and a list of all trade numbers and trade names used by them. This led to the detection and subsequent application for registration of a number of trade marks, trade numbers and trade names which were being used without registration. This was followed up by the decision to revise the Association's Trade Mark Registers which not only brought to light the use of certain unauthorised trade marks, but also led to the cancellation of several registered trade marks which were not being used by the mills concerned. Somewhat similar action was also taken in respect of trade numbers and trade names with similar results. The whole position will be reviewed again by the Committee early in 1937.

REVISION OF THE ASSOCIATION'S TRADE MARK REGISTERS.

The Association's Trade Mark Registers were last revised in the year 1923-24. Certain mills had since changed hands or had been scrapped altogether, necessitating several transfers of the ownership of trade marks registered with the Association. The number of registered trade marks had also greatly increased during the last few years following on the accession of several up-country mills as members of the Association, with the result that the transfers and new registrations could not be satisfactorily effected within the space available in the existing Registers. The position was considered by the Committee towards the end of August, and it was decided that a further revision of the Registers should be undertaken. Member mills were, therefore, invited to submit copies of all registered trade marks together with a statement showing the names of the marks in question and particulars of the class or classes of goods on which they were being used. The details connected with the compilation of the new Registers were discussed from time to time by the Trade Marks Sub Committee of the Association, and the procedure which they subsequently decided should be followed in special cases was set forth in periodical circulars addressed to all members of the Association.

At a very early stage of the Sub-Committee's labours, the question arose as to the procedure which should be adopted in cases where a trade mark submitted by a member for the new Registers differed from the trade mark originally registered with the Association in respect of size, shape or colour. It was held that such variations should be recorded in the new Registers only after circulation to all members of the Association. This decision was communicated to all mills, and it was pointed out that no objections to such trade marks re-circulated for information would be entertained, except in cases where the design of the trade marks circulated differed substantially from the designs originally registered with the Association.

The Sub-Committee were also called upon to decide the procedure which should be adopted in connection with the registered trade marks of member mills of which copies were not available with the mills concerned.

It was understood that in several instances the trade marks were not in current use; there was also no information as to whether, and if so when, they would be reprinted. In view of the possibility of the work on the new Registers being delayed if an early decision in this matter was not taken, the Sub-Committee recommended that mills which had not sent in copies of all registered trade marks should be given 3 months' time to complete their lists. The Trade Marks Sub-Committee further pointed out that if, on the expiration of the period, it was not possible for mills to send in copies of their registered trade marks, they would be called upon to show cause why the missing trade marks should not be expunged from the Association's Trade Mark Registers. What the Sub-Committee really proposed to do was to go into the details regarding "habitual use" of each trade mark and the circumstances, if any, in which such habitual use had not been possible, and if it appeared to them that a trade mark had not been habitually used without any reasonable explanation for such non-habitual use being tendered by the mills concerned, such trade mark should be expunged from the Association's Registers.

The new Registers are expected to be completed by the middle of 1937.

HABITUAL USE OF TRADE MARKS.

SUBMISSION OF PROOF OF HABITUAL USE OF REGISTERED TRADE MARKS IN SUPPORT OF OBJECTIONS TO NEW TRADE MARKS.

Rule 14 of the Association's Rules for the Registration of Trade Marks reads as below :—

" Any member may object to any trade mark being entered in the Permanent Register on the ground that such trade mark is an imitation colourable or otherwise of a trade mark which has already, on the application of such objecting member, been entered in the Permanent Register for use on goods of a class or classes similar to the class or classes of goods to which the trade mark, in respect of which an application has been made, is intended to be applied, and that such trade mark, so already entered, is habitually applied by such objecting member to such class or classes of goods."

In other words, the conditions precedent to a valid objection are :—

- (a) The trade mark of the objecting member should have been registered with the Association or entered in the Suspense Register for use on the class or classes of goods for use on which the proposed trade mark was to be registered ; and
- (b) The objecting member's trade mark should have been 'habitually' used on the class or classes of goods on which the proposed trade mark was to be used.

It followed, therefore, that a valid objection should be supported by proof of registration with the Association and proof of 'habitual' use. No statement was required in regard to the former, but some sort of a certificate

appeared to be necessary to prove 'habitual' usage. No such certificate had, hitherto, been insisted upon, but it had recently been pointed out when circulating new trade marks that objections should be accompanied by a statement showing when the objector's trade mark was last applied. Although this instruction had gone round to the mills, only in one instance had an objection been accompanied by a certificate of 'habitual' use.

It was somewhat doubtful whether, without proof of 'habitual' use, a dispute could be referred to arbitration, but, in view of the custom which had up to now prevailed, proof of use had not been insisted upon before proceeding with arbitrations. Another reason for this attitude was that nowhere in the Association's Trade Mark Rules had the term 'habitual use' been defined. Under the English law, it would appear that an application for the cancellation of a registered trade mark could validly be made to the Registrar if the trade mark in question had not been used for five years immediately preceding the date of application, unless such non-usage was shown to be due to special circumstances in the trade and not to any intention to abandon such trade mark. It had further been held that the term "special circumstances in the trade" did not mean "special circumstances in the particular business." This probably implied that cancellation could not be objected to by the owner of a registered trade mark on the ground that he had been unable to sell that particular class of goods, if that particular class of goods had been sold by other parties in the trade.

The question was considered by the Trade Marks Sub-Committee, who made the following recommendations :—

(a) The Trade Mark Rules of the Association should be amended so that objections to a new trade mark shall be set forth in a specified form containing the following particulars :—

- (1) The class or classes of goods on which the objecting mark had been used (*vide* Rule 14); and
- (2) the date on which the objecting mark was last used on yarn and on piecegoods.

The adoption of a form of this character was, in their opinion, necessary in view of the provisions of Rule 14 which, in effect, made it necessary for the objecting party to prove 'habitual' use of his trade mark to make his objection valid.

(b) An additional rule or sub-rule to existing Rule 14 should be incorporated in the Trade Mark Rules specifying that, unless special circumstances existed, the registered trade mark should not be deemed to have been habitually used if it had not been used during the five years immediately preceding the date of submission of the objection or the date of any demand for information regarding the date of use of the particular registered trade mark concerned. The reason for this recommendation was that in England the registration of a trade mark would ordinarily appear to lapse if it had not been used for a period of five years.

(c) A new rule should be added to our Trade Mark Rules providing that any trade mark which had not been 'habitually' used as described in the previous para should be deleted from the Trade Mark Register after the parties concerned had been given an opportunity of stating their case.

A number of other minor modifications in the Rules also appeared to be desirable, and the Sub-Committee did not, therefore, suggest that any immediate alteration in the Rules should be made to cover habitual use, but they felt it would be advisable to introduce the system advocated in their first recommendation immediately since this would enable the Association to carry out the intentions of Rule 14 more satisfactorily than at present.

The General Committee agreed with the recommendations made by the Trade Marks Sub-Committee. Members were instructed to submit their objections on the form prescribed by the Sub-Committee, and it was decided that effect should be given to the other recommendations of the Sub-Committee when the Trade Mark Rules of the Association are revised.

REGISTRATION OF PICTURE POST CARDS AS TRADE MARKS.

Towards the middle of May, the Committee were requested to express an opinion as to whether fancy picture cards used on member mills' products at the instance of their dealers required to be registered under the Association's Rules for the Registration of Trade Marks.

The Association's Solicitors, who were consulted by the Committee, were emphatically of the opinion that a fancy picture card did not constitute a trade mark. They stated:—

"As we understand the matter, the various manufactures of a mill have either printed on the face plaits trade marks or attached to the face plaits labels which are the trade marks under which the goods are sold. The picture post cards, of which a specimen was handed to us, is given away with the goods. The question which we have to consider in deciding whether these post cards should be registered with the Association is, are these post cards trade marks? Our emphatic opinion is that they are not. The goods of a mill are sold under various trade marks and it is never intended that any goods of that mill are to be sold under this post card. At no time will it, we understand, be possible for the mill to claim that any person seeing this post card or a colourable imitation of it will consider that the goods sold in connection with it are the goods of the mill in question. In fact we understand the mill never intend to make any such claim.

"In the Association's Rules for the Registration of Trade Marks, a trade mark must, we think, be a symbol attached to goods with the intention of denoting that such goods are the manufacture of a particular mill, and to distinguish them from similar goods of another mill.

"Of course, if we are mistaken in what we have written and it is the intention of the mill to attach this post card to their goods to distinguish them from goods of other mills, then the mark must be submitted for registration. Whether it should be registered is another matter. We understand that other mills are already using this particular post card and though they may not, in fact, can hardly in the absence of registration claim that it is a trade mark, much of the advantage of its use would be lost. We also understand dealers commonly use the mark, so that it is at least doubtful, whether the mark as a trade mark is not common."

(Appendix 1.)

DEALERS' TRADE MARKS.

Towards the end of November, the Committee were asked to express an opinion on the question of circulation of dealers' trade marks used by member mills exclusively on goods manufactured for export. It would appear that a member mill had recently received several new stamps from their overseas buyers with instructions to use them against sales made to the buyers' markets. As all these stamps belonged to the buyers and were only intended for use on the mills' goods exported out of India, the mill concerned suggested that it was not necessary to circularise such stamps to the members of the Association as prescribed in the Association's Rules for the Registration of Trade Marks.

The question was carefully considered by the Trade Mark Sub-Committee of the Association, who held that Rule 7 of the Association's Trade Marks Rules made it clear that *every* dealers' mark which was intended to be applied to *any produce of a member mill* should be circulated for information, and contemplated no exceptions. It was, however, agreed that the fact that a particular dealers' trade mark was intended to be applied on goods meant for export markets might be brought to the notice of member mills when circulating the trade mark in question under Rule 7, as this consideration might weigh in favour of the mill at whose instance it was circulated. (*Appendix 2*)

REGISTRATION OF SENTENCES, PROVERBS AND TRADE SLOGANS AS TRADE NAMES.

(*See page 11 of Report for 1934.*)

On page 11 of the Report of the Association for 1934, mention was made of the Rules framed by the Association for the Registration of Trade Names used by member mills on various classes of goods produced by them which came into operation on 1st January 1935.

When the Rules in question were originally framed, it was not intended that complete sentences, proverbs and slogans should be registered as trade names for the reason that exclusive rights to their use would never be recognised by a Court of Law, but a certain number of such names subsequently came to be registered with the Association, as the rules did not specifically prohibit their registration.

However, in view of a rapid increase in the number of such applications towards the middle of the year, the Trade Marks Sub-Committee reviewed the position, and held that sentences, proverbs, slogans or anything in the nature of slogans should not in future be accepted for registration as trade names. They further recommended that such trade names as had already been registered should be expunged from the Exclusive Register of Trade Names, and that such registration fees as might have been paid in respect of them should be refunded to the applicants. The Sub-Committee also pointed

out the desirability of making it clear to the parties concerned that, though registration of the names in question had been cancelled, the trade names could still be used, but that no steps would be taken by the Association to protect them.

The recommendations made by the Sub-Committee were accepted by the General Committee, and towards the end of August, all member mills were advised accordingly.

REVISION OF THE TRADE NUMBER REGISTERS OF THE ASSOCIATION.

(See pages 3 and 125 of Report for 1932.)

The scheme of registration of trade numbers used by member mills, framed by the Association, was first put into force in 1933, and a large number of new registrations have since been effected by member mills. Early in the year, the attention of the Committee was called to certain difficulties experienced by mills in securing the registration of new trade numbers. It was suggested that, owing to the number of registrations already effected, the range of choice in standard lines such as dhoties and shirtings had become extremely restricted in simple combinations, bearing in mind the minimum standards of difference prescribed in Rule 16 of the Rules for the Registration of Trade Numbers.

The position was carefully examined by the Trade Marks Sub-Committee. After considering various alternative proposals calculated to remedy the situation, they finally recommended that each mill should be furnished with an up-to-date list of all numbers exclusively registered in its favour. They felt that, if such a list were supplied to mills, there would be no excuse whatsoever in future for mills using unregistered trade numbers. When once prepared, the lists could be kept up-to-date by the member concerned. It was also suggested that member mills might be asked to score out from the list such numbers, the use of which had been given up.

The proposals made by the Sub-Committee were adopted by the Committee, and a special clerk has been engaged by the Association for the purpose of compiling lists of the registered trade numbers of all member mills.

STAMPING OF INCORRECT TRADE DESCRIPTIONS.

The attention of the Committee had on several occasions been drawn to several instances of incorrect stamping of length and width on cotton piecegoods manufactured by Indian mills. From the information placed at the disposal of the Association, it appeared that, in most of the cases, incorrect stampings were supplied by mills at the instance of merchants, but it was felt that the ultimate responsibility of the mills, as a party to the

offence, still remained, and they were as liable to be prosecuted under the law as the dealer himself who was responsible for it. In these circumstances, the attention of members was drawn to the relevant provisions of the Indian Merchandise Marks Act, and they were requested to issue strict instructions to the departments concerned to take special care as regards stampings and to ensure that the provisions of the law were complied with in all respects.

The Committee felt that in the interests of the good name of the Indian Cotton Mill Industry as a whole the practice of incorrect stamping should be discontinued, and with this end in view, a copy of the Committee's circular was forwarded to the Ahmedabad Millowners' Association for information and for such action as it might consider necessary. (*Appendix 3.*)

METHOD OF ASCERTAINING THE LENGTH OF THE PIECE IN THE CASE OF COTTON PIECEGOODS.

Towards the end of August, a number of enquiries were received by the Committee as to the correct method of ascertaining the length of the piece in the case of cotton piecegoods. As there seemed to be a certain amount of misconception in the matter, the question was discussed by the Committee, and members were recommended to adhere to the end-to-end system of measurement. It was pointed out that any deviation from this system to suit very special cases should be clearly set out in the sale contract to prevent all possible misunderstandings. In the case of fringed goods, it was suggested that in all future contracts the length of fringed goods should be specified as so many inches overall inclusive of so many inches of fringes at each end. (*Appendix 4.*)

FACE PLAIT AGREEMENT.

Following a dispute between two member mills in regard to the registration of a particular trade mark, the question as to the steps which might advisably be taken by the Association with a view to obviating the difficulties caused by the similarity of the face plaits stamped on piecegoods by member mills was discussed at a meeting of member mills producing fine count goods early in July. The practicability of instituting some system of exchange of face plaits between the mills concerned and the mutual adjustment of individual differences before the face plaits were actually stamped on piecegoods was considered, and it was ultimately decided that the system should, in the first instance, be confined to face plaits used on (1) Dhories (grey, bleached and dyed) and Saries (grey, bleached and dyed), manufactured from cotton yarn of 40's warp and over, saries manufactured from artificial silk being included in this section; and (2) Printed shirtings, voiles and all other printed goods.

An agreement setting forth the understandings reached at the meeting was subsequently drawn up, and signed by the parties concerned. Under this agreement, each signatory agreed to submit to the Association a sufficient number of all the face plaits used by him on the types of goods referred to

above for circulation to all the other signatories. Objections received to any face plait would be mutually adjusted, or failing agreement, be decided by arbitration in accordance with the Association's Rules for the Registration of Trade Marks. A similar procedure would be followed in the case of all future face plaits. The signatories further agreed to extend the scope of the agreement to any other mills which decided to join the scheme, and to other classes of goods by common consent of all the parties. The Agreement, which came into operation on October 1st, would remain in force until determined by one month's notice by one or more parties to the agreement of his or their intention to resile, or until the Association introduced a system of registration covering face plaits used by all member mills on all or particular categories of goods. The agreement would not over-ride the provisions of the Association's Rules for the Registration of Trade Marks, Trade Numbers and Trade Names, and provides that no face plait should be circulated which contains trade marks, trade numbers or trade names which did not comply with these Rules.

The following member mills are signatories to the Face Plait Agreement :—

The Khatau Makanji Spg. & Wvg. Co., Ltd., The E. D. Sassoon United Mills, Ltd., The Edward Sassoon Mills Ltd., The Elphinstone Spg. & Wvg. Mills Co., Ltd., The Meyer Sassoon Mills Ltd., The David Mills Co., Ltd., The Apollo Mills Ltd., The Standard Mills Co., Ltd., The Indian Bleaching, Dyeing & Printing Works Ltd., The Morarjee Goculdas Spg. & Wvg. Co., Ltd., The Finlay Mills Ltd., The Swan Mills Ltd., The Gold Mohur Mills Ltd., The Satya Mills Ltd., The Kohinoor Mills Co., Ltd., Messrs. Courtaulds (India) Ltd., and The Svadeshi Mills Co., Ltd.

The question of extending the scope of the agreement with a view to secure concerted action in certain other fields is at present under consideration by the mills concerned. (*Appendix 5.*)

MUNICIPAL ASSESSMENT OF BOMBAY COTTON MILLS.

(See pages 11 and 112 of Association's Report for 1935.)

It was indicated in the last issue of the Association's Report that a reference had been made to the Chief Judge of the Small Causes Court for the clarification of certain issues arising out of his original judgment dated 17th June 1935. The issues on which the Committee desired a ruling were, *inter alia* :

- (a) whether, and if so, what deductions were permissible from the "gross" letting values fixed by the Court ;
- (b) which department or departments in a mill were to be valued at the lower rate of Rs. 2 per 100 square feet per month fixed by the Court ;
- (c) what constituted trade depression ; and whether a mill which was closed on account of a strike would be entitled to be valued at the lower rate of Rs. 2.

On the first two issues, the Court expressed the opinion that the higher rate was applicable "to all buildings containing machinery (motive or process) used in or for the manufacture of articles," and the lower rate "to all other buildings," subject to the statutory deduction under the Municipal Act, of 10 per cent. With regard to the last issue, it was held that the lower rate of Rs. 2 was applicable only to mills "closed on account of depression in trade."

It appeared that the Court also held that "if part of the main building contains machinery and other parts are used for godowns, etc., different rates are to apply." Engine rooms and boiler houses which had fallen into disuse would be valued at Rs. 2 and mills which had creches, hospitals, etc., would need to apply, to obtain exemption.

The Municipality having completed the measurement of all mills in conjunction with the Association's experts, the valuation of individual mills was taken up in accordance with the principles indicated by the Small Causes Court. The question of refunds due to mills for closure was then taken up and in this connection, differences of opinion arose between the Association and the Municipality which considerably delayed further proceedings. An early understanding on all outstanding issues, however, appears to be possible at the time of writing.

TOWN DUTY ON TALLOW.

In 1932, by virtue of an amendment of Schedule H to the City of Bombay Municipal Act, 1888, the Corporation were empowered to levy a town duty of annas 10 per Bombay maund "on *Ghi* substitutes (of whatever composition) which are not pure *ghi*, but which resemble pure *ghi* and are capable of being used as substitutes for pure *ghi*." The amendment was made on the suggestion of the Bombay Municipal Corporation, and in the Statement of Objects and Reasons attached to the Bill, it was made clear "that the duty is leviable on all edible vegetable oils and solidified whale or other fish oils which resemble *ghi* and which are being utilised as such."

When the Bill was introduced, there was little discussion since its objects were understood to have been clearly specified, and Mr. J. B. Petit, the Association's representative in the Council, supported the Bill.

Early in March this year, the attention of the Association was drawn to the fact that the Bombay Municipality had decided to impose the town duty on mutton tallow, largely used in cotton mills in the sizing and finishing processes. It appeared that, at the current market rate for tallow used by mills, the duty worked out at 10 per cent. *ad valorem*.

On a careful consideration of the matter, the imposition appeared to be of doubtful legality, and counsel's opinion was taken. As counsel's opinion seemed entirely favourable to the Association, the matter was subsequently taken up with the Municipal Commissioner with the result that the levy was discontinued, and refunds were granted wherever the tax had already been collected.

POWER COSTS.

(See pages 17 and 93 of Report for 1935.)

On page 17 of the last Report, reference was made to a representation submitted by the Association to Messrs. The Tata Hydro-Electric Agencies, Ltd. requesting a further reduction in the cost of hydro-electric power. Towards the end of April, the Association was furnished with copies of a new schedule of power charges, T-3, which had been approved by the Boards of all the three Hydro-Electric Companies in March. It was pointed out that the new schedule was intended as an alternative to the T-2 schedule, and that it would not be applied automatically to existing business. It was applicable to new contracts, and to any consumer then operating on the T-2 tariff who indicated his desire to transfer to the T-3 schedule for the unexpired portion of his existing contract.

With a view to gauge the effect of the application of the new rates, copies of the T-3 schedule were forwarded to all members of the Association. From the figures received from individual mills, it appeared that, at steady loads, in mills where the power factor was higher than 85 per cent., a switch over from the T-2 tariff to the T-3 tariff would result in a saving; the saving in the case of mills working single shift would be comparatively small, while it was somewhat greater in mills which were working double shifts. The Committee, therefore, recommended a switch over to the T-3 tariff in the case of those mills whose power factors were higher than 85 per cent.

In conveying this recommendation to Messrs. The Tata Hydro-Electric Agencies Ltd. early in May, the Committee suggested that retrospective effect might be given to the T-3 schedule as from the 1st April 1936. An assurance was also asked for that "the policy of progressive rate reduction to become effective from time to time and to the extent that circumstances permitted," enunciated by Sir Nowroji Saklatvala, Chairman, at the Annual General Meeting of Messrs. The Tata Hydro-Electric Power Supply Co., Ltd., held on 18th September 1934, would be continued during the currency of mill contracts for hydro-electric power in the case of all mills who elected to be charged according to the T-3 Tariff schedule, more especially as mills were generally of the opinion that the cost of hydro-electric power was still considerably higher than the cost of other forms of power.

Messrs. The Tata Hydro-Electric Agencies agreed to give retrospective effect to the new schedule as from the 1st April 1936 to all mills which, on deciding to switch over, advised them before the end of May, and from the 1st May to those mills which advised them in the month of June. In regard to the assurance asked for by the Association, it was pointed out that, in the absence of any official statement to the contrary, it must be assumed that the announced policy would remain unaffected.

Further correspondence followed between the Association and the Power Companies on the question of the relative costs of hydro-electric power and of own power, plus process steam in each case, and in the hope of finally settling this vexed problem, the Committee suggested the desirability of a

test by an expert independent authority at the joint expense of the Power Companies and the Industry, in the Coorla Mills—where it was understood an up-to-date power plant had recently been installed.

The Power Companies indicated in reply that it was their intention to ask the proprietors of the Coorla Mills for permission to carry out an exhaustive test, as soon as the new A. E. G. Turbine of 1,200 I.H.P. was running smoothly and that they remained ready and willing to supply information in this respect. The precise nature of the test which the Power Companies had in mind was not, however, quite clear. So far as the Committee of the Association were concerned, there were obvious objections to an *ex-parte* test, and it was for this reason that they had suggested an impartial test by an outside authority at joint expense. They, therefore, suggested that, if it was not possible for the Hydro-Electric Companies to accede to the suggestion for an investigation by an impartial outside authority, then, as an alternative, a joint test or tests should be made by the Engineers of Messrs. The Tata Hydro-Electric Agencies Ltd., working in association and collaboration with Engineers from the Association's special Sub-Committee. The Committee also suggested the desirability of additional tests being conducted at the Victoria and Shree Ram Mills, as it was thought that three tests in different mills would be likely to give more representative results than an isolated test. These suggestions have been accepted by the Power Companies and preliminaries for the proposed test at the Coorla Mills have also been settled. The test at the Coorla Mills will commence on Monday, the 11th January 1937. (*Appendix 6.*)

INSURANCE OF ELECTRICAL EQUIPMENT SUPPLIED BY THE HYDRO-ELECTRIC COMPANY.

Clause 16 of Exhibit 'B'—General Conditions and Technical Regulations—of the Power Contracts entered into between mills and the Hydro-Electric Power Companies reads as under:—

"16. *Insurance against Fire of Company's Plant.*—The consumer shall at his own expense during the continuance of this Agreement insure and keep insured against loss or damage by fire the electric equipment belonging to the Company within the Factory or the Factory premises whether installed or awaiting installation and erection and such insurance shall be effected in the name of the Company with some responsible Insurance Office or Offices in Bombay and shall be for such amount as shall from time to time be named by the Company. And the policy or policies in respect of such insurance shall forthwith after the insurance is effected be handed over to the Company and the receipt for every premium payable in respect thereof shall also be handed to the Company not later than three days previous to the date on which such premium becomes payable. In the event of the consumer failing to effect any such insurance as aforesaid or to hand over the policy or receipts for premium in respect thereof in due course the Company shall be at liberty to effect the insurance and shall be entitled to recover all expenses in connection therewith from the consumer with interest on the amount thereof at the rate of nine per cent. per annum."

Early in the year, the Committee were informed that as from January 1936 the Hydro-Companies would themselves insure and keep insured against loss or damage by fire the electrical equipment belonging to those companies which might be installed or awaiting installation on the premises of the consumer, and also for their own account arrange insurance renewal on such equipment as and when existing policies expired. It was further indicated

that, as a result, the clause above referred to would become null and void, but that the power contracts would in all other respects remain in full force for the period for which they were entered into.

All members of the Association were duly advised of this modification of the contract. (*Appendix 7.*)

RIOT AND CIVIL COMMOTION RISKS.

REDUCTION IN INSURANCE RATES.

The following reduced rates notified by the Bombay Fire Insurance Association as applicable to all new insurances, renewals and/or transfers effected from the 20th March 1936 for riot and civil commotion cover on Bombay cotton mill and cotton mill godowns are reproduced for purposes of record :- -

	Loss or damage by Fire only directly caused by Riot, Civil Commotion, Rebellion, Insurrection, also loss or damage by fire only directly caused by the operation of Martial Law, Military or Usurped Power in connection with the foregoing perils only.	Loss or damage (<i>including</i> Fire Loss or Damage) directly caused by Riot, Civil Commotion, Insurrection, Rebellion and/or by Strikers, Locked-out Workers and/or other persons taking part in Labour disturbances and/or malicious persons acting on behalf of or in connection with any Political Organization; also loss or damage (<i>including Fire Loss or Damage</i>) directly caused by the operation of Martial Law, Military or Usurped Power in connection with the foregoing perils only.
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Rates for Buildings and Contents, also for goods in the open.

Not less than Annas per cent.

	Buildings.	Contents.	Buildings.	Contents.
5. Cotton Mills including Cotton Mill Godowns and Cotton in Mill Compounds.				
Islands of Bombay and Salsette—				
Original Rate	1	1	1½	1½
Reduced rate	¾	¾	1½	1½

The rates for Dye Works and Woollen Mills in Bombay have also been reduced to the same level.

FIRE INSURANCE OF BOMBAY COTTON MILLS: ALTERATIONS AND EXTENSIONS UNDERTAKEN BY MILLS.

Towards the middle of May, the Bombay Fire Insurance Association informed the Committee that several cases had recently been before their Committee where alterations and extensions had been undertaken by mills without plans having been submitted to the Fire Insurance Association through the insurance company concerned. In some cases, these extensions and alterations were not in accordance with the Fire Insurance Association's requirements, and were, therefore, not qualified for the lowest scale of fire insurance rating. One of the cases in point was the insertion of plain glass in north lights where wired glass was required to qualify for fireproof rating. The Committee were, therefore, requested to advise member mills that, where plans were not submitted in advance to the Fire Insurance Association, no concessions would be granted if construction was subsequently found to be below standard, and a circular letter was accordingly issued to all members of the Association. (*Appendix 8.*)

RAILWAY TRANSIT INSURANCE.

Early in August 1935, the attention of the Committee was drawn by a member mill to the high premia charged by the Bombay insurance companies for "All India Railway Transit" and "All India Railway Stations, Yards and Platforms, etc.," risks. The rates at present charged for these risks appeared to be 64 annas per cent. per year for transit risk and 40 annas per cent. for station yard risk.

The rate for transit risk, which was about 48 annas per cent. in 1918-19, appeared to have been increased to 96 annas per cent. in 1924-25 and subsequently reduced to 64 annas per cent. from 1927-28, and it seemed there was no justification whatsoever for such a high rate of premium for this type of risk. Years ago, cotton used to be loaded in open wagons, and consequently the danger of damage by fire resulting from sparks liberated from passing engines and theft was infinitely greater than at present, when railways provide closed wagons for the transport of cotton.

As regards the railway yard risk, the position was that, whatever were the reasons for charging a high rate of premium in the past, the danger of loss or damage by theft or fire had now been reduced to a minimum. The railway authorities did not as a rule allow bales "awaiting despatch" to be stacked in the yard till wagons became available. It was understood that the usual practice was that the forwarding contractor first made enquiries from the authorities as to whether wagons were available, and then carted the bales to the yard where they were immediately loaded into the waiting wagons and sealed up. The premium charged by the Madras insurance companies for the same type of risk appeared to be 12 annas per cent.

In these circumstances, the Committee felt that there existed a strong case for a revision of the existing rates for the two types of risks mentioned above, and took the matter up with the Fire Insurance Association.

The reply from the Fire Insurance Association was not satisfactory. As regards the rate for "transit risk," it was pointed out on their behalf that a recent review of the experience of this class of risk had resulted in an increase in the rate under the Madras tariff to 64 annas per cent. This did not necessarily imply that claims had been heavy in respect of the Madras territory, but it was thought that in the nature of the risk it could not be confined to any one association's area, and experience must be reviewed as a whole. In the circumstances, it was contended that an all India rate was logical.

As regards the "station yard risk" rate, the Insurance Association pointed out that insurance offices had met with some very heavy losses and no up-country station possessed appliances which would be of the slightest use in cotton fire and did not, therefore, propose to reduce the rates.

The Committee requested the Fire Insurance Association to furnish them with detailed statistics of claims to enable them to go further into the matter. The attitude of the Committee on this question was :—

- (a) If, in the opinion of the Fire Insurance Association, an all-India rate for "transit risk" was logical, there was no reason why there should not also be an all-India rate for "yard" risk. Bombay was paying a much higher rate for this type of risk than either Madras or Calcutta.
- (b) There was further no reason why, for purposes of insurance, cotton stacked in a closed railway wagon should be treated differently from cotton stored in corrugated iron sheds in gineries where the rate did not exceed 24 annas per cent.
- (c) There was also no reason why the "transit risk" on raw cotton should be about eight times the rate applicable to cloth.

The Insurance Association, however, declined to furnish the statistics required by the Committee, and further correspondence followed, and it was urged on behalf of the Insurance Association that very little insurance of cotton in transit was being written on an annual basis and that insurance of cotton whilst stored in railway yards awaiting railment was practically negligible, a material factor on the latter point being that many of the larger ginning and pressing factories in the mofussil had their own private sidings, which made railway yard cover unnecessary. The Fire Insurance Association, however, agreed to extend the cover under both the Bombay and Mofussil Cotton Mills Godown Tariff to include such cover at railway stations without extra charge.

In reply, the Committee pointed out that several mills had to insure their cotton purchases firstly at a certain rate when the goods were in the premises of the factory where they were ginned and pressed, and again at a different rate when the goods were awaiting railment at station yards. In this connection, it appeared that twenty years ago, it was possible to extend without extra premium, policies taken out in respect of fully pressed cotton

bales in the compound of a ginning or pressing factory, to railway stations and bunders. This practice was subsequently given up, when there was an increased risk of fire in station yards on account of the accumulation of stocks resulting from wagon shortage, which at one time was very acute. In fact, the withdrawal of this concession appeared to have been preceded by a serious outbreak of fire in a certain up-country station; nevertheless, the justification, which then existed for discontinuing the practice, had completely disappeared, and there was no longer any lack of wagons, and no serious outbreak of fire had been reported in recent years. In these circumstances, the Committee pressed for an amendment of the Tariff so as to make it possible to extend the existing cover in respect of fully pressed cotton bales lying in the compounds of ginneries and presses to station yards at the point of despatch.

The Fire Insurance Association however turned down the suggestion. They pointed out "domestic underwriting arrangements stood in the way of any such extension being possible and that these must have been important factors in its withdrawal fifteen years ago."

The question was further examined by the Committee in the light of the claim statistics submitted by members, but the matter was not pursued further. (*Appendix 9.*)

EXEMPTIONS UNDER THE INDIAN FACTORIES ACT.

RECESS INTERVALS FOR OPERATIVES EMPLOYED IN PRINTING, BLEACHING AND DYEING DEPARTMENTS.

Towards the end of September, the Committee were informed that the Government of Bombay were contemplating the abolition of the exemption granted to cloth printing, bleaching and dyeing factories or departments from the provisions of the sections of the Indian Factories Act relating to rest intervals. It appeared that cotton mills had not availed themselves of this exemption, but the question arose because a small dyeing factory which notified an hour's interval did not subsequently observe it, and claimed that, as it was exempted from the rest interval, there was no breach of the Act. Though the factory was acquitted in the lower Court, the High Court reversed the acquittal, and it was thought that the abolition of the exemption would help in securing a better control over the small type of factory. Even if the exemption was not abolished, some alterations were apparently necessary since, as the exemptions stood at the moment, folders in a dyeing factory were exempted from the provisions relating to rest intervals whereas they could not be considered so in a mill since the exemption only applied to a "department."

The Committee had no objection to the above exemption being withdrawn, if it was understood that in the case of cloth printing, the existing exemptions from the provisions of Section 37—midday recess—would be allowed to continue. As regards dyeing and bleaching factories, though

the existing exemptions would be withdrawn, it was ascertained that kiermen would continue to be exempted from Sections 34 (Weekly Hours), 36 (Daily Hours) and 37 (Intervals for Rest) subject to the conditions specified below :—

- (i) No worker should be allowed to work more than sixty-six hours in any one week ;
- (ii) No worker should be allowed to work more than—
 - (a) eleven hours in any one day in factories which worked machinery nine hours a day ; or
 - (b) twelve hours in any one day in factories which worked machinery ten hours a day or more than six on days when main machinery worked four hours..
- (iii) The intervals for rest and food totalling one hour should be given every day and the register or muster-roll maintained in accordance with Section 41 should show correctly the periods of work of each worker.

BOMBAY WEIGHTS AND MEASURES ACT.

(See pages 77 and 261 of Association's Report for 1935.)

In the last Annual Report of the Association, reference was made to a communication addressed by the Committee to the Director of Industries, Bombay, on certain matters arising out of the application of the Bombay Weights and Measures Act. Briefly stated, the points then made were :—

- (a) In giving effect to the provisions of Section 35, the tolerances permitted under the Indian Merchandise Marks Act should be taken into consideration : in other words, the tolerances permitted under the Merchandise Marks Act must be recognized and allowed under the Bombay Weights and Measures Act ;
- (b) Stamping and verification of weights and measures used solely for inter-departmental purposes in mills should not be insisted upon ;
- (c) The system of remuneration of piece-work operatives at present current in certain departments of cotton mills, i.e., on the basis of so many pies per hank in the inter, slubbing, roving and reeling departments, or at so many annas per lb. on the nominal weight of the piece produced in the weaving department, or at so many pies or annas per bundle or bale in the bundling and baling departments should be legalised and permitted under the Act.

With regard to (b), the Committee were informed early in May that the exemption requested in respect of inter-departmental weights and measures would not be available, but Government had no objection to the operatives in certain departments being remunerated on the piecework system on the basis of so many pies per "hank," since a hank was equal to 840 yards and was, therefore, a multiple of the yard, which was a standard measure under the Act, or on the basis of the "nominal" weight of cloth if this weight was ascertainable in terms of one of the standard weights mentioned in the Act. There was also no objection to piece-workers employed in the bundling and baling department being remunerated at so many annas per bale if the equivalent approximate weight of the bale in lbs. estimated according to certain fixed principles understood by both parties was mentioned in the books. This matter was considered by the Committee, and early in November, member mills, which remunerated their balers on piecework, were instructed to specify the maximum weight of the bale together with the piecework rate per bale. Where, however, a higher rate per bale was being paid for particularly heavy bales, it was pointed out that the rate list should consist of two parts, e.g.—

(a)annas per bale up to a maximum of.....lbs.

(b)annas per bale over.....lbs.

With regard to the question of allowing tolerances similar to those permitted by the Government of India under Section 16 of the Indian Merchandise Marks Act, it was agreed that an amendment of the Bombay Act was necessary, and accordingly towards the end of September, a Bill to amend the Bombay Weights and Measures Act was published in the *Bombay Government Gazette* under Rule 18 of the Legislative Council Rules, which, *inter alia*, sought to empower the Local Government "to prescribe the amount of error which may be tolerated in selling articles by weight or measure generally or as regards any trade or class of trades." The Bill passed through all stages on 3rd October and received the assent of His Excellency the Governor-General on the 14th December 1936.

It is understood that Government have under consideration the question of fixing the scale of tolerances permitted by the amending Act.

(Appendix 10.)

PAYMENT OF WAGES ACT, 1936.

(See pages 36 and 163 of Report for 1935.)

In the last Report of the Association, reference was made to the Report of the Select Committee of the Legislative Assembly on the "Bill to regulate the payment of wages to certain classes of persons employed in industry."

The Bill, as reported by the Select Committee, was taken up for consideration in the Assembly on the 5th February 1936. At the outset, the House took up various substantive amendments tabled by members, which, *inter alia*, sought to extend the scope of the application of the Act to industries other than factories and railways and to factories employing less than one thousand persons; to reduce the maximum wage period to a fortnight instead of one month; and to take away the right to deduct fines from the wages of an employed person; but these motions were eventually negatived when put to the vote. The House, after considerable discussion, adopted an important amendment to Clause 9, moved by Sir Hormasji Mody, the Association's representative in the Assembly, which was designed to empower an employer, in the event of ten or more employed persons acting in concert absenting themselves without giving the notice required under the terms of their contracts of employment, and without reasonable cause, to make a deduction from the wages of such operatives of an amount equal to 13 days' wages in lieu of notice. When the measure went up to the Council of State, that House accepted an amendment moved by the Hon'ble Mr. P. N. Saprú limiting the deduction which might be made by an employer in lieu of due notice to the wages for 8 days instead of 13 days. This amendment was subsequently confirmed by the Assembly and the Bill became law on 23rd April 1936.

Section 26 of the Act, as passed, empowered Local Governments, subject to the control of the Governor General in Council, by notification in the local official *Gazette*, to make rules for the purpose of carrying into effect the provisions of the Act. Accordingly, early in October, Government published in the *Bombay Government Gazette* the Draft of the Bombay Payment of Wages Rules, 1936.

The enactment of this new labour legislation necessitated a thorough overhaul of the Standing Orders for Mill Operatives framed by the Association. The revised Orders and various other matters arising out of the Act and the Rules were discussed in detail at a series of conferences held early in December between a small Sub-Committee of the Association and the Commissioner of Labour, the Chief Inspector of Factories and the Government Labour Officer, and tentative conclusions were reached in regard to such questions as, for instance :—

- (a) The list of persons who should be given permission to inflict fines in cotton mills.
- (b) The purposes for which receipts from fines might be spent.
- (c) The types of deductions from wages other than those specifically covered by the Act which would be permitted.
- (d) The offences for which fines might be imposed in cotton mills.

At the end of the year, these decisions were being considered by the Committee.

It is understood that the Payment of Wages Act will be brought into force from the 1st March 1937 and it is hoped to introduce the revised Standing Orders of the Association on the same date. (*Appendix 11.*)

TRADE DISPUTES ACT AMENDING BILL.

(See pages 25 and 114 of Report for 1933, and pages 22 and 164 of Report for 1934.)

The Trade Disputes Act was passed in 1929 originally for a period of five years, and was converted into a permanent measure in 1934. It was reviewed by the Royal Commission on Labour, and was criticized in certain minor respects by two Courts of Enquiry appointed under it. The Royal Commission on Labour observed: "the heavy artillery of the Trade Disputes Act as it then stood was not suitable for use in the earlier stages of a dispute," and pointed out that "it is far better to get the parties to a dispute to settle it themselves than to put forward a settlement for them invoking public opinion or otherwise to give it force." In their opinion:

"Too often when the crisis comes, Government is inadequately informed regarding the antecedents and the merits of a dispute; indeed, in many cases it has received little information of it except that which comes at a later stage from those responsible for law and order. At present, even some officers dealing with labour in the provinces, lacking encouragement (and even permission) to interest themselves directly in disputes, tend to depend on police reports for their information. The attention of the authorities is thus apt to be concentrated too exclusively on the effect which a dispute is likely to have on the public peace and officers whose duties qualify them to act as conciliators sometimes receive no information of a dispute or are informed at a very late stage. An expert officer who had followed a dispute in its earlier stages would be able to take a wider view of the whole situation than those whose interest is rightly concentrated on a special aspect of it, namely, its relation to public security. Even when the expert officer's efforts to secure a settlement were unsuccessful, he should be in a position to give wise advice to Government as to the stage at which it could bring its influence to bear, either privately or by the appointment of a statutory Board or Court."

and they therefore considered that every Government should have an officer or officers for this purpose.

In June 1933, the Government of India consulted Local Governments and industrial and commercial organizations of the country on the advisability of undertaking legislation on the lines suggested by the Royal Commission, and the Committee stated that they were in agreement with the Commission as regards the desirability of providing against needless cessation of work. At the same time they drew the attention of Government to certain considerations of a practical character which, in their opinion, were some of the obstacles in the way of the realization of the objects which the Commission had in view. However, in view of the preoccupations of Government, it was not possible for Government to bring forward proposals for any drastic alteration of the Act in 1934, but the Hon'ble Sir Frank Noyce stated in the Assembly:

"As I said a few moments ago, we have collected a number of useful opinions and these contain suggestions for amendment of the Act in various directions. My colleagues and I have not yet had an opportunity of examining the proposed amendments in detail... but I am prepared to undertake that we shall bring forward another Bill containing proposals for the amendment of the main Act. So far as I can see, this Bill will probably include amendments affecting the main operative provisions of the Act, i.e., Section 3, which is the Section giving power to refer disputes to Courts and Boards, and Section 15, which is the Section dealing with public utility services."

In accordance with this undertaking, the Hon'ble Sir Frank Noyce on 31st August introduced in the Legislative Assembly a Bill to amend the Trade Disputes Act. The major amendments proposed in the Bill were :—

(1) The existing Section 16 regarding illegal strikes and lock-outs was deleted, and it was proposed to empower Government to declare by notification in the *Gazette* a strike or lock-out illegal for a period of two months if they were satisfied that it had caused, was causing or was likely to cause serious or prolonged hardship to the community or to any section of the community or to the employers or workmen generally. It was further proposed that no such notification should be issued unless the trade dispute in question had previously been referred to a Court of Enquiry or Board of Conciliation. In connection with this amendment, it was stated in the Notes on Clauses appended to the Bill :

“The present section 16 is framed in terms which, as experience has indicated, render it of little value for the protection of the community. It is important that any measures which are necessary to protect the public against the serious injury that may be involved in a big dispute should be taken. But it has also to be recognized that those taking direct part in a dispute of this character may have genuine grievances ; and it is proposed to ensure that when a strike or lock-out is declared illegal, steps will be taken to have the claims of the parties investigated. The proposed section 16 accordingly provides that any declaration of a lock-out or strike as illegal must be accompanied by the reference of the dispute to a Court of Inquiry or Board of Conciliation ; and the period for which the declaration of illegality subsists is limited to two months.”

(2) Provision was made for the appointment of Conciliation officers, who, it was pointed out “will not be responsible merely for the investigation and settlement of disputes, but will be charged with the duty of preventing disputes.”

The Bill came up for discussion in the Assembly on 13th October, and at the instance of the Hon'ble Sir Frank Noyce, it was decided to circulate the Bill for the purpose of eliciting opinions thereon, and accordingly early in December, the Government of Bombay requested the Committee to express their views on the proposed amendments.

The principles underlying the Bill had the Committee's support, but they were disappointed that some of the major suggestions submitted by them in 1933 and 1934 had not been adopted. Nevertheless, they strongly urged the desirability of incorporating in the Bill provisions which would make picketing at or near a workman's place of residence a cognizable offence and prohibit picketing altogether while conciliation was proceeding or on the appointment of a Court of Enquiry or Board of Conciliation.

Turning to the proposed provisions regarding illegal strikes or lock-outs, it was pointed out that Government should be empowered to extend the period during which a strike might be considered illegal if the Court or Board appointed by Government had not completed its investigation and submitted its report within two months.

The provision relating to the appointment of conciliation officers, it was considered, was a step in the right direction provided the Bombay system

was followed. It was, however, pointed out that the success of the Bombay Trade Disputes Conciliation Act had been largely due to the appointment of Labour Officers by the Government of Bombay and by the Millowners' Association. The Government Labour Officer had been able, by opening "night offices" in the heart of the mill area, to establish very close contact with the workers, and through the medium of these night offices and very close collaboration with the Millowners' Labour Officer, had been able to investigate complaints and remedy grievances where they existed with the least possible delay. It was, in the opinion of the Committee, somewhat doubtful whether conciliation machineries similar to that provided in Bombay City for the Cotton Textile Industry would achieve similar results in all areas and they recommended that conciliation machinery of the type provided in the Bombay Trade Disputes Conciliation Act should, in the first instance, be introduced in highly concentrated industrial areas.

It had been proposed by Government that disputes between employers and employees should be brought within the scope of the Act. The reasons given in the Notes on Clauses attached to the Bill were irrelevant and unconvincing, and the Committee asked for an indication as to the type of disputes between employers and employees which, in the opinion of Government, should be investigated by a Court of Enquiry or Board of Conciliation. The Committee were open to conviction on this point, but on the facts before them, they saw no justification for the inclusion of disputes of this character in the scope of the Act. (*Appendix 12.*)

EXTENSION OF THE BOMBAY TRADE DISPUTES CONCILIATION ACT OF 1934.

Under Section 2 (1) of the Bombay Trade Disputes Conciliation Act, the application of the operative provisions of this Act was limited to the City of Bombay and the Bombay Suburban District, but the Governor in Council was empowered, to direct by notification in the *Bombay Government Gazette*, their application to such other area as might be specified therein. Towards the end of July, the Government of Bombay requested the Committee to express an opinion on the advisability of extending the Act to places outside Bombay. It was pointed out that recently there had been a dispute of the workmen employed in the Raymond Woollen Mills, Thana, and that if the Conciliation Act had been applicable to Thana, and the Chief Conciliator and the Government Labour Officer, Bombay, had jurisdiction to intervene in the dispute as in Bombay City, they would probably have prevented the strike which was long drawn out. It was, therefore, suggested that the provisions of the Act be extended to the textile industry in Thana.

In reply the Committee pointed out that, while they had no great objection to extending the scope of the legislation in question as suggested by Government, they considered it essential that its application should, for the moment at any rate, continue to be strictly limited to the textile industry. The Committee pointed out that one of the essential criteria for the successful working of the Bombay Trade Disputes Conciliation Act was that the Govern-

ment Labour Officer should be dealing with a compact area and with one trade or industry, and it was considered that his work should not be rendered less effective in so far as the textile industry of the City was concerned by a diffusion of his labours over different classes of industrial establishments. It was, however, thought that there might not be the same objection to an extension of a more general application of the Act in so far as the work of the Chief Conciliator was concerned. (*Appendix 13.*)

WORKING OF THE BOMBAY TRADE DISPUTES CONCILIATION ACT, 1934.

(*See pages 27 and 146 of the Association's Report for 1935.*)

In the last issue of the Association's Report, reference was made to certain recommendations made by the Committee to all members of the Association at the instance of the Labour Advisory (Managers) Sub-Committee working in conjunction with the two Labour Officers, with the object of improving the relations between the employers and the workmen and securing regularization of employment generally. The periodical reports submitted by the Association's Labour Officer were, as usual, discussed by the Committee, and important suggestions necessitating action by mills were further followed up by the Managers' Sub-Committee, and their considered views were subsequently embodied in the form of draft recommendations to the General Committee for approval. A summary of the recommendations sent out to members in the year under review is given below for purposes of record :—

Registration of Jobbers.—The record of head jobbers and assistant jobbers undertaken by the Association in 1935 having been completed, it was decided that weaving line jobbers employed in mills should also be brought within the scope of registration. Member mills were accordingly asked to furnish the Association with particulars relating to all weaving line jobbers employed by them on the special registration cards provided by the Association.

Regularization of the Grant of Leave to Operatives.—The Committee recommended the adoption of the following proposals in member mills in connection with the grant of leave to mill operatives :—

- (a) Requests or applications for non-urgent leave of more than 7 days duration should be received by the heads of the departments only on two fixed days during the week.
- (b) If the head of the department or the manager decided to grant leave, the date for the commencement of the leave should be 3 days after the application date, i.e., if the request for leave was received on Monday, the leave should commence from Thursday. The applicant should get his leave pass only on the day previous to that on which the leave was to commence.

The three days which would elapse between the application for leave and the date of departure on leave would make it easier to arrange for suitable badlis, and payment of earned wages where necessary.

- (c) In cases of sanctioned leave of less than 7 days' duration, previous notice need not be demanded and the leave pass should be issued on the day the request for leave was made.
- (d) If the head of the department or the manager was satisfied that leave exceeding 7 days was of an urgent character, then the rule regarding previous notice might be waived.
- (e) It would be advisable to post notices in the departments and at the gate informing the workpeople of the dates on which requests or applications for long leave would be received and the procedure which would be followed.

It was also recommended that *badlis* for the posts of doffer jobbers and line jobbers should be paid the rates of wages which were paid to the permanent operatives in whose posts the *badlis* were working.

Badli Control System.—An outline of the scheme for the control of the employment of *badlis* was set forth on page 29 of the Association's last report. Statistics were taken out in the year under review in a number of mills in order to ascertain how the system had been working, and in particular to find out how the total number of individual *badlis* employed during a month in each mill compared with the average daily absenteeism. On an examination of the figures, it was found that, while the system was on the whole working fairly satisfactorily, it could be made more effective if instructions were included in Marathi on the cards issued to the *badlis* specifying :—

- (1) All persons carrying badli cards should present themselves for work every morning with their badli card ; otherwise their cards would be liable to cancellation.
- (2) They would be given first preference of employment as badlis, and those who had been working regularly would be given first chance of employment in permanent vacancies.
- (3) Badli card holders must not roam about in the departments, but must wait in a place allotted.
- (4) If substitutes carrying badli cards, but not employed for that day, found that a new man without a card had been engaged on the type of work they had been doing, the matter must be reported to the head of the department.
- (5) Badlis not securing employment must obtain the signature of the head of the department before leaving the mill.

The Sub-Committee found that the limited success which had attended the introduction of the system in certain mills was probably due to an inadequate appreciation of the scheme by the departmental heads. Certain broad principles were, therefore, laid down for the guidance of departmental heads of such mills which, it was thought, would help to set matters right.

Service Certificates.—With a view to assist operatives retrenched by various mills in Bombay owing to the closing down of their night shifts in securing employment as *badli* or permanent hands at other mills, it was recommended that all mills should introduce a system of service certificates in all cases of substantial retrenchment in numbers owing to the closing down of night shifts or otherwise. Member mills were requested to give preferential treatment to service certificate holders for *badli* work or for permanent vacancies for which efficient workers were not available among the mill's

own regular employees. One advantage which, it was thought, would accrue from the adoption of this recommendation was that mills would have a regular source of supply from which efficient workers could be drawn for employment as *badlis* or permanent hands, thus reducing, to some extent, the dependence of managers on their head jobbers or jobbers for the supply of labour.

Ticket System for Piecework Operatives.—Clause 6 of the Association's Standing Orders for Operatives provided that "each operative without exception will be provided with a departmental ticket showing his number, and on attendance each day shall deliver up the ticket at the place provided." On the introduction of the Standing Orders in 1930, the ticket system for weavers was tried out in the Currimbhoj Mills, but it failed as the operatives threatened to go on strike, and in consequence implicit adherence to Standing Order No. 6 had not so far been insisted on in most mills, so far as the weavers were concerned. During the last few years, the position had altered considerably and certain mills had succeeded in introducing the ticket system in all departments. The position was carefully reviewed by the Managers' Sub-Committee, and on their recommendation, the following recommendations were made by the Committee to all members of the Association to implement the Standing Order referred to above :—

(1) A tin disc ticket or a card-board ticket with the description of the Department and the Ticket Number, should be issued to all operatives, whether time-workers or piece-workers.

(2) All workers, whether time-workers or piece-workers, should be made to drop their 'tickets' at the gate before being allowed to enter the mill. A Ticket Boy should be in attendance at the gate to see that no man drops two tickets at the same time, and that no one goes inside the mill without dropping a ticket except regular *badlis* holding *badli* cards. After the tickets have been collected, the Ticket Boy should arrange them in serial order to find out the missing numbers. The missing numbers would represent the absentees for the day. The Departmental Clerks, or the Number Markers should also take the attendance of workers in their respective departments and send an absentee report* to the Time Office, which should then be checked up with the absentee report prepared by the Ticket Boys at the gate. (*Note.—This report should be in the hands of the Timekeeper before 8-30 a.m.)

In the afternoon, the Ticket Boys should go into their respective departments to distribute the tickets to the workers individually so as to ensure that the workers did not leave the mill after they had dropped their tickets at the gate in the morning.

(3) The number of workers reported on the absentee statement should be tallied up against the number of *badli* card holders working for the day.

Alterations in Wages.—The question of the procedure which should be adopted by mills intending to alter the wages paid to their operatives or fixing the rates for new sorts was considered in detail by the Committee early in October, and the following instructions were issued to all members :—

- (a) No changes in the rates of wages of either piece or time workers should be effected without previous intimation to the Association and without due notice to the workers concerned; and
- (b) the rates of wages fixed for new sorts should ensure earnings corresponding to those now being obtained on similar sorts.

In the case of entirely new sorts for which the output per machine per day was uncertain, it might be necessary, in the first instance, to fix tentative rates, but it was pointed out that permanent rates must be fixed when experience had determined the daily output which could reasonably be expected from an efficient worker.

Payment of Unclaimed Wages.—It was felt that undue delay in the payment of unclaimed wages should, as far as possible, be avoided. With this end in view, the Committee recommended payment of unclaimed wages on at least two days per month and that where two days had been fixed, these might be at the end of the second and fourth weeks. Under this arrangement, a worker making a claim would be paid on the following unclaimed wages pay-day. For example, in a mill where the unclaimed wages pay-day had been fixed for the 14th and 28th of the month, a worker making a claim on the 10th or 11th, would be paid on the 14th.

Earnings of Weavers.—In the course of their deliberations as to the steps which might be taken to encourage and stimulate efficiency, the Labour Advisory (Managers) Sub-Committee found that the system of marking rates per piece or per lb. and the yardage expected each day on weavers' tally boards had been introduced with good effect in certain mills. It was felt that the general adoption of the system in all mills would not only have a favourable psychological effect inasmuch as it would enable weavers to know how much they were earning each day and to make up any loss in production they might have suffered on previous days, but would also make it possible for the management to maintain a day-to-day check on the efficiency of individual weavers. The suggestion was approved by the Committee, and mills in which this system was not already in operation, were instructed to have two extra columns printed on the tally board ticket. Details regarding the dimensions of the cloth, etc., are usually entered up on the tally board every time the weaver is given a fresh beam on his loom, and it was suggested that when the clerk entered up these details, he might also enter in the two new columns particulars as to the rate per pound or per piece and yardage expected each day at basic efficiency, that is to say, the efficiency on which the rate was fixed for that type of cloth to enable a weaver to earn a particular wage. It was also suggested that information in the two new columns might be written up in red ink or in different ink from that used for writing up dimensional particulars. It has since been reported that a large number of mills have adopted this recommendation.

EMPLOYERS' DELEGATE TO THE XXIII SESSION OF THE INTERNATIONAL LABOUR CONFERENCE.

Towards the middle of October, the Government of India, in the Department of Industries and Labour, stated in the course of a *Press Communique* that the following subjects would be discussed at the forthcoming session of the International Labour Conference to be held at Geneva in June 1937 and invited suggestions relating to the nomination of non-Government Delegates and their Advisers:—

- (1) The reduction of hours in the printing trade and the textile and chemical industries;

- (2) Safety provisions for the building trades ;
- (3) Organization of Public Works in relation to employment ;
- (4) The revision of Draft Conventions relating to the admission of children to industrial and non-industrial employment.

The provisional agenda of the Conference included matters of far-reaching importance to the Cotton Textile Industry, and the Committee were, therefore, strongly of the opinion that the viewpoint of the members of the Association on these matters should be adequately placed before the Conference. They, therefore, suggested the appointment of Sir Hormasji Mody, K.B.E., as the Employers' Delegate to the next Conference.

Sir Hormasji's close connection with the Association, his very intimate knowledge of all matters relating to the trade and industry of the country, and his continuous association with the work of the Indian Legislative Assembly during the last seven years should, the Committee held, make him an admirable selection ; and they, therefore, hoped that the suggestion would meet with the approval of Government.

It is understood that a number of commercial and industrial organizations in the country have supported the nomination of Sir Hormasji Mody. (*Appendix 14.*)

EMPLOYERS' DELEGATE TO THE SPECIAL MARITIME SESSION OF THE INTERNATIONAL LABOUR CONFERENCE.

Towards the middle of June, the Employers' Federation of India informed the Committee that a special Maritime Session of the International Labour Conference would be held at Geneva in the month of October to consider the following subjects :—

- (1) Manning, in conjunction with hours of work on board the ship.
- (2) Holidays with pay for seamen.
- (3) Protection of seamen against sickness.
- (4) Promotion of seamen's welfare in ports.
- (5) Minimum requirement of professional capacity in the case of captains, navigating and engineer officers in charge of watches on board merchant ships.

It would appear that Government had, as usual, invited suggestions for the nomination of non-Government Delegates and Advisers. The President of the Federation, after consultation with various interests concerned, proposed to recommend the name of Mr. M. A. Master, General Manager, of Messrs. The Scindia Steam Navigation Co., Ltd. for nomination as Delegate and requested the views of the Committee on the proposal.

The Committee approved the nomination of Mr. Master as the Employers' Delegate to the Conference. (*Appendix 15.*)

COTTON GINNING AND PRESSING FACTORIES
(BOMBAY AMENDMENT) ACT.

(See also pages 46 and 227 of Report for 1935.)

In the last Report of the Association, mention was made of the reference of "A Bill to amend the Cotton Ginning and Pressing Factories Act, 1925, in its application to the Presidency of Bombay" to a Select Committee of the Bombay Legislative Council.

The Report of the Select Committee was presented to the Council on the 18th February, 1936, by the Hon'ble Sir Robert Bell who, in explaining the changes made by that Committee, stated that these were, generally speaking, intended to meet the convenience of the trade. For example, it had been arranged that no ginning or pressing factory would have its licence cancelled or the factory closed down during the course of the actual working season. Similarly facilities were given to the owners of presses to collect information regarding the source from which they obtained the ginned cotton for pressing. The return from ginneries was made monthly instead of weekly. In regard to the power of the Magistrate to compound offences, the Select Committee made this power exercisable by a District Magistrate alone. The Select Committee were also of opinion that the fine of Rs. 1,500 provided in the original Bill for the commission of malpractices such as mixing or watering might prove inadequate and recommended that the maximum fine should be Rs. 5,000.

The Bill was read a second time on the same day and was taken up clause by clause. Mr. Tolani (Western Sind) moved an amendment which sought to reduce the penalty from Rs. 5,000 to Rs. 1,500. The Hon'ble Sir Robert Bell in opposing the amendment explained :—

"In the case of cotton, it is not so much a matter of the dishonest mixer of cotton making a certain amount of money; it is also a question of the enormous losses which he inflicts on the cultivator. As has been explained in great detail before, once the price of cotton falls per bale, all the tens of thousands of bales which have been purchased or will be purchased from the cultivator loses a certain percentage of their value—10 to 20 per cent. or whatever that may be for a few years till the reputation of that cotton is re-established. Therefore, on these grounds, a heavy fine in this particular case, is, I think, justified."

The Hon'ble Member further observed :—

"The fine suggested by Government was Rs. 1,500 and it was the force of argument and the discussion in the Select Committee which has induced Government to support the proposal for a fine of Rs. 5,000. The proposal came from a member of the trade and it has the support of the trade. No one has spoken on behalf of the agriculturist and I conclude from this that the larger amount has the support of the agriculturist who is the member of the public who stands principally to lose by the malpractices with which the Bill deals. The trade approves for two reasons. One is that practices of this kind can only be met by heavy fines. I understand that the trade also thinks that once the Act is in force, once the threat of fine exists, there are not likely to be many attempts to break the law, and it is advisable to make it a substantial threat and not a futile one."

The amendment, on being put to the vote, was negatived. The other clause in the Bill were then taken up and were adopted with minor modifications

The Bill was read a third time, and having received the assent of the Governor General, became law on 12th March 1936.

It is understood that the question of the application of the Act is at present engaging the attention of Government. (*Appendix 16.*)

BOMBAY COTTON CONTROL ACT.

(*See also pages 48 and 237 of Report for 1935.*)

In the last Report of the Association, reference was made to the passage into law of the "Bill to provide for the prohibition of the cultivation of Goghari cotton and the mixing of such cotton with other cotton and for the prohibition or restriction of the possession or use of, or trade in, Goghari cotton or cotton mixed with Goghari cotton."

In accordance with the powers vested in them under the Act, the Government of Bombay issued a notification towards the middle of May prohibiting the cultivation of Goghari cotton, the mixing of Goghari cotton with any other cotton and the possession or use of, or trade in, Goghari cotton or any other cotton mixed with Goghari cotton for a period of three years from the 1st June 1936 in the district of Surat and in the Ankleshwar Taluka of the Broach and Panch Mahals District. (*Appendix 17.*)

FALSE PACKED AMERICAN COTTON.

(*See pages 101 and 376 of the Association's Report for 1932.*)

The question of false packed American cotton had been discussed by the Association on several occasions. In 1932, it was ascertained that several members who had been using an increased proportion of American cotton had reason to complain of the presence of a large quantity of short cotton stalks which, in their opinion, was due to the practice of sledding cotton in America. In addition, it had also been found that there was a great deal of leaf mixed with cotton which, when passing through the saw gins, got crushed, and it was only with great difficulty that this leaf could be removed.

This question had also been considered at successive meetings of the International Cotton Committee, at whose instance the American Government authorities appointed Mr. Fred Taylor to visit important cotton consuming centres in the world in order to obtain evidence of false packed American cotton. Mr. Taylor subsequently visited Germany, France and other countries in Europe, but unfortunately he was unable to visit India, and under the circumstances, the International Federation of Master Cotton Spinners' and Manufacturers' Associations enquired from the Committee whether it would be possible for them to obtain samples of cotton from false packed bales of American cotton delivered to member mills. It was suggested that a circular might be sent to all member mills of the Association

asking them to forward such samples to the offices of the Federation at Midland Bank House, Manchester. A half-pound sample from each side of the bale and a half-pound sample from the interior appeared to be sufficient.

A communication was accordingly addressed to all members of the Association, and it was pointed out that in cases where actual samples from false packed American bales were not available, members might assist the American authorities by furnishing them, if possible, with a statement outlining their experience in regard to American cotton purchased recently. (*Appendix 18.*)

REVISION OF HEDGE CONTRACTS.

(*See pages 50 and 243 of Association's Report for 1935.*)

On page 50 of the last issue of the Report, reference was made to the views expressed by the Association on certain proposals made by a special Sub-Committee of the East India Cotton Association for the institution of a new staple contract.

Early in the year under review, certain further proposals were framed by the Sub-Committee with the object of revising the existing Hedge Contracts, but these were also found unacceptable to the Association.

Early in August, the attention of the Committee was drawn to the following new proposals framed by the East India Cotton Association Sub-Committee, which, it would appear, were then under consideration by the Board of that Association :—

(1) *F. G. M. G. Bengal Contract.*—

U. P., Punjab, Rajputana, Sindh and Mathias.

Basis.—Fully Good Punjab. Mathia box to be raised by one class.

Trading months.—December/January, March, May, July and September 1st to 25th.

Average staple of the season.—Nothing below $\frac{1}{2}$ class off to be tenderable. Mathias to be raised by one class.

(2) *Fine M. G. Oomra Contract.*—

Khandeish	}	Basis—fine Berars.
Muglais		
Central India		
Berars		
C. P. I. and II		
Broach.		

Broach fine box to be lowered by one class, standard boxes of Mughlais to be prepared in accordance with general idea of the Trade with due regard to the desirability of encouraging good deliveries only.

Trading months and staple qualifications to be the same as for F. G. M. G. Bengal Contract.

Rejection Clause.—December/January to May $\frac{1}{2}$ class off, July to September one class off.

(3) *F. G. Broach Contract.*—

All Surti Descriptions	$\frac{7}{8}$ "	} Basis.—Fully good Punjab-American.
Dhollera	$\frac{3}{4}$ "	
Kadi/Viramgaum	$\frac{3}{4}$ "	
Kalagin	$\frac{7}{8}$ "	
Sindh/P/A. 4F	$\frac{3}{4}$ "	
Comptahs	$\frac{7}{8}$ "	
Western and Northern Farm	$\frac{7}{8}$ "	
Cambodia	$\frac{7}{8}$ "	
Karunganni	$\frac{7}{8}$ "	
Malwa	$\frac{7}{8}$ "	
Verum	$\frac{7}{8}$ "	
Ordinary Western	$\frac{3}{4}$ "	
Bijapur/Bagalkot	$\frac{3}{4}$ "	
Miraj	$\frac{7}{8}$ "	
Tinnevelly	$\frac{3}{4}$ "	

The present F. Gd. boxes for Comptah Ordinary Western/Northern Bijapur/Bagalkot and Miraj to be the tender basis and the F. Gd. boxes for Cambodia, Karunganni and Tinnevelly to be lowered by one grade. Standards to be prepared for F. G. Malwa, Verum and Western/Northern Farm on the same lines as under Fine M. G. Oomra Contract.

Trading Months.—Same as for F. G. M. G. Bengal Contract and Fine M. G. Oomra Contract.

Nothing below one class off tenderable.

On a careful examination of the whole matter, the Committee held that the revised proposals should be supported subject to:—

- (1) the inclusion in the Broach Contract of Umri, Bhainsa, Dharmabad, Karkhelli, Mudkhed and Latur cottons—all of which had a staple length of $\frac{7}{8}$ " ;
- (2) the omission of Mathia cotton from the Bengals Contract.

As regards the staple length of the Broach Contract, it was considered desirable that U.S.A. Staple Standards should be demanded by the Association's representatives.

The Millowner Directors on the Board of the East India Cotton Association were advised accordingly, and they were instructed to make it clear to the Board of the East India Cotton Association that, as and when the supply of cotton of over $\frac{7}{8}$ " staple increased, the Association might press for further revision of the system of Hedge Contracts and the institution of the more logical division of the Indian cotton crop according to staple lengths, measured by U.S.A. Universal Standards. (*Appendix 19.*)

FIXATION OF MINIMUM STAPLE LENGTH FOR EAST AFRICAN COTTON.

(*See pages 57 and 247 of Report for 1935.*)

The question of staple length of East African cotton had been discussed by the Committee of the Association on various occasions. In July 1935, the Board of the East India Cotton Association expressed itself as being in favour of fixing the minimum staple length at 1-1/16" *as understood by the trade* subject to provision being made for the preparation of a set of staple standards to be made available in the settlement of surveys and appeals for the purpose of feeling and testing the staple of cotton. The Committee of the Millowners' Association on the contrary favoured a minimum staple length of 1-1/16" *not* "as understood by the trade" but "according to the universal standards."

Early in September, the attention of the Committee was drawn to the following recommendations made by the Special Appeal Committee on African cotton of the East India Cotton Association :—

"That the average staple length of East African cotton shall not be less than 1-1/16" as ordinarily judged by the trade. However, if the Appeal Committee decides to have a Laboratory test performed on any sample of African cotton *for its own guidance*, then the average staple length, as found by the Laboratory test, shall not be less than 1.03", it being understood that the sample will be sent to the Laboratory under a key number and that the result shall be only for the guidance of the Appeal Committee subsequently."

"That no separate standards be prepared for staple, which shall be judged, as at present, by visual examination and hand test."

"That the staple length as prescribed above shall, in the first instance, be applicable for one year only, i.e., for the 1936-37 season crops."

The Committee suggested that the notice issued by the East India Cotton Association should be amended by substituting the words "U.S.A. Staple Standards" for the words "as ordinarily judged by the trade." The main reason for this suggestion was that the buyers' and sellers' ideas of a described staple length naturally differed. If, however, it was not possible to adopt "U.S.A. Staple Standards" immediately, it was suggested that the trade might use U.S.A. Staple Standards as a guide during the coming season and adopt them from the 1937-38 season. (*Appendix 20.*)

PROCEDURE FOR DRAWING "PUCCA" SAMPLES IN RESPECT
OF TENDERS AGAINST FORWARD CONTRACTS
AND/OR FOR READY DELIVERY.

Early in February, the views of the Committee were invited on the following suggestion which had been made to the Board of Directors of the East India Cotton Association with regard to the drawing of samples for the purpose of final inspection and/or approval (*pucca* sampling) both in respect of tenders against forward contracts and/or for ready delivery :—

"That all *pucca* samples both in respect of tenders against forward contracts and/or for ready delivery shall be examined by the buyers only at Sewri and not outside the limits of the Cotton Green. Permits to meet exceptional cases may be obtained on application by the seller and the buyer from the Bombay Cotton Merchants' and Muccadums' Association. Such permits to be endorsed by a representative of the East India Cotton Association."

Under the existing rules, it was permissible to take basis samples to the buyers' or sellers' offices outside the Sewri Cotton Depot for inspection, and the proposal under consideration sought to put an end to this practice by prohibiting the removal of samples outside the limits of the Cotton Green except in exceptional cases.

The existing facilities, which had apparently existed from the earliest days of the cotton trade in Bombay, had been greatly appreciated by all sections of the trade, and the Committee held that the Board of the East India Cotton Association should reject the proposal.

The East India Cotton Association in reply pointed out that, until the time the Cotton Green was shifted from Colaba to Sewri, *pucca* samples were examined at Colaba and the percentage of business done by examination of samples at Colaba was generally agreed to be somewhere near 80 per cent. of the total business in ready cotton. With the removal of the Cotton Green to Sewri, this practice continued and during the last seven or eight years, there had been a tendency on the part of several buyers to buy ready cotton after examination of *pucca* samples at their offices in the Fort and not at the Cotton Exchange building at Sewri. The principal disadvantage of this practice, according to the East India Cotton Association, was that it militated against the acknowledged desirability of having an open and concentrated market for sale and purchase of ready cotton at one centre. If ready cotton changed hands at Sewri, every seller of cotton would have an open market for the sale of his cotton, but with the existing practice of seeing *pucca* samples in offices in the Fort, this very desirable open market at one centre would deteriorate into a restricted market for sellers and buyers. The Board felt it to be their duty to hold at the disposal of all holders of ready cotton, irrespective of their position and influence, the minimum facilities expected from any organized market, namely, facilities to enable them to show their cotton, to be judged on its merits, to a buyer. They further pointed out that the question had not been taken up for any purpose other than the most genuine one of serving the best needs of the trade—both buyers and sellers—and from that point of view suggested that their letter be circulated

amongst members of the Association who had expressed themselves as opposed to the proposal.

The Committee of the Association, however, saw no reason to resile from the position they had already taken up in this matter, and informed the East India Cotton Association accordingly. (*Appendix 21.*)

CONDITIONS GOVERNING THE GRANT OF PROTECTION TO INDIAN INDUSTRIES.

The tariff policy of the Government of India was criticised at length in the Assembly when Government's motion for the consideration of the Finance Bill came up for discussion in the Legislative Assembly on 16th March. Mr. Govind Ballabh Pant said :—

“ There is no gainsaying the fact that the policy of strangling and strangulating the industries of this country has been followed ruthlessly, positively as well as negatively by acts of commission as well as of omission and there is no remedy for the present mess, unless it is completely revised and genuine industrial recovery is brought about.”

Proceeding, he said :—

“ I have only one suggestion to make to the Honourable the Finance Member, and it is this. I am not much in love with protection. He knows it. I am not much in love with indirect taxes. But I will not let Indian industries languish. I will not allow protection to be deprecated or withdrawn under any pretext unless a better substitute is adopted. I will not be beguiled by false sophistries of discredited orthodoxy to the detriment of Indian manufacture. If the choice lies between protection and ruination of Indian industry, I will unhesitatingly prefer protection. I earnestly advocate a policy of State guidance, State regulation and stimulation. I do not suggest socialisation except in the case of the key industries which alone, I think, in the present state of our country, are capable of being managed by the State directly. But, unless you adopt such a policy, you cannot but enforce an effective policy of protection.....you should guarantee the minimum rate of interest for industries of prescribed types. Have an industrial survey. Mark out the industries that suit different places. Let there be no depressed area. Let the industries be spread over the country from one end to the other. Let the best of schemes be prepared by the best of experts, experts whom even the Honourable the Finance Member may recognise as experts. Let them frame these schemes. Let it be published that in particular specified localities, particular industries can be profitably developed. Let the State invite people to take up these industries and declare that it is prepared to guarantee interest at the rate of 3½ or 4 or 5 per cent. Let a condition be imposed that it will be open to the State to acquire these industries after a period of 20 or 30 years just as it has the right and the option in the matter of railways. Let the State be represented on the directorate. Let labour be represented there. Let there be genuine co-operation between capital, labour and State. Unless you have a constructive policy of this kind, which will lead to the real production of wealth on a large scale in this country, I warn you that you will not be able to exact anything, because when the cow goes dry, you can only get blood, and no milk.”

This subject was again referred to in his speech on the Finance Bill by Sir H. P. Mody, who said that the time had arrived “for a more definite policy of protection,” and suggested the appointment of a new Fiscal Commission. He said :

“ Most countries are subscribing more and more to the policy of economic nationalism. There have been exchange depreciations, quotas, export bounties, and in a great many other ways the whole economic system of the world has undergone a very severe change. It is

necessary, therefore, that a new Fiscal Commission should be appointed, which, taking our mad world as it is, will lay down what India can do to maintain its position in these extraordinary times. The Commission would also perform another important service, and that is, it would examine and report upon the consumers' argument, which has been trotted out so often, not merely from non-official benches, but also from Government benches. The Commission would examine how far the scheme for protection, as it has been given effect to in this country in the last ten years, has affected the consumer."

Referring to the period for which protection was granted by Government, Sir H. P. Mody pointed out :—

"It is no use giving three years protection ; then, at the end of two years, making another enquiry and throwing the whole machinery out of gear, creating a lot of uncertainty, and in every other way, making it very difficult for industries to carry on. That, again, is a matter on which the Fiscal Commission may have something to say..... You do not give protection unless you have had an elaborate enquiry on the part of the Tariff Board, then Government incubating on that report, and the Legislature dissecting it ; if after all this enquiry you feel satisfied that protection is due to an industry, well, give it for an adequate period of years so that behind the shelter of the tariff wall the industry may be enabled to put its house in order."

The existing machinery provided under the Fiscal Commission Report was then referred to, and Sir Hormasji said it was entirely out of date, and pointed out that the time had arrived when India should have an organization functioning on the lines of the Import Duties Advisory Committee in England to deal speedily with problems which could not await the leisurely methods employed hitherto. He said :

"Great injury has been inflicted in times past through the fact that the inquiries undertaken by the Tariff Board are of much too elaborate a character and that the subsequent stages by which the report is carried further and translated into legislation are of an extremely dilatory character, and my view is that in the present abnormal condition of the world it is absolutely essential that we should set up some such organisation as that of the Import Duties Advisory Committee. Lest my Honourable friend, the Finance Member, may try to tear my arguments to tatters, I shall say, that I am not a fanatical protectionist as he probably thinks I am, but I hope it will be conceded that it would be criminal folly on my part if I were to be anything else but a protectionist in a world which has gone mad with protection. It may be that the time may come, some years hence, when the whole world may swing back to free trade, realising the barriers to international trade which are implicit in the present position of the economic world, but until that time arrives, and until India has consolidated her industrial position and is able to meet on equal terms the countries of the West, it is absolutely essential that we should pursue a policy of active sympathy and support to all our industries."

Elaborating further his arguments in support of the need for a new Fiscal Commission, he said :—

"There are a number of small industries which do not conform to the conditions laid down by the Fiscal Commission. The protection and development of industries which could not under the present policy qualify for protection because they depend to some extent on imported raw materials—though they incur the greater part of the expenditure in this country—has got to be thought of. I may give you a couple of examples. They may not prove to be strong examples, but I am giving them out only as illustrations of what I mean. The glass industry needs soda ash from abroad but it enables a considerable industrial activity to be profitably undertaken in India. The cinema industry is another case in point. Raw films have to be imported, but the industry incurs a very heavy expenditure in India and employs large numbers of people. I am not arguing any more than that there are a number

of industries which cannot possibly qualify for protection under the present policy, because the Fiscal Commission has laid down certain conditions, but which, in the national interest, it will be wise to promote. There is nothing repugnant to the national interest in promoting even those industries which depend to a larger or smaller extent on materials imported from abroad."

Government's reactions to these proposals were not very helpful, and in his final speech winding up the debate on the first reading of the Finance Bill, the Finance Member indicated that at the moment Government proposed to stand by the policy of protection indicated by the following resolution adopted in 1923 :

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

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

PROTECTION TO THE WOOLLEN MILL INDUSTRY.

(See page 63 of Report for 1935.)

On page 63 of the last Report of the Association, it was indicated that the report of the Tariff Board on the Woollen Mill Industry and Government's decisions thereon were being examined by the Committee of the Association in consultation with woollen mill members of the Association.

It subsequently transpired, however, that the Cawnpore Woollen Mills and the New Egerton Woollen Mills, which, between them, constituted a large proportion of the Woollen Mill Industry of the country, were unable to accept the invitation extended by Government to substantiate the Industry's case for protection before the Tariff Board, owing to their reluctance to supply any further information to the Board, and no further action could therefore

DUTIES ON COTTON PIECEGOODS AND YARNS IMPORTED
FROM THE UNITED KINGDOM.

REPORT OF THE TARIFF BOARD.

(See page 59 of Report for 1935.)

On page 59 of the Association's Report for 1935 reference was made to the case submitted by the Committee to the Murray Tariff Board.

In their Report published on 25th June, the Tariff Board recommended that on bordered grey goods (i.e., Chadars, Dhoties, Saries and Scarves), bleached goods and coloured goods (excluding prints), the duty necessary to afford adequate protection to the Indian Cotton Textile Industry against imports from the United Kingdom was 20 per cent. *ad valorem* and that, on plain grey goods, the corresponding duty was 20 per cent. *ad valorem* or 3½ annas per lb., whichever was higher. Having regard to the fact that the Indian Textile Printing Industry was yet in its infancy and that sufficient costings had not been given to attempt an equation of prices, the Board made no recommendation regarding the duties necessary in the case of printed goods. In the case of artificial silk and mixtures of cotton and artificial silk, the Board found that, in view of the dominating position attained by Japan and of the over riding influence exercised by that country where supplies and prices of artificial silk goods and mixtures in India were concerned, the Board did not feel justified in attempting to equate the prices of such goods imported from the United Kingdom to the fair selling prices of similar goods produced in India, and on the information produced, the Board were unable to make an accurate estimation either of the protection afforded by the existing tariff or of the level of duties necessary to afford adequate protection against imports from the United Kingdom of fabrics of artificial silk and mixture fabrics of cotton and artificial silk. In the case of yarn, the Board came to the conclusion that the existing level of duties afforded adequate protection to the Indian Industry.

In their resolution published on 25th June, the Government of India accepted the Board's findings in their entirety. They also agreed with the Board that in the absence of evidence as to the nature and extent of competition between imports from the United Kingdom of printed goods and artificial silk manufactures and the products of Indian mills, no finding as to the adequacy of the existing duties on such imports was possible, and stated that they did not, therefore, propose to disturb the level of these duties. It had been hoped, Government pointed out, that it would be possible in accordance with the statement made by the Honourable the Commerce Member in the course of the debate on the 1934 Textile Protection Bill, to give effect to the recommendations of the Board shortly after the expiry of the Mody-Clare Lees Agreement, on which the existing duties were based, but unexpected difficulties delayed the submission of the report and Government had, therefore, decided to give immediate effect to the recommendations of the Board by a notification under Section 4 (1) of the Indian Tariff Act which was issued on the same date. The communication went on to say that, in taking these decisions, Government had given the fullest consideration to the

possible reactions of the reduction of duties on customs revenue and the budgetary position. It had already become clear that with the continuance of the present uncertainty as to the future level of the cotton textile duties, the revenue from imports of British cotton piecegoods must fall far short of the amount included in the current estimates. The interests of revenue, Government felt, required an early termination of this uncertainty, and they were satisfied not only that the yield of the duties at the present level would not be appreciably less in the current year than it would have been if the former duties had been continued, but also that there was no reason to anticipate that in future years revenue would be adversely affected.

The notification issued by the Government of India on the same date gave effect to the following reduction in duties on United Kingdom piecegoods :—

	Existing rate of duty chargeable under the Indian Tariff Act.	Reduced rate of duty.
48 (3) Cotton fabrics, not otherwise specified, containing more than 90 per cent. of cotton.		
(a) Grey piecegoods (excluding bordered grey chaddars, dhoties, saris and scarves).		
(1) of British manufacture.	25 per cent. <i>ad valorem</i> or 4½ annas per lb. which- ever is higher.	20 per cent. <i>ad valorem</i> or 3½ annas per lb. which- ever is higher.
(b) Cotton piecegoods and fabrics not otherwise specified.		
(1) of British manufacture ..	25 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i> .

The reduction does not affect the duties on prints which are at present as below :—

British .. .. .	..25 per cent. <i>ad valorem</i> .
Foreign .. .. .	..50 per cent. <i>ad valorem</i> .

(Appendix 22.)

DUTIES ON IMPORTED YARN.

The Committee have had under consideration on several occasions the adequacy or otherwise of the existing duties on cotton yarn for the purpose of protecting the Indian Spinning Industry. Representations on this matter were made by the Association to the Tariff Board in 1932 and subsequently to the Government of India. A considered case for an increase in duty on Japanese and Chinese yarns was submitted to the Government of India in the middle of 1933 after the Committee had been informed that tariff action under the provisions of the Safeguarding of Industries Act was contemplated against imports from China and Japan, and this case was supported by the non-official advisers of Government in the Indo-Japanese Trade discussions which took place at the end of the year. The matter was again taken up by the Association early in 1934 when the Textile Protection Bill was introduced in the Assembly, and Sir H. P. Mody made an eloquent appeal to secure an

increase in yarn duties. The subject was again discussed before the Murray Tariff Board in 1935 when the case put forward by the Madura Mills Co., Ltd. and other spinning interests in India was supported by the Association. On the publication of the Tariff Board's report in 1936, the question was again brought up by the Madura Mills, and at the instance of the Association, a deputation consisting of representatives of the spinning mill industry met the Hon'ble the Commerce Member in the rooms of the Association towards the end of July, and subsequently a representation requesting the appointment of a special Tariff Board to go fully into the extent of the duties required by the spinning industry was submitted by the Madura Mills Co., Ltd., on the 4th August. It is understood that similar representations were also sent in by other spinning mills, but no action appears to have been taken by Government in this matter.

INDO-BRITISH TRADE AGREEMENT.

(See pages 75 and 278 of the Association's Report for 1932.)

In the Association's Report for 1932, reference was made to a resolution adopted by the Legislative Assembly accepting the Trade Agreement made by the Government of India with His Majesty's Government in the United Kingdom which was signed at Ottawa on 20th August 1932 and the Supplementary Agreement regarding Iron and Steel contained in the correspondence between Sir George Rainy and Sir Horace Wilson dated the 22nd September 1932. The Report of the Special Committee of the Assembly which preceded this resolution recommended that, on the expiry of three years from the date on which the preferences became operative, Government should place before the Assembly a detailed report on the course of the import and export trade in the commodities covered by the preferential rates of duty. The Special Committee also recommended that Government should undertake to give notice of denunciation as provided in the Agreement if the Assembly, after considering the report, was satisfied that the continuance of the Agreement was not in the interests of India. The Agreement was limited to three years, and expired at the end of December 1935 and in accordance with the recommendations of the Special Committee referred to above, the Hon'ble the Commerce Member moved the appointment of a Special Committee "to examine the working of the Trade Agreement concluded at Ottawa on 20th August 1932 between His Majesty's Government in the United Kingdom and the Government of India and to report to the House thereon," on 26th March 1936 in the Legislative Assembly. There were several amendments to this motion: three were for terminating the Ottawa Agreement, and the fourth one, in the name of Mr. Gauba, urged the appointment of a Committee to consider and report upon the Agreement with certain reservations or conditions. The House discussed the motion for three days, and on 30th March 1936, adopted the following amendment which stood in the name of Mr. M. A. Jinnah :--

"This Assembly recommends to the Governor General in Council that the Ottawa Agreement, dated the 20th August, 1932, be terminated without delay and a notice of denunciation be given in terms of Article 14 thereof. The Assembly further recommends that

the Government of India should immediately examine the trend of trade of India with various other important countries and the United Kingdom and investigate the possibility of entering into such bilateral trade treaties with them, whenever and wherever possible to bring about the expansion of export trade of India in those markets and submit such treaty or treaties for the approval of this Assembly."

Notice of denunciation of the Agreement was accordingly given by the Government of India on 13th May 1936, and from a letter received by the Association towards the end of July, it appeared that His Majesty's Government in the United Kingdom had indicated their willingness to enter upon discussions with the Government of India with a view to the conclusion of a Trade Agreement in replacement of that concluded at Ottawa in 1932. It also appeared that the Government of India had under consideration the method by which negotiations with His Majesty's Government could most conveniently be carried on, and they were of opinion that, as a first step, preliminary proposals should be prepared by both parties to the discussions, and thereafter exchanged. In the preparation of their preliminary proposals, the Government of India, it was indicated, would associate with themselves a panel of unofficial advisers, representative of commerce, industry and agriculture in India. When each party had had an opportunity of examining the proposals of the other in relation to its own, it was thought, a stage would be reached when it would be possible to formulate with some precision the outstanding issues. It was then proposed that personal contacts should be established in London between representatives of the Government of India and their unofficial advisers on the one hand and the representatives of His Majesty's Government on the other, and that the final stages of the discussions should take place there.

In order that Government might be in a position to formulate their preliminary proposals, the Committee were requested to express an opinion as to the lines on which it was considered desirable to conclude an agreement, regard being had both to the advantages which should be sought for India and the reciprocal concessions which might be given in return. With a view to the simplification of the work of co-ordination of the various opinions expressed, it was further suggested that the existing agreement should be taken as the starting point and that the Association's views might be expressed in the form of modifications thereof.

The Committee thought that the life of the existing Agreement had been too short, taking into consideration the very disturbed political and economic conditions which had prevailed during the last few years, to enable any definite conclusions being arrived at as to the value to India on the one side and to the United Kingdom on the other, of the preferences and other arrangements which had followed from the Agreement, and they, therefore, proposed to confine themselves to enunciating the guiding principles which, they thought, should be embodied in the new Agreement which it would be necessary to enter into as a result of the denunciation of the original Agreement and the Indo-British Trade Treaty of 1935, which formed part of the Ottawa Agreement.

Accordingly, in replying to Government, the Committee pointed out that the first essential of any agreement was that it should in no way hamper

the legitimate development of Indian industry and commerce. The recognition of this principle, in their opinion, at once brought to the forefront the desirability of modifying certain of the Articles in the Indo-British Trade Treaty of 1935 as below :—

Article 3 of that Treaty contained the following undertakings given by the Government of India to His Majesty's Government in the United Kingdom in regard to the grant of protection to Indian industries and the degree of such protection :—

(1) The Government of India undertake that protection will be afforded to such industries only as after due enquiries by the Tariff Board have, in the opinion of the Government of India, established claims thereto in accordance with the policy of discriminating protection laid down in the resolution adopted by the Legislative Assembly on 16th February 1923, provided this undertaking shall not apply to safeguarding of industries under the Safeguarding Act of 1933.

(2) The Government of India further undertake that the measure of protection to be afforded shall be only so much as, and no more than, will equate prices of imported goods to fair selling prices for similar goods produced in India, and that wherever possible having regard to the provisions of this Article, lower rates of duty will be imposed on goods of United Kingdom origin.

(3) The differential margins of duty established in accordance with the principles laid down in the preceding clauses of this Article as between United Kingdom goods on the one hand and foreign goods on the other, shall not be altered to the detriment of United Kingdom goods.

(4) The undertakings contained in this Article shall not prejudice the right of the Government of India in cases in which they find it essential, in the interests of the revenue, to impose an overriding revenue duty on imported goods higher than the protective duty required.

In regard to sub-clause (1), the Committee suggested that the reference to the resolution adopted by the Legislative Assembly in February 1923 should be deleted, and, further, that provision should be made to enable the Government of India to protect or safeguard Indian industries after such enquiry as they might consider desirable. In their view, experience had shown that the conditions governing the grant of protection laid down in the Fiscal Commission's Report were in some respects out of date, taking into consideration the requirements of the country and the fact that the somewhat elaborate and slow procedure of Tariff Board enquiries was unsuitable in the case of small industries. Among other things, it was considered inequitable to insist that, in order to qualify for protection, an industry's raw materials must be available in India. In the case of small industries seeking protection, the Committee recommended the institution of a procedure similar to that followed in the United Kingdom where the Import Duties Advisory Committee dealt with 310 applications during the first three years of its existence.

While the Committee agreed with the principle enunciated in sub-clause (2) in so far as established major industries were concerned, they held that, in the case of new small scale industries, it might be advisable to grant protection in a more generous measure in order to ensure India's industrial development.

The Committee suggested the deletion of sub-clause (3), as, in certain instances, it might seriously hamper the Government of India's freedom of action, while the interests of United Kingdom producers were adequately safeguarded under sub-clause (4). The differential margin of duty in favour of United Kingdom goods *vis-a-vis* foreign goods could, it was thought, be adequately protected by an addition to Article 3 (4) providing that, in cases where they found it essential in the interests of revenue to impose an overriding revenue duty on imported goods higher than the protective duties required, the Government of India would raise the duties on United Kingdom and foreign goods by similar amounts.

Article 4 read as under :—

“When the question of the grant of substantive protection to an Indian Industry is referred for enquiry to a Tariff Board the Government of India will afford full opportunity to any industry concerned in the United Kingdom to state its case and to answer the cases presented by the other interested parties. The Government of India further undertake that, in the event of any radical changes in the conditions affecting protected industries during the currency of the period of protection, they will, on the request of His Majesty's Government or of their own motion, cause an enquiry to be made as to the appropriateness of the existing duties from the point of view of the principles laid down in Article 3, and that, in the course of such enquiry, full consideration will be given to any representations which may be put forward by an interested industry in the United Kingdom.”

In the opinion of the Committee, some modifications appeared necessary in this Article in order to ensure that the substantive protection granted to an industry after such enquiry as the Government of India might consider desirable should not be reduced for a specific period, sufficiently long to enable the industry concerned to reap some advantage from the protection accorded to it. On the other hand, it was held that the interests of the Indian industry concerned should be safeguarded by providing that the Government of India should at any time, in the event of radical changes detrimental to India, be free to order a further enquiry for the purpose of determining the additional protection warranted by such radical changes in conditions. The reason for this distinction was that protection was usually only obtained by an industry after a long period of severe depression, and it appeared unthinkable to reduce the degree of protection granted to the industry as soon as conditions changed to its advantage.

Article 5 read as under :—

“His Majesty's Government in the United Kingdom will give consideration to the steps that might be taken in co-operation with the respective commercial interests to develop the import from India of raw or semi-manufactured materials used in the manufacture of articles of a class which, on importation into India, are subject to differential protective duties. In particular, they invite the Government of India to take note of the steps that have already been taken in the United Kingdom in pursuance of Article 8 of the Ottawa Agreement with a view to the widening of the area of consumption of Indian cotton; and they undertake to continue to use all possible efforts in co-operation with commercial interests to stimulate the consumption of Indian cotton in all possible ways, including technical research, commercial investigation, market liaison, and industrial propaganda.”

The terms of this Article, as drafted, appeared to limit the encouragement of the imports of raw materials and manufactured goods to those types

of goods on which differential protective duties were imposed. In other words, the Article appeared to limit the encouragement of the use of raw materials to those types which when manufactured could be marketed in India owing to their being subject to a differential rate of duty. The Committee felt that His Majesty's Government in the United Kingdom should be asked to agree to a more general clause providing for the encouragement of the imports of all Indian raw or semi-manufactured materials which were also imported into the United Kingdom from foreign countries. In their opinion, the words: "In particular, they invite the Government of India to take note of the steps that have already been taken in the United Kingdom in pursuance of Article 8 of the Ottawa Agreement with a view to the widening of the area of consumption of Indian cotton" appeared to be unnecessary in a trade agreement of this character, but the Committee at the same time placed on record their sincere appreciation of the efforts made by the Lancashire Indian Cotton Committee and the Cotton Trade in the United Kingdom as a whole to popularise and increase the offtake of Indian cotton, as a result of which the takings of Indian cotton by Lancashire spinners and manufacturers had risen substantially.

In Article 7, His Majesty's Government in the United Kingdom and the Government of India undertook that, in all matters relating to the Agreement, they should at all times receive and consider any conclusions, agreements or reports framed as a result of conferences between the accredited representatives of the industries concerned in the United Kingdom and in India. The Committee agreed with the principle underlying this Article.

In the Notes exchanged between the Right Honourable Walter Runciman and Sir Bhupendranath Mitra, which formed an annexure to the Agreement, the former undertook on behalf of His Majesty's Government in the United Kingdom that if at any time any further or other special steps were taken by the Colonies and Protectorates to facilitate the sale of United Kingdom cotton goods in competition with foreign cotton goods, they would invite the Governments of the Colonies and Protectorates to accord as favourable treatment to Indian cotton goods of any description as might be proposed for similar United Kingdom cotton goods. This undertaking was, however, limited in duration until the expiry of the Mody-Lees Pact, viz., 31st December 1935. The Committee submitted that such an undertaking should be incorporated in any new agreement entered into with the United Kingdom.

In regard to the original Ottawa Agreement, the most important suggestions which the Committee had to offer were that the Agreement should be based on the principle of reciprocity, and that, as far as India was concerned, the Agreement should not do more than specify the margins of preference to be granted to scheduled United Kingdom imports. Any departure from this principle would, in the opinion of the Committee, make it difficult for Indian industries to be assured of adequate protection against similar United Kingdom manufactures. Similarly it was held that the right given to India to modify the "margins of preference" accorded to scheduled United Kingdom goods should be maintained.

The Committee also indicated that, if, as a result of the preliminary discussions with representatives of His Majesty's Government in the United Kingdom, the Government of India, in concurrence with their unofficial advisers, favoured the conclusion of a trade agreement with the United Kingdom more or less on the lines of the existing agreement, the Association might have certain suggestions to make for modifications of the schedules attached to the 1932 agreement; they considered it hardly necessary at the present stage to submit detailed proposals in this regard.

Early in September, from a *Press Communique* issued by the Government of India, it appeared that Sir Edward Benthall, Mr. G. D. Birla, Sardar Datar Singh, Mr. Kasturbhai Lalbhai, Nawabzada Liaqatali Khan, Sir Purshotamdas Thakurdas and Dr. P. Subbaroyan, had already accepted the invitation of the Government of India to act as unofficial advisers for purposes of the forthcoming negotiations between the Government of India and His Majesty's Government in the United Kingdom. While the Association did not wish to criticise the discretion of the Government of India to make such appointments as they considered desirable for Delegations of this character, nor to call in question the qualifications of the eminent gentlemen chosen to represent India's industrial, commercial and agricultural interests, it was felt that a representative of this Association, which included in its membership more than half of India's most important industry, should have been included in the non-official panel of advisers. (*Appendix 23.*)

REVISION OF THE INDO-JAPANESE TRADE AGREEMENT.

(*See pages 69 and 218 of Report for 1933.*)

On page 69 of the Report of the Association for the year 1933, reference was made to the events which led up to the conclusion of the Indo-Japanese Trade Agreement and the simultaneous reduction in the import duties payable on Japanese cotton piecegoods. The Agreement was signed on 12th July 1934, and subject to due notice of denunciation, would cease to be effective after the 31st March 1937. Early in February, the Committee were informed that the Government of India had under consideration the desirability of renewing the Convention and Protocol, either as they stood or in a modified form, or by negotiating an entirely new agreement, and were requested to express, in the light of experience of the existing agreement, their views as to the lines on which modifications or amendments appeared desirable.

The Committee at the outset drew attention to a significant difference between Article 6 of the Convention and Article 9 of the Protocol, according to which, while the Protocol would automatically come to an end in 1937 the Convention would continue in operation after that date if notice of desire to terminate it had not been given by India or Japan at the end of September 1936.

The Convention gave most-favoured-nation treatment to Japan, a privilege which had been of inestimable benefit to her and had enabled her to build up a very valuable trade in manufactured goods with this country,

often at the expense and to the detriment of Indian industries. It had also made it extremely difficult for Government in many instances to impose the rates of duty on Japanese imports justified by the price position, owing to the fact that adequate rates of duty against Japan necessarily meant the imposition of unduly high duties on similar goods imported from other foreign countries, like Holland and Italy. It was, therefore, extremely unlikely that Japan would denounce the Convention in September. If, on the other hand, the Government of India failed to give notice of their intention to terminate the Convention in September, her representatives would, it was felt, be at a distinct disadvantage during the negotiations and might find themselves unable to get Japan to agree to a revision of the existing arrangements which would do justice to India's needs.

The most-favoured-nation treatment granted to Japan had adversely affected many of India's infant industries, and it was felt that, where it could be proved that a particular Indian industry was being handicapped by excessively heavy or cheap imports from Japan, the continuance of most-favoured-nation treatment in regard to tariff rates should be made dependent on Japan's acceptance of an appropriate quota for that particular class of goods. It was, in these circumstances, urged that the Government of India would be well advised to give notice in September of their intention to terminate the Convention and at the same time indicate their desire to negotiate a new agreement.

The major modifications suggested by the Committee were :—

(1) The minimum annual offtake of cotton by Japan should be fixed at a higher figure than one million bales. In the last ten fiscal years, her average takings of cotton had amounted to over $1\frac{1}{2}$ million bales per annum, and for this reason, it was thought that insistence on a minimum figure of more than one million bales per annum would be reasonable. An additional justification for a higher minimum figure was the favourable balance of trade which Japan now enjoyed, and the absence of any quantitative limitations on a very large proportion of her exports to this country. Taking the trade figures for the first eleven months of the current financial year, it was found that, out of more than Rs. 20 crores of exports to India, less than Rs. 6 crores consisted of quotaed goods, and even amongst textiles the value of non-quotaed exports was greater than the value of exports included in the quota.

(2) The *ad valorem* rates of duty on all classes of cotton piecegoods included within the quota should be increased and alternative specific duties at least as high as those recommended by the 1932 Tariff Board should be levied on bordered greys, bleached and coloured goods imported from Japan. It was confidently expected that, with the quantitative limitation imposed on Japanese piecegoods imports by the existing agreement, the incentive to cut prices in order to obtain a larger share of the Indian trade would be removed, and that, despite the reduction in duty from 75 per cent. to 50 per cent., the selling prices of Japanese goods would tend to rise, thus easing the position of the Indian Industry. This hope had not been fulfilled as the wholesale market prices of Japanese piecegoods imported into Bombay

clearly showed. In the case of "Bow and Arrow" grey shirting, for instance, the average price of this cloth in December 1933 was Rs. 9-13-0 per piece, and the price of Broach cotton at that time was Rs. 176 per candy. In the first three months of this year, the average price of the same cloth was Rs. 8-6-0 per piece despite the fact that the average price of Broach cotton was round about Rs. 200 per candy.

(3) Any quota which might be granted to Japan in cotton piecegoods should include re-exports over India's land frontiers. India was gradually losing a valuable trade with Afghanistan and Nepal owing to the fact that a drawback of the duty paid on entry into British India was granted on Japanese goods which crossed the land frontier. It was, moreover, understood that increasing quantities of goods on which drawbacks had been paid were being smuggled back across the border into British Indian territory to the detriment of the trade in Indian piecegoods and also to the detriment of the trade in imported piecegoods on which the full rates of British Indian import duties had been paid.

(4) The quota for piecegoods should include piecegoods made from artificial silk or staple fibre, and mixture fabrics of which the main constituents were cotton, artificial silk or staple fibre, since the prices at which Japanese artificial silk piecegoods were being sold, and the quantities which were imported, were seriously affecting the offtake of many types of Indian-made fancies.

(5) Fents of all descriptions should be included in the piecegoods quota. The Committee were convinced that the existing rates of duty were entirely inadequate to prevent their continued importation in quantities large enough to injure the textile trade of this country. The importations of fents from Japan had been a comparatively recent development. The trade hardly existed before the present trade agreement was entered into, and the natural inference was that the bulk of the fents now imported were spurious fents.

(6) To prevent the objects of a piecegoods quota being frustrated, the importation of cotton blankets, towels, scarves, handkerchiefs and made-up goods such as cotton suits, shirts, pillow cases, dresses, skirts, etc., made of cotton, artificial silk, staple fibre or artificial silk and cotton or staple fibre and cotton should be limited to a reasonable quota based on previous year's importations. This quota should, it was suggested, be on a square yardage basis (e.g., 1 shirt=3 square yards).

(7) In view of the rapidly growing imports of certain types of yarn from Japan during the last few years, which had adversely affected the Indian Cotton Spinning Industry, a separate quota for cotton yarns should be insisted upon in any agreement which might be entered into. In the first eleven months of the current financial year, the value of Japan's cotton yarn exports to India amounted to the enormous figure of Rs. 163 lakhs against a figure of Rs. 87 lakhs in the corresponding period in 1933-34. It was suggested that the basis of the yarn quota should be the average imports for the five years ending 1934-35 and that it be divided into counts below and

over 50's in order to give the spinning mills in India a reasonable opportunity of expanding their production of fine count yarns.

(8) The existing piecegoods quota was divided up into four categories : (a) plain greys ; (b) bordered greys ; (c) bleached goods, and (d) coloured goods, the allotments for each category being : (a) 45 per cent. ; (b) 13 per cent. ; (c) 8 per cent., and (d) 34 per cent. Experience of the last 2½ years had shown that the proportionately high sub-allotment for coloured goods, namely 34 per cent., in conjunction with the fact that artificial silk goods were not included in the quota, had severely affected India's capacity to diversify her production in the directions recommended by the Tariff Boards of 1926 and 1932. It was suggested that the position should be remedied by including artificial silk goods and fents within the piecegoods quota and dividing it up in the following proportions :—

(a) Plain greys	..	..	..	..	40 per cent.
(b) Bordered greys	..	..	..	..	10 „
(c) Bleached goods	..	..	..	..	10 „
(d) Coloured goods	.	..	..	..	25 „
(e) Artificial Silk goods	..	..	..	..	10 „
(f) Fents	..	..	..	..	5 „

(9) The system of regulating the quota should be changed. Quota certificates should be issued by an Indian Trade Commissioner or Indian Consular official in Japan instead of by the Japanese Piecegoods Exporters' Association.

(10) The quota should be fixed on a square yardage basis in preference to a linear yardage basis, as it was reported that the average width of imported goods had increased to over 36 inches since the quota was introduced. Another advantage of the square yardage basis was that it would avoid any possibility of trouble regarding the importations of uncut splits.

The Committee in conclusion urged the need for the appointment of an adequate number of non-official Advisers drawn from all the more important industrial and commercial organizations in the country, the handloom industry and cotton growers, to assist Government at all stages during the negotiations with the Japanese Plenipotentiaries. They further held that the representatives of the Government of India and such unofficial Advisers should meet in advance of the commencement of the actual negotiations in order that a concerted policy might be followed during the negotiations.

The views put forward by the Association were supported by other organizations, and towards the middle of June, the Committee were invited to nominate two members to serve as unofficial Advisers to Government in the forthcoming negotiations with Japan which were expected to take place in July. The Committee appointed Sir Chunilal V. Mehta and Mr. Maloney.

The final panel of unofficial Advisers to the Government of India Delegates comprised the following gentlemen :—

Sir Chunilal V. Mehta .. .. .	..	..	..	..	} Millowners' Association, Bombay.
Mr. T. Maloney .. .. .	..	..	..	..
Mr. Kasturbhai Lalbhai .. .. .	..	..	..	..	Ahmedabad Millowners' Association.
Sir Rahimtools Chinoy .. .. .	..	..	..	..	} Federation of Indian Chambers of Commerce and Industry.
Lala Shri Ram .. .. .	..	..	..	..
Mr. D. P. Khaitan .. .. .	..	..	..	..
Mr. R. A. F. Kidson .. .. .	..	..	..	..	} Associated Chambers of Commerce of India.
Mr. Robert Scotson .. .. .	..	..	..	..
Mr. A. L. Carnegie .. .. .	..	..	..	..
Sardar Rao Bahadur Bhimbhai Naik .. .. .	..	..	..	..	} Indian Central Cotton Committee.
Mr. M. P. Kolhe .. .. .	..	..	..	..
Mr. Haridas Madhavdas .. .. .	..	..	..	..	} East India Cotton Association.
Mr. R. G. Saraiya .. .. .	..	..	..	..
Diwan Bahadur Ramalingham Chettiar .. .. .	..	..	..	..	} Government of Madras.
Mr. F. L. Silva .. .. .	..	..	..	..
Mr. P. B. Advani .. .. .	..	..	..	..	Government of Bombay.
Colonel Cole .. .. .	..	..	..	..	Punjab Cotton Growers.

The unofficial Advisers met in the middle of July, and it is understood, presented Government with a note outlining their unanimous recommendations on all the outstanding points at issue.

The negotiations between the Governmental delegations commenced on July 20, and up to the time of writing, no agreement is reported to have been reached, but Sir George Sanson, Commercial Counsellor of the British Embassy at Tokyo, on behalf of the British Ambassador, has handed to the Japanese Foreign Office the formal notification of India's intention to terminate the Indo-Japanese Trade agreement on 31st March 1937. (*Appendix 24.*)

IMPORT DUTY ON FENTS.

(See pages 66 and 250 of Report for 1935.)

In the last Report of the Association, reference was made to certain suggestions made by the Association to the Government of India with the object of effectively preventing the importation of spurious fents from foreign countries in the interests of the Cotton Mill Industry. It was submitted that the existing lower rate of duty on fents should be substituted by the higher duties applicable to cotton and artificial silk piecegoods according as the cloth in question was made of cotton or artificial silk, and that in regard to union fabrics, the rate of duty should be the rate applicable to artificial silk piecegoods. Alternatively, it was suggested that the basis of assessment of fents might be changed from 4 linear yards to 2 square yards. The viewpoint of the Association was supported by other organizations in the country, and on 23rd March 1936, the Hon'ble the Commerce Member introduced in the Legislative Assembly "A Bill further to amend the Indian Tariff

Act, 1934," which sought, *inter alia*, to provide for the following rates of duty on various classes of fents imported into the country in lieu of the existing rates of 25 per cent. *ad valorem* applicable to British fents and 35 per cent. applicable to foreign fents :—

	Rate British.	of Duty. Foreign.
Fents being <i>bona fide</i> remnants of piecegoods or other fabrics :—		
(a) of cotton, not exceeding 4 yards in length ..	25%	50%
(b) of silk, artificial silk, silk mixture, or artificial silk mixture—not exceeding 2½ yards in length.	25%	50%
(c) of other materials, not exceeding 4 yards in length	25%	35%

The Bill was taken up for consideration on the 19th April, and after a short discussion, was referred to a Select Committee. The Select Committee substituted for the proposals embodied in the Bill, duties at the *ad valorem* rates applicable to the fabric of which the fents were made, with the result that the duties on cotton fents proposed in the Bill were left unaltered; the preferential element in the case of silk and silk mixture fents was abolished; and the margin of preference in favour of the United Kingdom in the case of artificial silk and artificial silk mixture fents was diminished by increasing the duty on United Kingdom imports from 25 per cent. to 30 per cent. *ad valorem*.

The Bill, as reported by the Select Committee, was taken up for consideration on the 22nd April, and the House accepted an amendment moved by Mr. K. L. Gauba having for its object the retention of the existing levels of duty on all classes of fents. The net effect of the proposals as they emerged from the House, therefore, was that the length of silk, artificial silk, silk mixture and artificial silk mixture fents was reduced from 4 yards to 2½ yards, the duties applicable remaining unchanged, namely, 35 per cent. on foreign and 25 per cent. on United Kingdom fents. The Bill was subsequently assented to by the Governor-General and became law.

The position was again reviewed by the Committee towards the end of April. It appeared that during the previous six or eight months, many packages of spurious artificial silk fents had been detected by the Bombay Customs, but at the instance of the Central Board of Revenue, they were eventually permitted to be landed on payment of the *ad valorem* duty instead of the 4 annas per square yard specific duty payable on artificial silk piecegoods. The position was very unsatisfactory as, even with an *ad valorem* duty of 50 per cent., the importer of spurious artificial silk fents had only to pay a duty of roughly 9 pies per square yard as against the 4 annas per square yard duty payable on artificial silk piecegoods. In these circumstances, the matter was taken up with the Central Board of Revenue, and it was suggested that, whenever spurious artificial silk fents were detected in future, instead of permitting importation at the *ad valorem* duty applicable to artificial silk piecegoods, orders might be issued specifying that the specific duty

of 4 annas per square yard should be charged. It was urged that if such an order were issued, the trade in Japanese spurious artificial silk fents would rapidly come to an end.

The Central Board of Revenue in reply stated that the concession referred to by the Committee was granted by the Government of India to meet the abnormal situation which had arisen in Bombay as a result of the accumulation of uncleared consignments of so-called fents, the declarations in respect of which were in dispute, and stated that it was highly improbable that a similar situation calling for remedial measures would again arise.

The Committee were by no means certain that the reduction in the length of artificial silk fents would effectively put an end to attempts to import spurious fents, and in a further letter to Government requested an assurance to the effect that, if any spurious artificial silk fents were detected in future by the Customs Authorities, the specific duty applicable to artificial silk piecegoods, namely, 4 annas per square yard would be applied, and an undertaking on these lines was subsequently given by Government. (*Appendix 25.*)

SMUGGLING OF JAPANESE PIECEGOODS ACROSS THE NEPAL FRONTIER.

In 1935 the attention of the Committee had been repeatedly drawn by merchants in the north of the United Provinces to the smuggling of Japanese cotton piecegoods from Nepal to British India, which it was reported was being extensively carried on. The number of complaints greatly increased early in 1936, and it appeared from all accounts that trade in Indian mill-made goods, both to Nepal and to the border-line districts of British India, had seriously decreased. What apparently was happening was that Japanese piecegoods were imported through Calcutta and these goods were then despatched to Khatmandu at which point certificates were obtained by the consignors, who then became entitled to full drawback of the duty paid on importation at Calcutta. The goods were then sent down from Khatmandu to towns near the Indo-Nepalese frontier from whence they found their way back by mules, bullock-carts and even human transport into British India. Although the Customs authorities at Calcutta doubted whether it would pay to send goods to Khatmandu and bring them down from there to the frontier towns owing to the very heavy cost of transport, it appeared from the information supplied to the Association that the cost of the double journey between the border to Khatmandu was very much less than the duty refunded to the importer in Calcutta. For example, it was found possible to sell a piece of Japanese "Am" chhap grey shirting, costing Rs. 7-2-0 per piece duty paid in Calcutta, at Rs. 5-7-6 per piece in Birganj, which was only two miles away from the British frontier after paying double transportation charges to Khatmandu and back to Birganj, whereas the same piece of cloth would cost Rs. 7-4-6 per piece at Raxaul in British territory, only two or three miles away from Birganj.

The trade statistics for the month of December 1935 showed that, during the previous nine months, approximately 60,000 maunds of foreign

cotton piecegoods were despatched across the frontier. This figure compared with 72,000 maunds exported during 1934-35 and 54,000 maunds in the year 1933-34. As these statistics only recorded the trade at certain definite stations, it was not clear whether they represented the total trans-frontier trade in foreign piecegoods between British India and Nepal, but judging from the complaints received by the Association, it appeared that the exports of foreign piecegoods to Nepal had greatly increased during recent months.

So far as the customs relations between the Governments of India and Nepal were concerned, it appeared from complaints received from certain merchants in Sitamarhi that in accordance with a treaty entered into between the two Governments several years ago, a full drawback of the duty paid was at first allowed on cotton piecegoods imported into India and subsequently re-exported to Nepal. The bulk of the cotton piecegoods then imported into India were manufactured in the United Kingdom, and certain restrictions were imposed by the Nepalese Government as regards the re-despatch of the goods on which the drawback had been allowed, from Khatmandu to the plains of Nepal, with the result that the requirements of the Nepalese population in the plains were met from the adjoining British districts. The position had since changed considerably, for the British cotton piecegoods which were mostly in evidence in Nepal had entirely been replaced by cheap Japanese cotton piecegoods. With the advent of Japanese cotton piecegoods in Nepal, merchants in Khatmandu appeared to have begun, in spite of the restrictions which existed, to forward cotton piecegoods from Khatmandu to the plains, and when this was brought to their notice, the Nepalese Government was stated to have issued orders to the effect that cloths in respect of which a rebate had been allowed might be taken to the plains, but not across the frontier to British India. This was the first blow to the trade hitherto carried on by piecegoods merchants on the British Indian side of the frontier, as the requirements of the plains began to be met by merchants at Khatmandu, and as the drawback obtainable on cotton piecegoods on entry into Khatmandu provided a substantial margin for merchants there, within a year, Nepal's direct takings of foreign piecegoods showed a big increase. Not being satisfied with these profits, Nepalese merchants apparently started sending these goods across the frontier to British India. The goods were first taken from Calcutta to Khatmandu, where the papers were produced before the British Consul for verification and certification for the purpose of obtaining a refund of the duty paid, and were subsequently smuggled back to British India by different routes, the operations of the smugglers being greatly assisted by the inadequate system of watch and ward exercised by the Customs authorities at the frontier, and the ingenious methods employed for the transport of goods. The comparative cheapness of the smuggled goods was sufficient attraction for the population of the neighbouring British districts, and it was understood that people living miles away from the frontier patronised markets situated near the frontier for their purchases.

Whether from the point of the Government of India, who were thus being deprived of a substantial revenue, or of the merchants on the British Indian side of the Nepalese frontier who paid the full duty on goods imported by them, and were unable to compete with what was practically the C.I.F. price at which Japanese goods smuggled across the frontier were being

marketed, or of the Indian Cotton Textile Industry, which had lost a considerable portion of the trade it had built up with Nepal and the northern part of the United Provinces, the Committee felt that matters should be set right immediately, and towards the end of March placed all the information at their disposal before the Government of India. They urged that the system of granting a drawback in respect of goods re-exported to Nepal should be stopped, or if this was not feasible on account of the political relations between the Governments concerned, the Nepal Government should revive the former restrictions regarding the movement of goods from the hills to the plains. If this, too, was not feasible, it was submitted that the Nepal Government should be induced by the Government of India to levy a duty of at least 30 per cent. on foreign goods imported into that State through British India. The existing duty appeared to be $3\frac{1}{2}$ per cent., which provided sufficient attraction to the smuggler, but with a 30 per cent. duty, it was thought that the merchants would not cover the cost of bringing the goods from Nepal to British territories.

It appeared that the question was subsequently investigated by the Government of India, and early in June, the bringing by land from Nepal into British India of any goods on which a rebate of customs duty had previously been paid, and of silk piecegoods, plain and mixed, was prohibited. It is understood that these orders have been supplemented by the necessary instructions to the customs staff stationed on the Indo-Nepalese frontier. (*Appendix 26.*)

IMPORT DUTY ON DYESTUFFS.

(*See pages 73 and 258 of Report for 1935.*)

In the last Report of the Association it was indicated that the Committee had taken up with the Government of India the question of a reduction of the import duty on dyestuffs in the interests of the Cotton Mill Industry of the country. The case for a reduction was based on the ground that, owing to the importation of larger quantities of higher class dyestuffs, the annual revenue received from the duty on dyestuffs by the Government of India was considerably in excess of the budget estimates, and very much greater than the revenue which Government expected to receive when the duty was first imposed.

The position in the first nine months of the year 1935-36 showed that the revenue received from the duty on dyestuffs amounted to Rs. 24.31 lakhs. This figure closely corresponded with the figure for the first nine months of the previous year, but it was expected that the revenue for the remaining portion of the year would be abnormally high owing to the Italo-Abyssinian War, and in these circumstances, the Committee, early in the year, once again stressed the need for a substantial reduction in the rate of duty if the general revenue position of the Government of India did not permit its entire removal along with the surcharges imposed by the

Supplementary Budget of September 1931. No reply to this communication has yet been received from Government. (*Appendix 27.*)

IMPORT DUTY ON SODIUM HYDROSULPHITE.

(*See pages 74 and 258 of Report for 1935.*)

On page 74 of the last Report of the Association, reference was made to a case submitted by the Association to the Government of India for the total remission, or, at any rate, a substantial reduction in the import duty payable on sodium hydrosulphite.

It would appear from information placed at the disposal of the Association early in the year, that the total importations of hydrosulphite during the last four calendar years had amounted to 1932,—1,008 tons; 1933,—1,140 tons; 1934,—1,485 tons; and 1935—1,810 tons, and the revenue from the import duties to which it was liable in 1935 amounted to approximately Rs. 4 lakhs.

The Committee held that since submitting their case in 1935, the case for the entire remission of or a reduction in the duty had been strengthened by the general improvement in the Government of India's financial position, and early in the year, again took up the matter with Government.

It is understood that representations on similar lines were addressed to Government by representative bodies in other centres of the Industry but up to the time of writing, no relief from taxation has been obtained. (*Appendix 28.*)

IMPORT DUTY ON SODIUM PEROXIDE AND HYDROGEN PEROXIDE.

Under item No. 28 (1) in the Indian Customs Tariff, "bleaching paste" and "bleaching powder" are allowed to be imported free of duty into the country, but hydrogen and sodium peroxide, which are both used for the same purpose as "bleaching powder," are classed under item No. 28 "Chemicals, drugs and medicines, all sorts not otherwise specified," on which a duty of 20 per cent. and 30 per cent., according as the article is of British or foreign manufacture, is payable. The attention of the Committee having been drawn to this anomaly towards the end of August, the matter was taken up with the Government of India.

Briefly stated, the case for the removal of the duty on these two articles was based on the following grounds :—

(1) Both the articles are of considerable value to the Cotton Mill Industry as active bleaching agents, and their use in Indian mills had increased

in recent years as a result of developments which have taken place in the bleaching section of the Industry.

(2) Their use in combination with bleaching powder afforded a very effective method of securing permanent whiteness in bleached goods, which was very difficult to attain with ordinary chlorine bleaching in this country, where climatic conditions promote a yellowish tint in bleached goods unless extraordinary care and attention coupled with extensive washing and souring was also undertaken. In these circumstances, the use of hydrogen and sodium peroxides conferred on the Industry a definite advantage and should, therefore, be made as easily accessible and as cheap as possible in India.

(3) The benefits of the concession conferred on the Industry by the removal of the import duty on bleaching paste and bleaching powder since 1927 could not be fully realised so long as hydrogen peroxide and sodium peroxide, which were becoming indispensable adjuncts to bleaching, had to pay duties at 20 per cent. or 30 per cent. *ad valorem*.

(4) On account of climatic conditions, the Indian Textile Industry was at a disadvantage compared with its foreign competitors so far as bleaching was concerned. The Industry had been passing through a period of severe depression, and on the recommendation of successive Tariff Boards greater attention was being paid to the production of bleached goods, and the use of hydrogen and sodium peroxides would materially assist the Industry in respect of these goods. The removal of the import duty on mill-stores and certain materials of the Industry was recommended by the Indian Fiscal Commission; it was also in accordance with the principle of the resolution adopted by the Legislative Assembly in February 1923 that the fiscal policy of the Government of India might legitimately be directed towards fostering the development of industries in India; and the Government of India had already indicated their willingness to give effect to this principle, as revenue considerations permitted, by giving precedence to articles used chiefly by industries which were passing through a period of depression. In these circumstances it was hoped that the Government of India would consider the advisability of allowing these two articles to be imported free of duty into British India.

From enquiries made by the Committee, it appeared that sodium peroxide could not be and was not being used for any purposes other than textile bleaching. As regards hydrogen peroxide, it was also used for medicinal purposes, but in very much lower concentrations, and in any event, if it was considered inadvisable to extend the scope of the concession suggested to all users of hydrogen peroxide, free importation could be restricted to hydrogen peroxide consumed by cotton mills which was of a quality of at least 30 per cent. volume, the quality used for medicinal purposes being about 12 per cent.

Government, answering the Association's representation, regretted their inability to consider any extension of the free list of the Import Tariff Schedule till such time as revenue prospects had improved. (*Appendix 29.*)

IMPORT DUTY ON SEWING THREAD AND DARNING THREAD.

(See pages 68 and 253 of Report for 1935.)

In the last Report of the Association, reference was made to a representation submitted by the Committee to the Government of India suggesting the withdrawal of a notification, issued early in July 1935, which sought to remove the specific duty payable on imported sewing thread and darning thread of counts up to 50's.

The objection raised by the Association was really to the removal of the specific duty on anything except the highly priced very fine sewing and darning threads imported on reels, cheeses and in balls, which were not being manufactured by any mill in India. It would appear that the intentions of the original notification were also the same, and this was made clear in a further notification issued on 30th May 1936, according to which the specific duty would, in future, be chargeable on sewing thread or darning thread imported in the hank, but not on cotton sewing or darning thread wound on reels, balls, tubes, cards, bobbins, spools, cops, cheeses and cones.

IMPORT DUTY ON STAPLE FIBRE AND STAPLE FIBRE MANUFACTURES.

In para 54 of the memorandum submitted to the Woollen Tariff Board in December 1934 on behalf of certain woollen mill members of the Association, it was stated :—

“Artificial staple fibre under such trade names as Vistra and Smafiocoo is being used in increasing quantities by the woollen and cotton industry of the world to produce special effects, and if Indian mills are to keep abreast of their competitors, this new but increasingly important raw material may have to be employed in larger quantities. At the present time the duty imposed upon it is 25 per cent. which at to-day's price is nearly 3 annas per lb., as against half an anna per lb. on raw cotton and nothing on raw wool. So far, it has not been produced in India, but experiments are being made to determine whether it could be manufactured in the country from low grade cotton and other cellulose materials. It is contended that unless and until staple fibre is produced in India, an import duty higher than that on raw cotton is unnecessary and inadvisable.”

This demand was upheld by the Tariff Board, who in para 87 of their report recommended “that staple fibre should be admitted free as other raw materials, or should not at any rate pay a higher duty than foreign cotton,” but in announcing their decisions on the Board's Report, the Government of India pointed out that the recommendation of the Board in respect of staple fibre was not germane to the main enquiry. It was stated, however, that this matter would be separately considered and that Government's conclusions thereon would be announced in due course.

The question was again taken up by the Association, and in submitting their memorandum to the Murray Tariff Board towards the end of November 1935, the Committee stated :—

“The case which is being submitted would be incomplete if the attention of the Board, and the Government of India, were not drawn to the very serious potential danger to the industry from imports from the United Kingdom and abroad, of textiles manufactured from or containing a proportion of staple fibre. Staple fibre is a synthetic fibre made from short staple cotton and other forms of cellulose, which is being produced in rapidly increasing quantities in Europe and Japan. It is admirably adapted for use in cotton mills with minor modifications in the settings of the existing machinery, and a very wide range of products can be produced from it. The price at which it can even now be obtained compares with the price of the finer varieties of imported cotton, but its greater use in India has been effectively prevented by the import duty of 3 annas per pound which it has to bear. Until very recently, it was subjected to an excise duty of 3d. per pound in the United Kingdom, and with the removal of this duty, England will have great advantages over Indian mills. Many Bombay mills have made experiments in the spinning and weaving of this new raw material, and millowners are convinced that there would be great opportunities for its use in India, provided the import duty to which it is at present subjected were removed.

We are forwarding a range of samples of cloth and yarn made from or containing an admixture of staple fibre in order that the Board may draw their own conclusions as to the future potentialities, and would strongly urge, in the interests of the industry, that the Tariff Board should recommend the removal of the existing duty or its reduction to the level of the import duty on cotton.”

No specific recommendations were made by the Textile Tariff Board of 1935 in regard to duties on staple fibre, but on the 23rd March 1936, the Honourable the Commerce Member introduced in the Legislative Assembly “a Bill to amend the Indian Tariff Act” which *inter alia* sought to reduce the existing duty of 25 per cent. *ad valorem* on staple fibre as under :—

- (a) Imports from the United Kingdom ..5 per cent. *ad valorem* or 6 pies per lb. whichever was higher.
- (b) Imports from other countries . . .15 per cent. *ad valorem* or 1 anna per lb. whichever was higher.

It was explained in the Statement of Objects and Reasons appended to the Bill that the Indian Central Cotton Committee and the Industrial Intelligence Bureau were considering the possibilities of manufacturing staple fibre from short-staple cotton grown in India, but it had been considered desirable to encourage the development by Indian mills of the technique of spinning and weaving this material, by a reasonable reduction in the import duty leviable on it. It was further pointed out that the minimum specific duties proposed corresponded very closely in their incidence to the alternative *ad valorem* duties.

The Bill was subsequently referred to a Select Committee. Unfortunately, the discussions in this Committee disclosed considerable divergences of opinion upon the merits of the proposal, some members favouring total omission of the item, some considering that, as an experimental measure, the imports of staple fibre should be limited and that it should be admitted

free of duty, some that the element of preference in the duty should be removed either with or without limitation to the quantity of fibre that should be admitted. The Select Committee as a whole eventually held that the time was not yet ripe for the insertion of a new item relating to staple fibre and they accordingly omitted it, with the result that the import duty on this article continues unchanged at 25 per cent. *ad valorem* irrespective of the country of origin.

The existing rates of duty on staple fibre, staple fibre yarn and staple fibre fabrics are : —

Article.	Amount of Duty payable.
Staple Fibre ..	..Assessed under Item 87 of the Import Tariff Schedule. Duty applicable : 25 per cent. <i>ad valorem</i> .
Staple Fibre Yarn .	..Assessed as Artificial Silk Yarn under Item 47(2). Duty applicable : 25 per cent. <i>ad valorem</i> or 3 annas per lb. whichever is higher.
Staple Fibre Fabrics	..Assessed as Artificial Silk Fabrics. Duty applicable under Item 48 (5) : (a) Fabrics of cotton and artificial silk containing more than 50 per cent. cotton : British : 30 per cent. <i>ad valorem</i> or 2 annas per square yard, whichever is higher. Foreign : 50 per cent. <i>ad valorem</i> or 3½ annas per square yard, whichever is higher. (b) Fabrics of cotton and artificial silk containing no cotton or containing less than 50 per cent. cotton : British : 30 per cent. <i>ad valorem</i> or 2½ annas per square yard, whichever is higher. Foreign : 50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher.

APPOINTMENT OF INDIAN TRADE COMMISSIONERS.

(See pages 87 and 269 of Report for 1935.)

On page 87 of the last Report of the Association, reference was made to a representation submitted by the Association to Government urging the need for appointing Indian Trade Commissioners at Durban, Mombasa and Alexandria, as suggested by the Indian Trade Mission of 1928.

Towards the end of April, in submitting their views on the question of the proposed revision of the Indo-Japanese Trade Convention and Protocol, the Committee further urged that the system of regulating the quota on Japanese cotton piecegoods should be changed, and that quota certificates should be issued by an Indian Trade Commissioner or Indian Consular Official in Japan instead of by the Japanese Piecegoods Exporters' Association.

The question of the appointment of Indian Trade Commissioners was again informally discussed by the Committee with the Hon'ble the Commerce Member during his visit to Bombay towards the end of July, and early in September, in answer to a question put by Mr. S. Satyamurti in the Legislative Assembly, the Hon'ble Member indicated that Government had decided to appoint Trade Commissioners in Japan and East Africa. He further assured the House, in reply to a supplementary question put by Pandit Lakshmikanta Maitra that, in making these appointments, the desirability of selecting Indians would be kept in view.

It is understood that Mr. R. R. Saksena, Secretary, Central Board of Revenue, has since been appointed as the Indian Trade Commissioner in Japan and that he would take charge of that office early in 1937.

IMPORT DUTIES IN AUSTRALIA ON INDIAN COTTON PIECEGOODS AND YARN.

Towards the middle of August, the attention of the Committee was drawn to certain changes made in the Australian Imports Tariff Schedule in so far as cotton piecegoods were concerned. The Australian Tariff, it appeared, was a three-decker tariff, consisting of a "British Preferential Tariff," an "Intermediate Tariff" and a "General Tariff." The lowest scale of duties were those specified under the head "British Preferential Tariff," and these were applicable to the manufactures of the United Kingdom, but might be extended, either wholly or in part, to any British non-self-governing Colony or Protectorate and certain territories under British Mandate, and it was understood that, by special trade agreements, they had been extended to the Dominions of Canada and New Zealand. So far as cotton piecegoods were concerned, there was very little, if any, difference in the scale of duties charged under the heads "Intermediate Tariff" and "General Tariff," but there was considerable difference between the duties prescribed under the head "British Preferential Tariff" and those charged under the other two heads. For example, in the case of cotton piecegoods, grey unbleached, the British Preferential Tariff rate was $\frac{1}{2}d.$ per square yard, or 5 per cent. *ad valorem*, whichever was less, whereas the General Tariff rate, which was the rate applicable to India, was understood to be $2\frac{3}{4}d.$ per square yard.

The Committee had no detailed information at their disposal as to the nature and extent of the Australian piecegoods market, but it appeared that there was considerable scope for Indian mills in Australia. It was understood that Japan, during the last three years, had supplied Australia with 55, 75 and 87 million square yards of cotton piecegoods and 21, 43 and 66 million square yards of artificial silk piecegoods. The United Kingdom in the same period had sent 146, 142 and 118 million square yards of cotton piecegoods and 8, 10 and 7 million square yards of rayon fabrics. In view of the new duties recently imposed upon the imports of Japanese manufactures in Australia, Japan's trade in cotton piecegoods was likely to be curtailed considerably, and it was, therefore, thought that an effort should now be made to secure for Indian mills as large a share as possible of the trade which

formerly belonged to Japan. It seemed to the Committee, that the difference in the scale of duties applicable to the United Kingdom and Indian cotton manufactures respectively was a vital factor which operated to the disadvantage of Indian mills when competing with United Kingdom mills and in these circumstances, a representation was submitted to Government suggesting for their immediate consideration the possibility of securing from His Majesty's Government of the Commonwealth of Australia the British Preferential rates of duty for Indian cotton manufactures. The exports of cotton piecegoods from India to Australia were, at the moment, negligible, but with the same rates of duty in operation, it was pointed out that Indian mills might be in a position to supply certain lines to better advantage than the United Kingdom.

Government pointed out in reply that the views of the Association had been noted for consideration when a suitable opportunity occurred. While the Committee were grateful for this assurance, they felt Government had perhaps not fully appreciated the possibilities of the situation. The position, in brief, was that, owing to the restrictions imposed on Japanese cotton piecegoods in that market, there was an opening in the Australian market, and from the evidence available it appeared to the Committee that certain types of cotton piecegoods would be saleable in Australia if admitted under the scale of duties applicable to United Kingdom piecegoods. Opportunities such as these were unfortunately very rare, and the Committee felt that the potentialities of the situation should be explored without delay. Even if negotiations were set on foot immediately, a good deal of time would necessarily elapse before decisions could be arrived at, as it would probably be necessary to discuss the reciprocal tariff concessions which India might reasonably offer to Commonwealth imports. In these circumstances, the Committee once again urged that Government should ascertain without delay the reactions of the Commonwealth Government to the general proposition put forward by the Association. (*Appendix 30.*)

DEVELOPMENT OF THE EXPORT TRADE WITH IRAQ.

Towards the middle of September, the Director-General of Commercial Intelligence and Statistics, informed the Committee that, owing to the restrictions imposed against imports of Japanese goods in Iraq, imports of Japanese piecegoods into that country were likely to be curtailed, which it was thought should afford Indian manufacturers an excellent opportunity to recover lost ground in that market if they could quote prices coming within 15 per cent. to 20 per cent. of Japanese prices for articles of about similar quality. It would appear from certain data collected by the Department of Commercial Intelligence that, in the case of silk piecegoods, the price of the Indian product was about double; and in the case of artificial silk piecegoods, about four times the price of those of Japanese manufacture. The margin was less in the case of cotton piecegoods, and India, it was pointed out, even now appeared to be able to compete on level terms with Japan. The Indian export trade statistics during the past ten years appeared to indicate that Indian mills had lost considerable ground in that market. The trade consisted mainly of coloured goods, but it was thought that there might be oppor-

tunities for developing trade in grey goods, in which Japan had for a number of years held a monopoly, and in bleached goods.

The Committee advised all member mills to get into touch with their established connections in Iraq with a view to ascertaining the exact possibilities in that market. (*Appendix 31.*)

IMPORT DUTIES ON INDIAN COTTON PIECEGOODS IN AFGHANISTAN.

From certain enquiries made by the Committee towards the middle of 1934, it appeared that the rate of import duty levied on cotton piecegoods in Afghanistan was 35 per cent. *ad valorem*. It subsequently transpired that standard prices had been fixed for the various classes of piecegoods, and that duty was recovered on the basis of these prices at the usual rate, namely, 35 per cent.

From data collected by the Association, it appeared that the tariff values in force in Afghanistan, on which duty was estimated at 35 per cent., were :—

TABLE I.

	Tariff value per <i>Rall</i> (of 1.14 lbs.) (Afghan currency.)		Tariff value <i>per lb.</i> converted into British Indian currency.	
	Rs.	Puls.	Rs. a. p.	
1. Bleached longcloth	4	68	1	2 3
2. Unbleached and coloured longcloth ..	3	80	0	14 10
3. Coloured twills, checks with square and parallel lines for lining, and other pieces manufactured and woven in <i>India</i> ..	3	50	0	13 8
4. Unbleached and coloured drill	3	20	0	12 6

In British Indian currency, the actual duties payable per lb. at 35 per cent. worked out as below :—

TABLE II.

	Tariff value per lb.			Duty at 35 per cent. per lb.		
	Rs.	a.	p.	Rs.	a.	p.
1. Bleached longcloth	1	2	3	0	6	5
2. Unbleached and coloured longcloth ..	0	14	10	0	5	2
3. Coloured twills, checks, etc.	0	13	8	0	4	9
4. Unbleached and coloured drill	0	12	6	0	4	4½

The goods which were usually sent to Afghanistan from British India were mostly woven from coarse count yarn, the average prices of which in Bombay were approximately as below :—

TABLE III.

							Price per lb.			
							Rs. a. p.			
1.	Bleached longcloth	..	..	..	..	..	0	11	9	Average.
2.	Unbleached and coloured longcloth :—									
	Grey	..	..	..	..	..	0	9	6	} 0-10-9 Average.
	Coloured	..	..	..	..	..	0	12	0	
3.	Coloured twills, checks, etc.	..	..	..	..	..	0	12	0	
4.	Unbleached and coloured drills :—									
	Unbleached drill	..	..	..	..	..	0	8	6	} 0-9-9 Average.
	Coloured drill	..	..	..	..	..	0	11	0	

Converting the duties given in Table II to a percentage of the *real* values given in Table III, the duties actually levied worked out at more than 35 per cent. *ad valorem* as indicated in the following table :—

TABLE IV.

					Duty payable	Real value	Column 2 ex-
					as per	as per	pressed in terms
					Table II.	Table III.	of a percentage
					Rs. a. p.	Rs. a. p.	of column 3.
							Per cent.
1.	Bleached longcloth	..	..	..	0 6 5	0 11 9	55
2.	Grey and coloured longcloth	..	..	..	0 5 2	0 10 9	48
3.	Coloured twills, etc.	..	..	..	0 4 9	0 12 0	40
4.	Grey and coloured drill	..	..	..	0 4 4½	0 9 9	45

Even providing for half an anna per lb. to cover freight from Bombay to Peshawar, it was felt that the real values of the goods at the British frontier would be much less than those fixed by the Afghan authorities. The Committee, therefore, favoured the fixation of separate tariff values for Indian-made cotton piecegoods, or alternatively, their assessment on the actual invoice prices. Representations were accordingly made by the Government of India to the Government of Afghanistan, but it transpired that, for the purpose of assessing to customs duty cotton piecegoods imported into Afghanistan, the value of the goods was calculated at the market rate prevailing in the interior of Afghanistan and not at the purchase price in the country of origin, and the Afghan Government were not apparently willing to depart from this practice. (*Appendix 32.*)

EGYPTIAN MARKET FOR INDIAN MILL-MADE GOODS.

Early in the year, the attention of the Committee was drawn to the opportunities which apparently existed for developing Indian mills' trade in cotton yarn and piecegoods with Egypt.

It would appear that since September 1935, a special *ad valorem* duty of 40 per cent. had been imposed by the Egyptian Government on cotton yarns, fabrics and clothing originating in or coming from Japan to offset the effects of the depreciation in Yen exchange. This duty was in addition to the ordinary duty which other countries had to pay on cotton piecegoods and yarns. It was understood that the additional duty was subsequently made applicable to imports from China owing to the fear that the Japanese would send goods *via* China in order to avoid the existing high duties on her goods.

The total extent of the Egyptian market for cotton piecegoods during the last eight years, and the shares held by the principal importing countries were :—

(In million square yards.)

					<i>United Kingdom.</i>	<i>Italy.</i>	<i>Japan.</i>	<i>Total.</i>
1928	..	..	..	..	133.43	42.52	42.59	241.49
1929	..	..	..	..	139.21	47.50	50.52	265.21
1930	..	..	..	..	110.01	40.82	55.09	228.36
1931	..	..	..	..	73.81	34.74	53.72	175.85
1932	..	..	..	..	82.14	35.92	81.14	208.63
1933	..	..	..	..	64.32	26.00	139.75	235.41
1934	..	..	..	..	43.37	21.74	148.20	217.74
1935 (10 months)	..	..	..	..	28.00	13.90	156.80	203.50

The additional duties recently imposed on Japanese goods, taken in conjunction with the economic sanctions in operation against Italy as a result of the Italo-Ethiopian conflict, appeared to provide a very good opportunity for a concerted move on the part of Indian mills to expand their trade with Egypt; and the Committee, therefore, brought the above facts to the notice of all members of the Association. Member mills were, at the same time, provided with relevant extracts from the Egyptian Import Customs Tariff. (*Appendix 33.*)

THE INDIAN COMPANIES AMENDMENT BILL.

(See also pages 84 and 268 of Report for 1935.)

In the last Report of the Association, reference was made to the nomination of Sir Joseph Kay as the Association's representative on the informal committee appointed by the Government of India to examine the tentative conclusions framed by them as a result of their consideration of the report of Mr. Sen in connection with the reform of Indian Company Law.

The informal committee met in New Delhi early in January, and as the outcome of the discussions which ensued, the Hon'ble the Law Member introduced in the Legislative Assembly on the 23rd March, a Bill further to

amend the Indian Companies Act, 1913. It was explained in the Statement of Objects and Reasons appended to the Bill that :

“ Substantial material has accumulated in the form of communications and suggestions from Local Governments, public bodies and individuals, supplemented by publications in the press, indicating unanimity of opinion that the Indian Companies Act requires fairly extensive changes. The opinions received disclose a demand for power to deal with mushroom and fraudulent companies, for changes in the provisions relating to the issue and contents of prospectuses, for increased disclosure to shareholders of the financial position of companies and for increased rights to shareholders in connection with the management of companies, for modification of the present law applicable to managing agents, for changes in the provisions applicable to winding up, for special provisions to govern banking companies and for numerous other improvements.

“ The Indian Companies Act, 1913, was based on the English Companies Consolidation Act of 1908 and followed generally the provisions of that Act. Its revision in order to overtake subsequent developments in the law is overdue.

“ In September, 1934, the Government of India placed a lawyer with experience in the administration of company law on special duty to examine the material collected and to make proposals for the amendment of the Indian law. Those proposals were further discussed by a small committee of business experts specially convened for the purpose. Out of these proposals and discussions there have crystallized the amendments now proposed.”

The amendments proposed closely followed the English law on the subject where the problems dealt with were common to India and England. Special provisions relating to Banking Companies were also included in the Bill, as there was no immediate prospect of legislation dealing solely with this subject being undertaken.

On the 15th April, the Hon'ble Member moved that the Bill be referred to a Select Committee. The motion was accepted by the House, and early in May, the Committee were invited to express their views on the provisions of the Bill.

The more important of the criticisms advanced by the Committee on some of the principal provisions embodied in the Bill are set forth below :—

Clause 13.—This clause laid down the procedure for the transfer of shares. The new section, while leaving discretion with the directors to refuse transfer, required for a transfer application either by the transferor or the transferee, notice by the transferee in the case of an application by the transferor, the use of proper instrument of transfer required by the company in the case of an application by the transferee, and notice within a limited time to a proposed transferee. It also prescribed a time limit within which an application by a transferee might be made, or a refusal to register a transfer should be communicated.

New sub-section 34 (1) which provided that, where an application for a transfer of shares was made by the transferor, the transfer should not be effected, unless the company gave notice of the application to the transferee, appeared to the Committee to throw an unwarranted responsibility upon companies and boards of directors. This type of application appeared to postulate an incompleting instrument of transfer or a bogus instrument of

transfer. The existing procedure was that a company would refuse to register a transfer of shares unless a completed transfer form was presented. If the amendment were to be adopted, it would apparently be necessary for the company to ascertain the name and address of the transferee, and if the transfer form was incomplete, this could not be done. In any event, the new sub-section appeared to impose an obligation on the company which, it was thought, should really be placed upon the transferor. The general position was that a transfer form was presented neither by the transferor nor by the transferee, but by a stock and share broker or his representative. In the opinion of the Committee, there appeared to be no reason for altering the existing procedure which had worked satisfactorily. If the object of the clause was merely to protect persons against bogus transfers, then the transferees had already adequate remedies under Section 38 of the existing Act. It was further thought that, if the amendment was at all necessary, then it could only be necessary in the case of partly paid-up shares.

Clause 15.—This clause amended Sub-section 2 of Section 36 of the Act and prescribed that, when any member or other person required a copy of the register of members, or of the annual list and summary required by the Act, the company should cause the copy so required to be sent within a period of ten days from the receipt of the application. In the opinion of the Committee, the period of ten days prescribed in the Clause was too short and they urged that it should be extended to fifteen working days.

Clause 24.—This clause was designed to amend Section 77 of the Act so as to extend the obligation to hold a statutory meeting to all companies having a share capital within a period of not less than one month nor more than three months from the date at which it was entitled to commence business, and the submission of a statutory report, signed by not less than two directors or by the chairman of the company, to all members at least ten days before the date of the meeting. In addition to the particulars required under the existing Act, the new section provided for the statutory report to contain particulars in regard to the extent to which underwriting contracts, if any, had been carried out, and the arrears, if any, due on calls from directors and managers.

The Committee were of opinion that the period specified in the sub-section for holding the statutory meeting should be extended and that the clause should be amended as below :

“within a period of *not less than one month nor more than six months* from the date at which the company is entitled to commence business, etc.....”

since this longer period would be to the advantage of all concerned, and particularly of the shareholders, as it would enable the promoters of the company to give a great deal more information than would be possible in the shorter period laid down in the clause.

Clause 26.—New sub-clause 79 (1) (c) laid down that “five members present in person or by proxy shall be entitled to demand a poll: Provided that in the case of a private company if not more than seven members were personally present, one member, and if more than seven members were

personally present, two members shall be entitled to demand a poll." In the opinion of the Committee, a poll might reasonably be demanded by the Chairman or by five members, or by a member or members holding not less than one-tenth of the subscribed share capital. They, therefore, suggested that the clause should be so modified as to read as under :—

79(1) (c).—The Chairman or five members or a member or members holding not less than one-tenth of the subscribed share capital present in person or by proxy shall be entitled to demand a poll....."

The adoption of this suggestion would, it was thought, necessitate a consequential amendment in Clause 98 so as to modify Regulation 56 of Table A to read : "By the Chairman or at least five members or by a member or members holding not less than one-tenth of the subscribed share capital present in person or by proxy."

Clause 31.—This clause amended Section 83B of the Act and prescribed that not more than one-third of the whole number of directors should be appointed otherwise than by the members in general meeting. It was presumed that the clause was not intended to restrict the powers of the board of directors in regard to casual and temporary appointments amongst all classes of directors including shareholders' directors, and the Committee suggested that this point should be made clear in the amending clause. Under the clause as worded, the power which boards of directors had to make casual or temporary appointments appeared to have been taken away. The Committee stressed the undesirability of the delay, expense and trouble of calling a special general meeting being gone through for the purpose of filling casual vacancies on the Board, more particularly as the Act laid down that two-thirds of the directors should be appointed by the shareholders in general meeting. They further held that the clause should be non-retrospective in effect. Further, the clause made no exceptions in respect of special classes of directors, who held seats on the boards of directors of certain public utility and other companies, who were appointed by Local Governments, Municipalities, Local Boards, Chambers of Commerce, Trades Associations, etc. It was maintained that special provision should be made for the appointment of these special directors without general meeting sanction. The Committee also held that the amending clause should make it clear that the proportion of directors who might be elected otherwise than by members in general meeting did not include special directors of the type referred to or debenture directors.

Clause 33.—This clause introduced certain new sections for the control of directors. Section 86A reproduced Section 142 of the English Act and rendered an undischarged bankrupt ineligible to act as director of a company. Section 86B followed Section 151 of the English Act in controlling the practice of directors assigning their responsibilities. Section 86C followed Section 152 of the English Act and sought to make void any provision in the articles of a company or in any contract with a company, or otherwise, for exempting any director, manager or officer of the company or any person employed by the company as auditor, from or indemnifying him against any liability which by virtue of any rule of law would otherwise attach to him in respect of such negligence, default, breach of duty or breach of trust of which

he might be guilty. Section 86D prohibited or limited the making of loans to directors and provided that any loans made should be disclosed in the balance sheet, the form of which as laid down in the Third Schedule had been correspondingly amended by Clause 100. Section 86E prevented directors from holding offices of profit under the company while Section 86F disqualified them from acting as trustees for debenture holders. Section 86G followed Section 148 of the English Act in requiring director's remuneration to be disclosed. Section 86H and Section 86I included in the Act provision for removal of or vacation of office by directors instead of leaving these matters to be provided for in the articles by some such Regulations as Regulation 86 and Regulation 77 of Table A.

New Section 86A read as under :—

“ 86A.—*Ineligibility of a bankrupt to act as director.*—(1) If any person being an undischarged bankrupt acts as director of, or directly or indirectly takes part in or is concerned in the management of any company, he shall be liable to imprisonment for a term not exceeding two years or to a fine not exceeding one thousand rupees or to both.

(2) In this section the expression ‘company’ includes an unregistered company and a company incorporated outside British India which has an established place of business within British India.”

The Committee held that the words “undischarged bankrupt” in new Section 86A should be changed to “insolvent” and that it should be made clear whether a man insolvent in another country would be precluded from becoming a director of a company in India.

New Section 86E specified that no director should, without the consent of the company in general meeting, hold any office of profit under the company except that of a managing director or manager or a solicitor or a banker. The section as framed would, it was thought, increase the difficulty of obtaining the services of directors who might be most useful to the company owing to their special knowledge of some phase or other of the company's business. Moreover, it was held essential to define very clearly and exactly what was meant by an “office of profit.” The Committee also recommended the entire deletion of Section 86E, as it appeared to be unnecessary in view of the provisions of Section 86H which gave shareholders the right to remove any rotational directors.

The Committee further suggested the need for making it clear that new Section 86F would not have retrospective effect.

Clause 35.—This clause introduced a series of new sections dealing with managing agents. Section 87A limited the term for which they might be appointed and might continue to act without re-appointment. Section 87B provided for their removal, controlled the transfer of office by them, prohibited assignment of their remuneration and gave the company certain powers of control over them. Section 87C laid down the method by which the remuneration of managing agents should be fixed in companies other than insurance companies. Section 87D made provision in respect of managing agents, similar to that made by new Section 86D in respect of

directors, for controlling loans by the company to its managing agents. Section 87E controlled the making of loans between companies under the same management. Sections 87F, 87G, and 87H introduced further provisions for control of managing agents. Section 87F prohibited the purchase by a company of shares or debentures of any company under management by the same managing agent, unless the purchase had been previously approved by three-fourths of the members of the board of directors of the purchasing company. Section 87G deprived a managing agent of the power to issue debentures or to invest the surplus funds of a company under its management, while Section 87H prohibited a managing agent, whether directly or as managing agent for another person, from engaging in any business of the same nature as, or of such a nature that it directly competed with the business carried on by a company under the management of such managing agent.

Sub-section 87A (1) sought to provide that no managing agent shall, after the commencement of the Indian Companies (Amendment) Act, 1936, be appointed to hold office for a term of more than twenty years at a time. The Committee were of opinion that this period should be extended to 25 years for the reason that in certain classes of companies the initial development might be spread over a long period of years during which time no profits or very small profits might be made. In such instances, it was thought that it would be palpably unfair to limit the period of a managing agency agreement to 20 years only.

A proviso to the new section laid down that "the termination of the office of managing agent by virtue of this provision shall not take effect until all moneys due from the company to the managing agent are paid by the company to the managing agent." The Committee pointed out the necessity of specifying in the proviso that managing agents should be absolved from all commitments on behalf of the company before their agency agreement was terminated. They, therefore, suggested that the following words should be added to the proviso :—

"and the managing agents have been relieved of any financial responsibilities undertaken by them on behalf of the company."

It was also deemed necessary that Section 87A should clearly specify that a managing agent should be eligible for re-appointment on the expiry of his original appointment.

New Sub-section 87B (a).—This sub-section specified that a company might, by a resolution passed at a general meeting, remove a managing agent for fraud or breach of trust proved in a competent Court. The Committee held that the sub-section as framed would not carry out the real intentions of the Governmental Committee. In cases where a managing agent had been found guilty of fraud or breach of trust in connection with a company under his control, his removal from the managing agency of that company should, in the opinion of the Committee, be automatic and not dependent on a resolution passed at a general meeting, since it was quite possible that the managing agency firm might hold a sufficient proportion of the share capital to prevent his removal from office.

Sub-section 87B (e).—This sub-section stated that the appointment of a managing agent, the removal of a managing agent and any variation of a managing agent's contract of management shall not be valid unless approved by the company by a resolution passed at a general meeting, notwithstanding anything to the contrary contained in the articles of the company. The Committee were of the opinion that it should be made perfectly clear that the sub-section referred only to new appointments and not to appointments made before the passage of the Amending Act, and suggested that the words "after the commencement of this Act" should precede the opening words of Sub-section 85B (e) as drafted.

New Section 87C.—This new section laid down that managing agents should be remunerated on the basis of the net profits earned by the company, and specified how "net profits" should be arrived at. While the application of this section would not create any insuperable difficulties, as far as members of the Association were concerned, the Committee thought that it could not be fairly urged that the only equitable system of remuneration was that specified in the section. It was understood that it would be difficult for each and every class of business to accept the profit percentage system of remuneration. The Committee, therefore, suggested that the section might be made more elastic to suit the special requirements of such business.

Another defect in the section as drafted was that provision was only made for the payment of a minimum commission when there were no profits. This, it was thought, was obviously a drafting error. The Committee were of opinion that the minimum commission specified in an agency agreement should be payable as long as the percentage remuneration on net profits worked out at a figure less than the minimum specified in the agency agreement.

In the second sub-clause of Section 87C it was provided that, for the purposes of this section, the term 'net profits' means "profits of the company calculated after allowing for all the usual working charges, interests on loans and advances, repairs and outgoings." The Committee pointed out that it would be most unfair to managing agents to deduct interest on debentures issued or utilised for capital expenditure in arriving at the net profits figure on which managing agents' commission should be paid, since capital expenditure should really be financed from paid-up capital. If interest on this type of debentures had to be deducted before arriving at the figure of net profits, managing agents would, it was thought, probably refuse to accept debentures for this purpose and insist on the issue of new capital. It would appear that, in the case of the new Cement Merger, the shareholders themselves agreed that interest on debentures utilised for capital expenditure should not be deducted in arriving at the profits figure on which managing agency commission should be payable.

New Section 87E.—This section dealt with loans to companies under the same management. The Committee had no objection to raise to the new section, provided it was made perfectly clear that it had no retrospective effect.

New Section 87G.—This section specified that a managing agent should not have the power to issue debentures or to invest the surplus funds of the

company and that no delegation of any such power to a managing agent should be valid. The Committee maintained that managing agents should have the power to invest surplus funds without the previous sanction of the board of directors, but they had no objection to urge against a provision specifying that investments from surplus funds made by managing agents should in all cases be brought to the notice of the board of directors at the earliest opportunity.

New Section 87H.—The Committee held that in its existing form this section was unfair and unworkable. It specified that the managing agents should not, whether directly or as managing agent for another person, engage in any business, which was of the same nature as or which was of such a nature that it directly competed with the business carried on by a company under the management of such a managing agent. The section as worded would make it illegal for a firm or individual to be the managing agent for two concerns doing the same type of business. This, in the opinion of the Committee, was not the intention of the Governmental Committee, nor of the Shareholders' Association, as many firms of managing agents could and did efficiently control varying numbers of companies doing the same or a similar class of business. The Section also appeared to prevent a managing agency firm or company from owning one or more companies and, at the same time, managing other companies doing the same or a similar class of business. In the same manner, the section appeared to prevent a managing agency firm from dealing in imported piecegoods, if it was managing a cotton piecegoods manufacturing company. The intention might have been to prevent the managing agent of a cotton manufacturing company from having a share in the cloth selling agency of the same company, but the Committee were of opinion that, while it might be desirable to discourage this practice, it was extremely difficult to frame legislation which would effectively prevent it, without, at the same time, creating hardships and disadvantages from the shareholders' point of view. It would, for instance, be absurd to prevent a firm dealing in textile machinery from becoming an agent of a cotton spinning and weaving mill, though it could be argued that there was a conflict of interests. The Committee, therefore, suggested that Section 87H be entirely recast or deleted.

Clause 44.—This clause added two new sections, 105A and 105B, regulating the procedure to be followed with regard to the issue of shares at a discount and of redeemable preference shares by a company. New Section 105A laid down certain conditions for the issue of shares at a discount, while Section 105B specified that no redeemable preference shares should be redeemed unless the shares were fully paid, and except out of the profits of the company which would otherwise be available for dividend, or out of the proceeds of a fresh issue of shares made for the purpose of the redemption. The Committee maintained that provision should be made for the redemption of preference shares from the sales of fixed capital assets no longer required for the purpose of the company's business.

Clause 53.—This clause substituted a new section for the existing Section 130, and prescribed the books to be kept by a company and the penalty for not keeping proper books.

New Section 130 (3) specified that any director of a company who failed to take all reasonable steps to secure compliance by the company with the requirements of this section or had by his own wilful act been the cause of any default by the company thereunder, was liable to imprisonment for a term not exceeding six months or to a fine not exceeding Rs. 2,000. The Committee maintained that the responsibility for seeing that a company kept proper books of account with respect to all sums of money received and expended, all sales and purchases of goods by the company and the assets and liabilities of the company, was not a responsibility that could be passed on to individual directors. In the case of companies controlled by managing agents, the responsibility for keeping proper books of account, etc., must devolve upon them and the auditors of the company and not upon the directors. In a company managed by a board of directors, the liability of individual directors should, in the opinion of the Committee, be very strictly circumscribed, as otherwise it would be extremely difficult to obtain the right type of directors. Moreover, the punishment provided in Section 130 (3) was definitely too severe compared with the penalty provided by Clause 63 of the Amending Bill under which, an auditor, who made a report which did not comply with the requirements of the section, is punishable with a fine not exceeding a hundred rupees.

Clause 62.—This clause which sought to amend Section 141 of the Act provided that, where an investigation of a company's affairs had been ordered by the Local Government at the instance of the Registrar, the cost of that investigation should be paid out of the assets of the company. This, in the opinion of the Committee, would be justifiable if the company were eventually found guilty of malpractices of a serious character, but in the event of the result of the investigation being in favour of the company, it would certainly be unjust to make the company bear the expenses of the investigation. It was, therefore, suggested that the proviso to Sub-section (3) of Section 141 should be amended accordingly.

Clause 97.—This clause introduced a new section penalising misapplication of the property of a company by an officer or employee and a section designed to prevent the misuse of securities lodged with a company by its employees under their contract of service, and to safeguard provident funds. New Sub-section 282B (2) specified that where a provident fund had been constituted by a company for its employees or any class of its employees, such fund shall be a trust for the benefit of those employees and that moneys of the fund shall be invested only in the securities mentioned or referred to in Clauses (a) to (e) of Section 20 of the Indian Trusts Act, 1882. It was pointed out that legislation dealing with provident funds had been included in Chapter IX (a) of the Indian Income-tax Act. The provisions were incorporated after they had received the fullest consideration of various commercial bodies and the Committee doubted the advisability of amending the provisions of that Act by a single clause in the Indian Companies Act (Amending) Bill. The provisions of the Indian Companies Act did not make it compulsory to invest the funds of a provident fund, which existed before the recognition of the fund in the investments authorised by the Indian Trusts Act, nor did the Act require the company's contributions after the

date of recognition to be so invested. It was only the employees' contributions which required to be so invested. Apart from the fact that it might be inconvenient to withdraw from a company any of the assets of the provident fund, the amendment would necessitate the investment of the assets of the fund in Government securities standing at a very high rate, and would also considerably reduce the income of the fund. The natural consequences would be that members of a provident fund run by a firm not subject to the provisions of the Indian Companies Act, would be in a better position than members of a fund run by a limited company.

The sub-section also appeared to conflict with the provisions of the recently passed Payment of Wages Act, which apparently contemplated the recognition of provident funds approved by Local Governments of which the funds were not all invested in securities of the type referred to in Section 20 of the Indian Trusts Act.

The Committee further found it difficult to envisage why an amendment of such far-reaching importance, an amendment not of the Indian Companies Act but of another Act altogether, should be incorporated in this Bill, and therefore pressed for its deletion.

Clause 100.—This clause incorporated in the balance sheet certain additional particulars which were considered necessary in order that the balance sheet shall fully disclose the position of a company's affairs.

The Committee held that the effect of the proposed amendment would be to make the balance sheet much more voluminous than at present, and in consequence it would be difficult to envisage the real position of the company at a glance. They considered that it would be more desirable to specify that certain of the new details called for by the amendments might be given in schedules attached to the balance sheet of which they formed a part. This particularly applied to block accounts and investments, but in any case it was thought that where a balance sheet was unduly lengthy, the use of explanatory schedules should be permitted.

As regards the individual amendments of the balance sheet, the Committee made the following comments:—

Issued Capital.—This had to be allocated between shares issued otherwise than for cash and shares issued for cash. It was pointed out that issued capital meant capital offered for subscription, whether the shares had been taken up or not, whereas subscribed capital meant capital allotted. The allocation to be shown under issued capital should, in the opinion of the Committee, be shown under subscribed capital. The Committee further observed that in drafting the Bill it seemed to have been assumed that issued capital meant allotted capital, as references were made elsewhere in the Bill to issued capital where the term "subscribed capital" should have been used. It was pointed out that in the case of old companies some difficulty might be experienced in making the allocation required by the amendment.

Loans.—The amendment provided for loans, unsecured, being shown under the following heads:—

- (i) Loans from Banks.
- (ii) Fixed deposits.
- (iii) Short term loans.
- (iv) Advances by Directors or Managers and Managing Agents.
- (v) Interest outstanding.
- (vi) Liabilities to subsidiary companies.

The Committee considered that the words “interest accruing but not due” should be inserted for the words “interest outstanding” in (v) for the reason that interest outstanding might be included under items (i), (iii), (iv) and (vi).

Fixed Capital Expenditure.—Under this head it was suggested that a proviso should be added to the effect that where there had been a reduction of capital, or re-valuation of assets, the opening figure should be the amount at which the asset was re-valued and not the original cost.

Investments.—The amended form of balance sheet provided that the interest of any director or manager in any investment of the company had to be stated, but did not state what would be considered as an “interest.” It was thought that this should be clearly defined.

Advances.—The Committee suggested that the words “including temporary advances made at any time during the year to directors or managers of the company or to any company in which a director or manager of the company held a position of director or manager, stating the maximum amount outstanding at any one time during the year under this head” should be deleted and replaced by the words “loans including temporary advances to directors or managers of the company outstanding.” It was thought that no useful purpose would be served by including in the balance sheet figures of loans made during the year to directors or managers of the company or to any company in which a director or manager of the company held the position of director or manager which had been repaid during the year. In the opinion of the Committee a balance sheet was intended to show the position of the company as on the date at which it was drawn up, and that unnecessary elaborations should be avoided.

The Select Committee made various alterations in the Bill. In so far as the criticisms advanced by the Committee of the Association were concerned, the changes made by them were:—

Clause 13.—The Select Committee confined the provision relating to notice to a transferee to those cases where the shares transferred were shares not fully paid, as suggested by the Committee, and shortened the period within which objection could be taken by the transferee from four weeks to two weeks. A new sub-section was also added making it clear that there was no intention in anything contained in the section to affect the right of

a company to refuse to register a transfer of shares, where that right existed by virtue of the articles.

Clause 15.—The period of ten days within which a requisition by a member for a copy of the register of members or the annual list and summary should be complied with was extended to thirty days.

(*Note.*—This was, however, reduced to ten days, exclusive of non-working days and days on which the transfer books of the Company were closed, when the Bill was finally passed by the Assembly).

Clause 24.—The suggestion made by the Committee was accepted.

Clause 26.—The suggestion made by the Committee was accepted.

Clause 31.—The suggestion made by the Committee was found unacceptable.

Clause 33.—New Sub-section 86A(1) was altered so as to apply only to directors, managing agents or managers, and the word “bankrupt” was substituted by the word “insolvent.”

As regards new Section 86E, its deletion as suggested by the Committee was not accepted, but the Select Committee added a proviso to save from the operation of the section offices of profit held by the directors elected or appointed before the amending legislation came into force.

Clause 35.—In regard to new Section 87A, although the Select Committee did not agree to the extension of the term of appointment of a Managing Agent to 25 years, as suggested by the Committee, they redrafted the proviso to Sub-section (2) so as to secure to the Managing Agent a lien on the assets of the company to provide for any claims made on him for liabilities undertaken by him on behalf of the company. It was also made clear that the termination of a managing agency contract would not affect any right the managing agent might have to be compensated for the premature termination of his functions.

As regards new Sub-section 87B (a), it was provided that it should be for conviction for a non-bailable offence committed in relation to the company, that a managing agent might be removed. Provision was also made to deal with cases where the managing agent was a firm or company. In regard to Sub-section 87B (e), the Committee's suggestion was accepted, and it was made clear that this sub-section would not apply to appointments made before the Amending Act came into force.

Section 87C.—The principle of a minimum remuneration to Managing Agents in the case of absence of or inadequacy of profits was recognised, but the profit basis of remuneration was retained. Companies appointing their first Managing Agents after setting forth the terms of remuneration in the prospectus were exempted from the operation of the section regarding the net profit basis of remuneration. In the computation of the net profits,

it was made clear that deductions in respect of income-tax or super-tax, or any other tax or duty on income or revenue or for expenditure by way of interest on debentures or otherwise on capital account should be excluded, but it was specifically provided that allowance should be made for the following additional items, namely, depreciation, bounties or subsidies received from Government or from a public body, profits by way of premium on shares sold, profits on sale proceeds of forfeited shares or profits from the sale of the whole or part of the undertaking of the company. Private companies and insurance companies were exempted from the purview of this section.

With regard to Section 87E dealing with loans to companies under the same management, provision was made for exempting from the operation of the new section renewals of old loans or guarantees whose continuance might be essential to the survival of the company.

In regard to Section 87H, the Select Committee felt that the reference to competitive business might render the provisions of the section too comprehensive, and they were disposed to take a cautious attitude in view of the fact that the section represented an entirely new departure. They, therefore, re-cast the section as follows:—

“A Managing Agent shall not on his own account engage in any business which is of the same nature as the business carried on by a company under his management.”

Clause 44.—The view put forward by the Committee was accepted and it was provided that preference shares might be redeemed out of the sale proceeds of any property of the company.

Clause 53.—The Select Committee recognised that, having regard to Indian practice, the directors of a company should be made liable to a penalty for non-compliance with the requirements of this section relating to the maintenance of proper books only in those cases where the company was not run by a managing agent. The clause was, therefore, suitably amended.

Clause 100 was re-drafted so that it would itself present the complete form of the balance sheet, instead of merely a list of the alterations to be inserted in the existing form. It was pointed out that such alterations as were made were actuated by a desire to improve the form from an accountancy point of view.

The report of the Select Committee was taken up for consideration by the House on 8th September, and after a lengthy debate was eventually passed in substantially the same form as recommended by that Committee. The following points in regard to Managing Agents were, however, made clear:—

Section 87B (a) : Removal of a Managing Agent.—It was provided that a managing agent should not be liable to be removed if the offending member, director or officer guilty of a non-bailable offence in relation to the company,

was expelled or dismissed by the managing agent within thirty days from the date of his conviction, or if his conviction was set aside on appeal.

Section 87 (c) : Transfer of Managing Agency.—It was provided that in the case of a managing agent's firm a change in the partners should not be deemed to operate as a transfer of the office of Managing Agent, so long as one of the original partners continued to be a partner of the Managing Agents' firm.

Section 87 (d) 5.—A further restriction was placed that “except with the consent of three-fourths of the directors present and entitled to vote on the resolution, a managing agent of the company, or the firm of which he is a partner, or any partner of such firm, or, if the managing agent is a private company, a member or director thereof, shall not enter into any contract for the sale, purchase or supply of goods and materials with the company, provided that nothing herein contained shall affect any such contract for such sale, purchase or supply entered into before the commencement of the Indian Companies (Amendment) Act, 1936.”

Section 87 I : Limit on number of Directors appointed by Managing Agent.—A provision was added that “notwithstanding anything contained in the articles of a company other than a private company the directors, if any, appointed by the managing agent shall not exceed in number one-third of the whole number of directors.”

During the debate in the Assembly, the question of the continuance of the system of Managing Agents received considerable attention. Pandit Govind Ballabh Pant moved an amendment to new Section 87A, in Clause 42 of the Bill, designed to ensure the removal of a managing agent after five years from the commencement of the Amending Act, by a resolution passed at a general meeting of the company, if thirty years had elapsed since the Managing Agent or his predecessor first occupied such office.

The motion was stoutly contested, and in an able speech, Sir Hormasji Mody, the Association's representative in the Assembly, gave a lucid account of the services rendered by managing agents and the part played by them in the industrial life of the country, and opposed the amendment. The motion was eventually defeated. The speech made by Sir Hormasji is reproduced in the Appendix for purposes of record.

Another important modification made by the House related to the requirement regarding the investment of the moneys belonging to the Provident Funds maintained by companies for their employees in securities approved by Section 20 of the Indian Trusts Act 1882. The difficulties and dislocation which the acceptance of this proposal would entail on companies was considered in detail, and it was eventually agreed that moneys belonging to such funds at the commencement of the Amending Act should be invested in such securities by annual instalments not exceeding ten in number and not less in amount in any year than one-tenth of the whole amount of such moneys.

The Bill received the assent of the Governor-General in Council and became law on the 27th October 1936.

In view of the radical changes made in the Act, and the consequent necessity for many companies to revise their Articles, change the constitution of their Directorate and alter their administrative practice in many directions, particularly regarding the maintenance of accounts and profit and loss statements, the Committee addressed a communication to Government towards the middle of October, strongly urging the need of postponing the operation of the new Act until the 1st April 1937. Government were, however, unable to agree to the suggestion put forward by the Committee, and towards the end of November, notified that the Act would come into force as and from the 15th January 1937. (*Appendix 34.*)

THE INDIAN MOTOR VEHICLES ACT AMENDMENT BILL.

Towards the end of August, the attention of the Committee was drawn to the provisions of a Bill "to amend the Indian Motor Vehicles Act, 1914" published in the *Government of India Gazette* under Rule 18 of the Indian Legislative Rules. Briefly stated, the Bill sought to empower local Governments to constitute for their respective provinces "Transport authorities," who, it was proposed, should be empowered to:—

(a) "limit the number of transport motor vehicles or the number of any specified class of transport motor vehicles in respect of which road service permits may be granted for a specified area or a specified route ;

(b) issue road service permits in respect of particular vehicles or a service of vehicles for a specified area or a specified route ;

(c) attach to road service permits any prescribed condition and any one or more of the following conditions, namely:—

(i) that the charges made for the carriage of passengers or goods in any vehicle covered by the permit shall be as fixed by, or within limits fixed by, the transport authority or other prescribed authority ;

(ii) that any vehicle covered by the permit or, in the case of a service of vehicles, the vehicles of that service shall adhere to a time-table to be approved by the transport authority or other prescribed authority:—

(iii) that time-tables and fare-tables shall be published to the satisfaction of the transport authority or other prescribed authority ;

(d) modify any road service permit issued by it."

From the Statement of Objects and Reasons appended to the Bill, Government appeared to hold that the Indian Motor Vehicles Act, 1914, was framed to suit conditions prevailing at a very early stage in the development of motor transport in India and that the rapid growth of that form of

transport in twenty-two years had made it necessary to empower local authorities to exercise a closer control than the existing Act permitted, in the interests alike of the development of a co-ordinated policy of roads and railways and of the safety and convenience of the public. It also appeared that the question of co-ordination of road and railway, the elimination of wasteful and uneconomic competition between the two forms of transport and the methods by which these objects could be secured consistently with the public interest had engaged the attention of Government for years past. In 1932-33, Messrs. Mitchell and Kirkness carried out, at the instance of Government, an enquiry into these problems. The Road-Rail Conference which was convened in April 1933 passed a resolution, *inter alia*, recommending control of public service and goods motor transport in the interests of public safety and convenience, and restriction of vehicles to prevent wasteful competition, and a similar recommendation was made by the Transport Advisory Council in January 1935. The necessary amendments to the Act were, therefore, drafted to give effect to these recommendations as far as possible, and local Governments, who were consulted subsequently, seemed on the whole in favour of legislation.

The Bill was taken up for consideration in the Assembly on 3rd September, and the Hon'ble Member for Industries and Labour moved the appointment of a Select Committee to report on the proposed amendments. The debate which followed, however, revealed a general desire from all quarters of the House that the Bill should be circulated for public opinion, and a motion to that effect previously tabled by Mr. Sham Lal was accepted by Government.

The Bill was very carefully considered by the Committee, but they were unable to support it. In communicating their views to Government, however, they made it quite clear that they were in favour of all reasonable steps being taken to ensure the regulation of motor transport in the interests of safety and public convenience. They also expressed themselves strongly in favour of compulsory insurance against third party risks of all motor vehicles whether plying for hire or reward or otherwise, and welcomed an amendment of the Motor Vehicles Act with these objects in view.

The development of a co-ordinated policy of roads and railways was, in the opinion of the Committee, a matter which should be dealt with in a separate Bill, and they felt that the building up of an efficient and adequate transport system for the country as a whole, including air transport, inland water transport and possibly sea transport from one Indian port to another was a matter of first class importance to the future economic welfare of the country as a whole, and that the importance of the issues involved necessitated a regulated planning for the development of the country's transport system. To achieve this, they maintained that it would be advisable for the Government of India to appoint a Committee composed of experts representing every form of transport and also containing a substantial proportion of representatives of Indian commerce and industry to investigate and report on the means which should be adopted to develop, and incidentally to co-ordinate, India's transport system.

The Committee also submitted the following criticisms on the detailed provisions of the measure:—

Clause 3.—After section 10 of the said Act the following sections shall be inserted, namely :—

“10A. (1) The Local Government may, by notification in the local official Gazette, constitute for the province and for specified areas or for specified roads in the province, transport authorities to exercise and discharge throughout the province or such areas or roads respectively the powers and functions conferred by or under this Act on transport authorities, or such of those powers and functions as may be specified in the notification either in respect of all transport motor vehicles or in respect of specified classes of transport motor vehicles.

(2) Where any transport authority has been constituted by notification under sub-section (1) no transport vehicle of a class specified in the notification as the case may be shall, save as otherwise provided under clause (b) of section 11A, be used in any public place except under and in accordance with the conditions of a road service permit issued or countersigned by the transport authority having jurisdiction in respect of such place.

10B. A transport authority may, subject to the provisions of any rules under section 11A,—

- (a) limit the number of transport motor vehicles or the number of any specified class of transport motor vehicles in respect of which road service permits may be granted for a specified area or a specified route ;
- (b) issue road service permits in respect of particular vehicles or a service of vehicles for a specified area or a specified route ;
- (c) attach to road service permits any prescribed condition and any one or more of the following conditions, namely :—
 - (i) that the charges made for the carriage of passengers or goods in any vehicle covered by the permit shall be as fixed by, or within limits fixed by the transport authority or other prescribed authority ;
 - (ii) that any vehicle covered by the permit or, in the case of a service of vehicles, the vehicles of that service shall adhere to a time-table to be approved by the transport authority or other prescribed authority ;
 - (iii) that time-tables and fare-tables shall be published to the satisfaction of the transport authority or other prescribed authority ;
- (d) modify any road service permit issued by it.”

As regards Section 10A (1) and (2), the Committee considered, bearing in mind the desirability of ensuring uniformity throughout India as far as possible, that it was desirable that the general constitution of all classes of transport authorities should be defined in the Act itself. However, as they were opposed to the subject of co-ordination of road and rail transport being dealt with by a transport authority appointed under this Act, they suggested that transport authorities should not ordinarily include railway officers, but should in all cases include representatives from the general business community and from the particular trade and industries most common in the areas over which the transport committee concerned would have juris-

diction. It was also felt that a provision should be made in the Act for some form of appeal from the orders of each type of transport authority.

In regard to the functions of the transport authorities set out in proposed section 10B, the Committee felt that it required an amendment in order to ensure that no onerous restrictions were placed upon private motor transport, that is to say, motor transport used for purposes of the trade or business of an individual, firm or company, and not plying for hire or reward. It was thought that the issue of general permits to this class of transport should be a mere formality, and that it should not be permissible for a transport authority to refuse a permit in the case of private motor vehicle owners unless the vehicle concerned was unsuited by reason of its weight or size or condition for use on any particular road or route.

In regard to proposed sections 10B (c) (i), (ii) and (iii), the Committee were somewhat doubtful whether it would be advisable to give the transport authorities the power to fix minimum rates for the carriage of passengers and goods, but they had no objection to a suitable constituted authority laying down the maximum rates. If, however, the Government of India eventually decided that the power to fix both the minimum and maximum rates should be accorded to the transport authorities, then the Committee desired that the fullest possible safeguards should be introduced in the Act or in the rules to ensure that the interests of the general public and the road transport owners were not sacrificed by the fixation of minimum rates at unduly high levels.

The Committee considered it desirable that it should be made obligatory for passenger transport vehicles to work to a time-table and to a fare-schedule, clearly set out in the language of the district and posted inside the vehicles themselves, and it should also be obligatory for goods transport vehicles plying for hire to carry with them and adhere to a freight-rate schedule. They thought that the Act might also provide that the schedule above referred to and any changes made therein should be notified to the local transport authority and be certified by them before they became operative.

Clause 4 of the Bill empowered local Governments to make rules providing (a) for the establishment of authorised stations for the regular taking up or setting down of passengers and goods by transport motor vehicles and for prohibiting the use for that purpose of any place not so authorised, and (b) in the case of transport motor vehicles, for regulating the conduct of passengers, drivers and conductors, prescribing the records to be maintained by drivers and conductors and limiting the hours of work of drivers. The Committee felt that this clause needed drastic amendments. They considered that no restrictions should be imposed on motor transport used solely for the purpose of conveying goods and merchandise, which would in any way hamper the continuance of door-to-door transport. One of the great advantages in the use of motor transport for the conveyance of goods, in their opinion, was that it was possible to load merchandise at the factory or warehouse of the manufacturer or supplier and deliver those goods without any intermediate unloading at the residence or place of business of the purchaser, and it was felt that it would be palpably unfair for this particular

facility attaching to motor transport to be in any way reduced. In the case of passenger vehicles plying for hire, while it might be necessary and desirable to provide for the establishment of authorised stations for the regular taking up and setting down of passengers in congested areas in towns and villages, it was thought that no restrictions should be placed on this type of vehicles as regards taking up and setting down of passengers on routes outside such congested areas except at points where a halt would be definitely dangerous.

The Committee had no objections to the other proposals embodied in Clause 4 provided they were made applicable only to motor transport vehicles plying for hire or reward. They also expressed the view that they would have no objection to restrictions being placed on the total number of hours worked per day by drivers of private owned motor transport vehicles not plying for hire or reward. (*Appendix 35.*)

THE INDIAN RAILWAYS AMENDMENT BILL.

On the 23rd March 1936, the Hon'ble the Commerce Member introduced in the Legislative Assembly a Bill further to Amend the Indian Railways Act, 1890. The Bill was intended to permit of more effective and deterrent action being taken than is possible under the existing law when persons were found travelling by railway without proper tickets.

It would appear that, despite the elaborate and expensive organization for the checking of tickets, both at stations and in trains, the number of passengers travelling without tickets had tended to increase. The evil, it was thought, caused a loss of about Rs. 50 lakhs annually.

Section 112 of the Indian Railways Act, 1890, dealt with cases in which there was intent to defraud a railway. In cases in which action was taken under this section, the onus of proving intent to defraud lay on the railway staff. The discharge of this task, it was pointed out, was not always practicable, and the Bill, therefore, proposed that the onus of proving that there was no intent to defraud should rest on the person found travelling without a proper ticket. Moreover, the penalty of Rs. 100 prescribed by the section had proved in practice to be ineffective, and the Bill further provided for a sentence of imprisonment to be inflicted on an offender.

Most cases in which passengers found travelling without proper tickets were, however, dealt with under section 113 under which a passenger was liable to pay in addition to the fare due an excess charge equal to the amount of the fare, but not exceeding, in the case of a third class passenger, Re. 1 when he was detected before he had notified his liability and two annas otherwise. A passenger who declined to pay the amount demanded could, under the existing law, only be asked to give his name and address. If these were disbelieved, arrangements had to be made to hand the man over to the police to be placed before a magistrate. In many cases, such passengers were found to have no assets and were discharged. Where a distress warrant was issued against any person, the results were usually quite incommensurate

with the time, trouble and expense involved in court proceedings, etc., as the amount payable was frequently not realized. To deal effectively with such cases, the Bill sought to empower railway servants to arrest such persons as refused to pay the charges due if there was reason to believe that it would not be possible to get them to appear before a magistrate without undue delay, trouble and expense.

The Bill was taken up for consideration on the 31st August on a motion by the Hon'ble the Commerce Member for its reference to a Select Committee. Various criticisms were levelled against the provisions embodied in the Bill, and the House eventually adopted an amendment moved by Dr. Zia-ud-Din Ahmad that it should be circulated for the purpose of eliciting opinion thereon by the 31st December 1936. Accordingly, towards the middle of October, the Committee were invited to express an opinion on the provisions of the Bill.

On an examination of the provisions contained in the Bill, in conjunction with the speeches made in the Assembly thereon, the Committee approved the principle underlying the Bill, namely, the prevention of ticketless travelling, but urged the desirability of the powers contemplated by the Bill being conferred only on such officers of railways as might be depended upon to use them with discretion. (*Appendix 36.*)

PROPOSED INCREASES IN RAILWAY FREIGHT RATES ON COTTON YARN AND PIECEGOODS AND MILL STORES.

Towards the middle of June, the attention of the Committee was drawn to certain proposals which, it was understood, were under consideration by the Indian Railway Conference Association for the enhancement of the existing freight rates on various commodities. It would appear that among the articles on which freight increases were contemplated were cotton piecegoods, cotton yarn and certain classes of cotton mill stores. In the absence of the exact proposals of the Railway Conference Association, it was not possible for the Committee to submit their detailed criticisms, but in the course of a general representation addressed to the Indian Railway Conference Association early in July, it was pointed out that the Indian Cotton Industry was already in a precarious financial situation and was not in a position to bear any further increases in freight charges on its manufactures or on the stores which it used. It was felt that any increase in freight charges on cotton piecegoods and cotton yarn would tend to accelerate the transfer of freight from the railways to road, river and sea transport. The Committee maintained that, judged by the consistent fall in the prices realized for piecegoods and yarn in the last ten years, a reduction—and not an increase—in freights had become essential. The prices being realized for Indian cotton piecegoods and yarn were very little, if any, higher than the prices realized in pre-war years despite the fact that the hours of work had been greatly reduced and wages had been increased by between 50 per cent. and 100 per cent. The Committee also stressed the desirability of granting specially low freights for long lead traffic as a means of re-establishing the revenue position of the railways. (*Appendix 37.*)

PROPOSED ENHANCEMENT OF RAILWAY FREIGHT RATES
ON COTTON PIECEGOODS.

Early in November, the Committee were informed that the Railway Board had sanctioned certain revised class rates which on the basis of the existing charge for each of the commodities in question represented the following increases:—

	Percentage increase.	Additional charge per maund per 100 miles in pies.
Piecegoods	8	5
Sugar	9	4
Tobacco manufactured.. .. .	8	5
Tobacco unmanufactured	8	5
Kerosene oil	9	4

It was pointed out that this increase in the class rates did not necessarily involve an increase in rates for all movements of the above commodities by the amount shown. It appeared that the G. I. P. Railway authorities did not intend to increase the reduced station-to-station rates which were in existence and which had been introduced to meet the requirements of particular movements of traffic. Such rates would, it was stated, continue to be fixed on considerations relevant to the particular circumstances. However, in regard to another type of reduced station-to-station rates—those which had been quoted by reason of rates available on other railways or by other routes—the action to be taken by the G. I. P. Railway would depend upon what was done by other railways and that if any increase in such rates were decided upon, full notice of such changes would be given in rates circulars in the usual way. It was further indicated that these enhancements in class rates would not affect a considerable volume of traffic. In regard to other rates which were not at present depressed on account of either of the circumstances mentioned above, the G. I. P. Railway would, it was observed, always be prepared as heretofore, to consider retaining rates at their existing level between particular points where it was shown that the increase would not be justified.

Dealing with the reasons for the proposed enhancements, it was pointed out that the existing financial condition of Indian railways was a matter for concern and that the railways were endeavouring to improve the position and that measures to reduce expenditure, and to increase revenues, were under continuous examination. It was stated that the railway authorities believed, from examination and experience of traffic movements, that the proper course to pursue in the matter of increasing revenues was to reduce or increase rates as particular circumstances warranted. Reductions in rates were continually being made and would continue to be effected where desirable. Similarly, certain enhancements in rates had already been effected and others might be brought into force from time to time where investigation showed that they could be justified.

Applying these considerations to the five commodities referred to above, it was pointed out that the railways had felt for some years that an increase in rates was justifiable and necessary. In regard to piecegoods, it was indicated that on the G. I. P. Railway (from Bombay to Jubbulpore, Bombay to Nagpur, Bombay to Raichur, and branches) piecegoods were already chargeable at "C" schedule, the basis of which was 1 pie per maund per mile, which was higher than classes 4B (R.R.) and 4A (O.R.) proposed for general adoption. Traffic passing over the G. I. P. Railway to which "C" schedule was now applicable would not, it was stated, therefore, be affected by the proposed increase in class rates. If other railways adopted the increased class rates for piecegoods, the competitive power of mills situated on the G. I. P. Railway might therefore be enhanced. Apart from this, however, it was suggested that the fact that the G. I. P. Railway was now carrying a substantial volume of traffic at "C" schedule rate indicated that traffic would be well able to bear classes 4B (R.R.) and 4A (O.R.)

The G. I. P. Railway desired to adopt the enhanced class rates which had been sanctioned by the Railway Board for the commodities referred to above, but before notifying their adoption, requested the views of the Association on the proposal.

The Committee held that from the point of view alike of the Industry and of railway finances, the situation called for a drastic revision of rates in a *downward* direction with the dual object of attracting a larger volume of traffic with the resulting higher total earnings for the railways and ensuring the freer movement of goods in all directions in the interests of trade and industry generally. They urged, as a means of accelerating the movement of goods with corresponding returns to the railways in the shape of increased gross earnings, an extension of the system of special station-to-station rates for both local and through traffic. They also stressed the desirability of instituting a system of specially low rates for offers of long lead traffic and special arrangements for the speedy transit of goods in order to encourage this type of traffic.

The Committee further referred to the investigation being carried on by the Expert Railway Committee under the Chairmanship of Sir Ralph Wedgwood into the financial condition of Indian Railways and suggested that, pending consideration of the report of this Committee, no increase in freight rates should be made. (*Appendix 38.*)

CLASSIFICATION OF MAIZE AND WHEAT STARCH AND SYNTHETIC STAPLE FIBRE IN THE RAILWAY RATES SCHEDULE.

Towards the middle of April, the Buyers' and Shippers' Chamber, Karachi, invited the views of the Committee in connection with certain proposals which were to come up for discussion at the July 1936 meeting of the Commercial Committee of the Indian Railway Conference Association

regarding the classification of maize and wheat starch and synthetic staple fibre for railway freight purposes :—

				Class rate applicable.	
				R.R.	O. R.
Starch	..	..	..	4	} .62 pie per maund per mile.
Farina (sizing flour in bags)	..	..	..	4	
<i>Includes :—</i>					
Arrowroot flour,					2 (.42 pie per
Potato flour,					maund per
Sago flour (in bags).					mile.)

In order to avoid exceptions being provided by the several railways in the general classification of goods, it was proposed that maize starch and wheat starch in bags should be included in the list showing the synonyms, trade names, etc., chargeable under the head "farina."

As regards staple fibre, since synthetic staple fibre was used in place of cotton, it was proposed to treat and charge it as "cotton (raw)."

The question was carefully examined by the Committee in consultation with some of the principal importers of these products. The Committee in their reply agreed to the classifications proposed for the articles in question, but suggested, in the case of maize starch, that the list should actually include all the following : Wheat flour (when used for sizing) ; potato starch (commonly known as farina) ; maize (corn) starch ; sago flour ; arrowroot flour, rice starch and all dextrines.

The practice of the trade, whenever any one of the above products was railed from one point to another, appeared to be to describe it in the railway receipt as "sizing flours." Moreover, it was understood that the term "farina" as a general heading was a misnomer. In order to ensure complete accuracy of description, it was further suggested that the term "farina" should be deleted from the general heading, which would then read simply as "sizing flour in bags." (*Appendix 39.*)

REDUCTION OF RAILWAY FREIGHT RATES ON BUMP YARN.

Early in June, the attention of the Committee was drawn by a member mill to the heavy freight rates charged on bump yarn railed from Bombay to Cawnpore. The existing rate of Rs. 11 per bale of 400 lbs. (Rs. 2-4-2 per maund) was, it was pointed out, quite out of proportion to the value of a 400 lbs. bale of bump yarn which was only about Rs. 65.

The matter was taken up at the 4th meeting of Group No. 2 of the Closer Contact Committee held on the 1st September 1936. It transpired that bump yarn had not been separately classified, as no occasion had hitherto arisen for the differentiation of various kinds of yarn. It was contended on behalf of the mill in question that bump yarn was low grade waste yarn

of about 2 to 4 counts, made out of the lowest type of refuse. It was sold at about 2 ans. 3 ps. per lb. and was used for the manufacture of inferior quality carpets and dhurries. As a result of the discussions, it was agreed that the question of the classification of bump yarn should be taken up by the mill with the railway authorities.

A meeting was accordingly arranged towards the middle of November at which it was suggested that bump yarn should be rated under Class 2 in the same manner as cotton twine or string, and that, in addition, special station-to-station rates should be introduced from Bombay to the following consuming centres: Bhagalpur, Tinnevely, Erode, Delhi, Muttra, Ambala, Ludhiana, Amritsar, Jullunder, Sialkot, Cawnpore, Patna, Ahmedabad, Sironj, Bareilly, Moradabad and Phillore.

The following reduced station-to-station rates have since been notified by the G. I. P. and B. B. & C. I. Railways for traffic in bump yarn from Bombay to the stations named:—

G. I. P. RAILWAY—

From	To	Rate per Md. O.R.	G.I.P.	E.I.
			Rs. a. p.	Rs. a. p.
Bombay	.. Cawnpore C. G. Shed ..	1 8 8		
Bombay	.. Bhagalpur ..	1 7 0	0 13 11	0 9 1
(via	.. Patna City ..	1 10 0	1 2 9	0 7 3
Naini)	.. Patna Jn. ..	1 10 0	1 2 11	0 7 1

B.B. & C.I. RAILWAY—

From	To	B.B. & C.I.	A.D.C.	Per maund
		Rs. a. p.	Section. Rs. a. p.	Total. Rs. a. p.
Bombay	.. { Ahmedabad, Asarva or Kan- karia ..	0 12 3		0 12 3
(CCB.) or	.. New Delhi ..	1 9 6	0 2 11	1 12 5
B.P.T. Railway.	.. Via New Delhi ..	1 8 9	0 2 11	1 11 8
Stations	.. Via Kasganj ..	1 12 0	..	1 12 0
	.. Via Kotkapura ..	1 11 11	..	1 11 11

PACKING CONDITIONS FOR BALES OF PIECEGOODS.

According to the Indian Railway Conference Association Goods Tariff, piecegoods, cotton, woollen or artificial silk, in bales "press-packed," and bound with iron bands or steel wire or packed in boxes or cases were scheduled at a lower rate than piecegoods not press-packed or not packed in boxes or cases. It appeared that various interpretations were being attached to the term "press-packed." In the E. I. R., for instance, it meant bound with iron bands or steel wire and tightly compressed so as to form a solid compact package which could not be shifted without the removal of the bindings used for sustaining the pressure. In the N. W. R. the term "press-packed" was always interpreted to mean "mill packed" and all bazar-packed goods were treated as non-

press-packed. The term was also capable of other interpretations, and the position was thus very unsatisfactory, as the onus of determining the rate rested on the railway staff, and there might always be room for a legitimate difference of opinion on a question of fact between sending and receiving stations and between sending and receiving railways. In these circumstances, the E. I. R. proposed to the Indian Railway Conference Association that the term "press-packed" should be so defined as to leave no room for doubt. They thought that perhaps the best way of doing this would be by laying down a minimum weight per cubic foot which, they suggested, might be fixed after investigation by various railways and consultation with trade interests.

The Committee of the Association thought that the proposal of the E. I. Railway was unworkable owing to different pressures adopted in packing varying classes of goods, e.g., the better classes of goods, speaking generally, were less densely packed than plain grey piecegoods. It was also thought that bazar-packed bales should be allowed to be classified as "press-packed" for rating purposes if the bales were bound with iron hoops in both directions and the space between the hoops did not exceed 4" square in any part of the covering of the bale. It was further pointed out that all mill-packed goods must be treated as press-packed and that all cased goods should be charged at the same rate as press-packed goods. (*Appendix 40.*)

STOCK EXCHANGE ENQUIRY.

(See also pages 97 and 441 of Report for 1923 and pages 94 and 389 of Report for 1926.)

Towards the end of November, the Committee were informed that the Government of Bombay had appointed a Committee consisting of:—

Mr. W. B. Morison	..	..	..	..	Chairman
Sir Sorabji Pochkhanawalla	..	..	..	..	} Members
Sir Rahimtoola Chinoy	..	..	..	..
Mr. H. M. Patel, I.C.S.	..	..	..	..	Secretary

to examine and report on the organization and methods of working of the Native Share and Stock Brokers' Association of Bombay, to consider whether any modifications were desirable in the interests of the investing public and to make recommendations, and were requested to furnish any representation which they desired to make on the subject.

In the absence of a specific questionnaire, the Committee submitted a representation of a general character in which they stressed the need for reform in respect of the following major issues. Reference was also directed to the views submitted to the Atlay Committee in 1923 and to the Government of Bombay in 1926 and 1927 on the Stock Exchange Rules.

(a) *Publication of Daily Official List of Prices.*—While acknowledging that considerable improvements had been effected in regard to the publication of information by the Exchange authorities in regard to the share prices, the Committee felt that information available did not fully protect either the buyers or the sellers who were still forced to rely to a large extent upon the

good faith of the broker, since no tickets or slips were issued stating the time at which particular transactions were made.

(b) *Holidays and Hours of Business.*—In regard to holidays and hours of business, it was pointed out that the number of holidays should be drastically reduced and that the hours of business on the Exchange should be at least four per day.

(c) The Committee also drew the attention of the Enquiry Committee to the need for expediting the monthly clearing. At the present time, it was understood that forward trading was suspended for at least four days while the clearing was being effected. This compared unfavourably with other large Exchanges in other parts of the world.

(d) *Settlements.*—The Committee strongly urged the introduction of a system of fortnightly settlements with the object of curbing the activities of speculators and weak holders.

(e) It was considered that the brokerage charge on transactions was, in many cases, unduly high.

(f) The Committee suggested that the Enquiry Committee should consider the desirability of recommending an amendment of the contract note which would ensure the separate recording of the share price and the brokerage payable. In regard to the brokerage, it was understood that certain brokers, in order to attract business from clients, were in the habit of waiving a portion of their brokerage and this practice should, it was thought, be done away with, as it undoubtedly gave an incentive to other dubious practices.

(g) *Brokers.*—There appeared to be an unwarrantably large number of sub-brokers trading in the Exchange. Many of these sub-brokers were merely touts and the Committee were strongly of opinion that the number of sub-brokers permitted to do business should be reduced to a reasonable proportion if it was not possible to abolish them altogether. If a broker defaulted, the Committee strongly maintained that he should not be allowed to trade either in his own or any other name until and unless he had paid his creditors in full.

(h) *Transfers.*—It was suggested that the Enquiry Committee should investigate the possibility of introducing a system of stamping transfers similar to that used on the London Stock Exchange when shares were sold and before the scrip was handed over to the buyer's broker. As soon as a share was sold and the scrip was handed over to the broker by his seller, the transfer forms attached to it should be stamped with an embossed stamp showing the date and the amount of stamp duty paid to the Exchange Stamp Office, and companies should be entitled to refuse to accept any transfer which was not presented within a reasonable period from the date shown on the embossed stamp on the transfer form.

At the present time, blank transfers circulated from hand to hand for long periods at a time to the detriment of Government revenues. The

practice also involved companies, sellers and buyers in difficulties and inconvenience. From a company point of view, difficulties arose from the fact that its register of shareholders was seldom if ever fully representative or accurate with the result that at the time of closing transfer books the shareholders' list, which according to law had to be lodged with the Registrar, did not give the correct state of affairs owing to many shares not having been actually transferred to the owners with the result that dividends were paid to one party which had subsequently to be repaid to other parties, in some cases, a year or more after the shares had actually been sold and paid for.

A limitation of the effective life of a transfer form to two or at the most three months would, it was thought, go a long way to remedying this situation. The difficulty of dealing with scrip lodged with banks as collateral security could be dealt with by the prescription of a special nominal transfer fee in the case of genuine pledges where shares were used merely as collateral security.

If and when the effective life of transfer deeds was limited as suggested above, the rate of stamp duty should be reduced. Even a considerably reduced stamp duty would mean increased revenues to Government.

(i) *Government Securities*.—The Committee strongly favoured the prohibition of forward tradings in Government securities.

(j) *Corners*.—As regards corners, the present system of fixing rates whenever the Stock Exchange Committee chose to do so was, in the opinion of the Committee, unsound and had undoubtedly caused considerable dissatisfaction. Both bulls and bears knew fully well the risk they ran when they entered into heavily speculative transactions and there seemed to be no really valid reason why they should be protected. If the existing practice could not be abolished altogether, then the power to take action under the corner rules and at times of serious political or economic crisis should, it was thought, be vested in a special Tribunal consisting of the President of the Exchange, assisted by one senior member of the Committee, three or four Bank Managers and possibly one Government official.

The views set forth in the above memorandum were supplemented by the Committee in their answers to the questionnaire issued by the Stock Exchange Enquiry Committee and were further elaborated by Mr. F. F. Stileman and Sir Hormasji Mody in their oral evidence taken *in camera* before the Enquiry Committee on Friday, the 22nd January 1937. (*Appendix 41.*)

CERTIFICATION OF SHARE TRANSFER FORMS BY JOINT STOCK COMPANIES.

Early in September, the Committee were informed that the Bombay Native Share and Stock Brokers' Association had addressed a circular to all joint stock companies in Bombay requesting the certification of the signature

of the transferor on share transfer forms. Briefly stated, it appeared that the Native Share and Stock Brokers' Association desired companies to certify, *inter alia*, that :—

- (a) The transferor was, according to the books of the company, the registered owner of the scrip which he proposed to transfer ; or
- (b) The transferor had authority (in virtue of a power of attorney or succession certificate registered with the company) to transfer the share.

The question was considered by the Committee in consultation with the Association's Solicitors. The latter pointed out that the effect of the suggestion of the Native Share and Stock Brokers' Association would appear to be to relieve the members of that Association of a certain amount of inconvenience, and to impose upon the company, whose shares are the subject of the transfer, additional clerical work, and possibly also additional responsibility, without any corresponding benefit to the company. In these circumstances they held there was no sufficient justification for requesting the members of the Millowners' Association to accede to the suggestion of the Share Brokers' Association.

As the Committee were, however, desired to assist the Native Share and Stock Brokers' Association by certifying share transfers in the manner suggested so long as the companies concerned incurred no risk whatsoever, the Solicitors drew up specimen forms of certificate which they thought would protect the companies concerned from liability on any ground whatsoever if they adopted the suggestion of the Native Share and Stock Brokers' Association. The Committee felt that discretion in the matter of certification must finally rest with the companies concerned, and in these circumstances, the opinion expressed by the Association's Solicitors and the specimen certificate forms suggested by them were sent to all members. (*Appendix 42.*)

TECHNOLOGICAL LABORATORY AT MATUNGA.

Towards the end of December, at the instance of the Association's representative on the Indian Central Cotton Committee, the need for improving the utility of the Technological Institute from the point of view of the Cotton Trade was discussed. It was felt that what was needed was closer co-operation between the Laboratory and cotton mills in Bombay, and a special Sub-Committee was appointed to consider and submit recommendations as to the steps which should be taken to achieve this result.

The Sub-Committee felt that steps should be taken to ensure that the results of all important tests were fully studied and discussed by mill-owners and by the technical staffs of mills. To achieve this object, they

recommended that the Association's representative on the Indian Central Cotton Committee might place the following suggestions before the Indian Central Cotton Committee :—

(a) Every cotton spinning mill in India should receive several copies of each of the trade test Bulletins published by the Laboratory and these should be distributed by the mill agent to the technical heads of departments such as Spinning Masters, Carding Masters, and in certain instances Weaving Masters.

(b) The Bulletins issued to the mills might be on the American style, that is, written in simple language with the main conclusions clearly set out and free from unnecessary details and higher mathematics.

(c) On the front page of every Bulletin, in prominent type, a notification might be inserted inviting the recipient of the Bulletin to submit his views, in brief, on the subject dealt with in the Bulletin together with the results of any similar test carried out by him.

(d) Copies of the Bulletins should also be sent to technical associations like the Bombay European Textile Association and the Bombay Textile and Engineering Association who might be invited to discuss them at their meetings and to submit their considered views on the results and make suggestions for further tests.

(e) As far as Bombay was concerned, every Bulletin of special importance should be discussed by an expert or experts from the Technological Laboratory with practical spinners and carders. Meetings for this purpose might be held at the Technological Laboratory itself, and invitations might be sent to all spinners and carders, to whom copies of the Bulletin had been supplied, to attend this meeting, or if this was not feasible, a dozen or so technical men from the trade might be invited to meet the Laboratory experts and frame a report of the discussions for circulation to other carders and spinners. At any such joint meetings, suggestions might be invited as to the subjects for future tests, and where possible, these suggestions should be acted upon.

The Sub-Committee further suggested that the Association's representative might recommend the appointment of a Liaison Officer by the Indian Central Cotton Committee to carry out the extra work necessary if effect was given to the foregoing proposals, and to disseminate information concerning trade tests to all sections of the trade.

They also felt that the Indian Central Cotton Committee might once again consider the advisability of establishing a Testing House which would undertake tests similar to those now undertaken by the Chamber of Commerce Testing House at Manchester. Such a Testing House, it was thought, would undoubtedly keep the Technological Laboratory at Matunga in closer touch with the trade and, in particular, with the technical men in the trade and should be capable of paying its way from the charges levied for such tests as it would be in a position to undertake. Certain proposals for a Testing

House were made by this Association in 1931. The scheme then mooted was, however, too ambitious, and failed to fructify for want of financial support from trade associations, but it was thought that, if a more modest scheme, supported financially by the Indian Central Cotton Committee, could be devised, a Testing House might be successfully established.

The recommendations of the Sub-Committee were fully endorsed by the General Committee, and the Association's representative on the Indian Central Cotton Committee was instructed to place them before the Indian Central Cotton Committee at a suitable opportunity. (*Appendix 43.*)

BOMBAY UNIVERSITY.

DEPARTMENT OF CHEMICAL TECHNOLOGY.

In his address at the last Annual General Meeting of the Association, Sir Joseph Kay, the retiring Chairman, suggested that mills should endeavour to make full use of the new Department of Chemical Technology of the Bombay University, and send to that institution, for solution, practical problems and difficulties which they met with from time to time in the production of printed, dyed, mercerised and finished goods.

It appeared from enquiries subsequently made by the Association that the Department was prepared to carry out any investigations connected with the scouring, bleaching, dyeing and finishing of yarn and cloth. It was also in a position to deal with the printing of cloths up to 36" width in three colours. A refrigerator equipment was being added to the Hank Mercerising Plant, and when this was completed, the Department would also be able to investigate problems such as the suitability of any particular yarn for mercerising.

The activities of the Department were not limited to cotton. It could also deal with other fibres such as wool, silk and viscose. On the chemical side, the Department had well-equipped laboratories, and was in a position to undertake investigations of dyed fabrics and the examination and evaluation of dyes, auxiliaries and other products used in the Textile Industry.

The object of the Department was not to compete with private chemical analysts, and it was understood that work of a strictly routine character should not ordinarily be submitted to the Department of Chemical Technology. If, however, no facilities existed for getting tests of this nature carried out, the Department would be prepared to undertake even routine tests, or to act as referee should occasion arise.

This information was conveyed to all members towards the end of March, and they were asked to keep the Association informed from time to time of any problems submitted to the Department and of the results obtained. (*Appendix 44.*)

REGISTRATION OF PENDING SUITS RELATING TO IMMOVABLE PROPERTY.

PROPOSED AMENDMENT OF THE TRANSFER OF PROPERTY ACT.

Early in October, the Government of Bombay requested the Committee to express an opinion as to the desirability of the Transfer of Property Act being amended to provide for the compulsory registration of all pending suits relating to immovable property. The proposal, it appeared, was justified on the ground that Section 52 of the Transfer of Property Act which dealt with the transfer of property pending suit relating thereto was defective inasmuch as it did not sufficiently safeguard persons who had in good faith taken transfer of property, with the result that they were liable to be defrauded by transferors who concealed the fact that pending litigation affected that property. This matter had apparently been considered by the Government of India in 1929, when the last revision of the Transfer of Property was undertaken, but was not pursued further in view of the fact that it was suggested that :—

- (1) few people in India ever sought to register their decrees ;
- (2) the adoption of the suggestion would mean more cost to the parties, and
- (3) it would require the development of the registration system in the country.

However, in view of the representations recently received from certain commercial organizations, Government appeared to have reviewed this question and attached some weight to the apprehensions felt by these bodies, but they desired to know whether the object in view could not be achieved otherwise than by compulsory registration of all pending suits and decrees.

In their reply to Government, the Committee supported the introduction of a system of compulsory registration of pending suits relating to immovable property. They were, however, anxious to avoid heavy registration charges, and therefore urged that the cost of registration should be kept as low as possible. (*Appendix 45.*)

BILL TO AMEND THE CITY OF BOMBAY MUNICIPAL ACT, 1888.

Towards the middle of July, the views of the Association were requested on certain draft amendments proposed by the Municipal Corporation to the City of Bombay Municipal Act, 1888, having for their object the rectification of an anomaly which existed in regard to the procedure laid down in the Act for the election of councillors by the Senate of the University of Bombay and by various public and commercial bodies in the City. The Bill sought to provide that the procedure for holding the election of councillors by the Senate of the University of Bombay and by various public and commercial bodies should be left to be determined by the parties concerned.

The existing Section 31 (1) of the City of Bombay Municipal Act, 1888, which prescribed the procedure for the election of the Association's representative on the Corporation read as under :—

Section 31(1).—Elections of councillors 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, subject to the provisions of section 15, in such manner as shall from time to time be determined at a meeting of the said chamber or association convened in accordance with the rules at the time in force in this behalf.

It was proposed that the words “at a meeting of” be substituted by the word “by” and that the word “convened” be deleted.

Elections to the Corporation had hitherto been conducted by the Association in accordance with certain by-laws framed by the Association's Solicitors and approved by members at a special general meeting in 1922. When the last election was in progress, the Committee's attention was unofficially drawn to the fact that this procedure was probably *ultra vires* inasmuch as from an interpretation of Section 31 (1) obtained by the authorities of the University from their Legal Advisers it appeared that a special general meeting had to be convened for every election.

A special general meeting for this purpose was, in the opinion of the Committee, unnecessary and they thought that it would probably serve the object in view if elections were conducted in accordance with the rules framed and approved by members of the Association. In these circumstances, the Committee agreed with the principle underlying the amendment proposed by Government but pointed out that the Section as re-worded would not altogether be free from ambiguity, as it was not, in their opinion, clear from the last few words of the proposed Section whether the “rules” referred to therein were the rules framed by the Association or Chamber in question or rules framed by the Municipality. They, therefore, suggested that the amended rule should read as below :—

Section 31(1).—Elections of councillors 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, subject to the provisions of section 15, in accordance with rules made by the said chamber or association from time to time in this behalf.

(Appendix 46.)

BILL TO AMEND THE CITY OF BOMBAY MUNICIPAL ACT,
1888, AND THE BOMBAY UNIVERSITY ACT, 1928.

Early in August, the attention of the Committee was drawn to “a Bill to amend the City of Bombay Municipal Act, 1888, and the Bombay University Act, 1928,” published in the *Bombay Government Gazette* under Rule 18 of the Bombay Legislative Council Rules. The main object of the Bill, as set forth in the Statement of Objects and Reasons, was to remove certain anomalies in the constitution of the Senate and the Corporation, which might arise from the Corporation's representative on the Senate ceasing to be a Councillor, or the Senate's representative on the Corporation ceasing

to be a Fellow under the Act. Under the existing rules, a representative elected by the Municipal Corporation to the Bombay University Senate would hold office for a period of five years, notwithstanding the fact that he might, in the meantime, have ceased to be a member of the Corporation. Similarly, the representative of the Senate on the Corporation would continue to hold his seat in that body, though he might have ceased to be a member of the Senate. It was, therefore, proposed that :—

- (a) the Senate's representative on the Municipal Corporation should cease to hold his office as such if he ceased to be member of the Senate ;
- (b) the elected representatives on the Senate of the organizations mentioned in Section 13 of the Bombay University Act should automatically vacate their seats on the Senate on their ceasing to be members of the organizations which returned them to the Senate.

The Bill further sought to do away with a similar anomalous position which existed in the case of Fellows elected by the Indian Merchants' Chamber, the Chamber of Commerce and the Millowners' Associations of Bombay and Ahmedabad.

While the Committee had nothing to say in regard to the principle underlying the proposed amendments, they considered that this opportunity might also be utilized to introduce a further amendment to Section 17 of the City of Bombay Municipal Act to the effect that a Councillor elected by the Bombay Chamber of Commerce, the Indian Merchants' Chamber or the Millowners' Association should cease to hold office on his ceasing to be a member of the organization which was responsible for his election. (*Appendix 47*).

INDIAN COTTON CROP FORECASTS.

Under the existing arrangements, the prescribed dates for the publication of the five all-India (consolidated) Cotton forecasts issued by the Director-General of Commercial Intelligence and Statistics, Calcutta, are :—

	Prescribed date for publication.	Remarks.
1st Cotton forecast	August 15.	Estimates of area only.
2nd Cotton forecast	October 15.	Do.
3rd Cotton forecast	December 15.	Estimates of both area and yield.
4th Cotton forecast. (Final General Memorandum)	February 15.	Do.
5th Cotton forecast. (Supplementary Memorandum)	April 15.	Do.

It would appear that the question of improving the accuracy of these forecasts had been under consideration by the Indian Central Cotton Committee, and early in November, the views of the Association were invited as to whether the dates adopted at present required any change in the light of the prevailing sowing and harvesting periods in the different cotton tracts of India. The Committee were inclined to think that the existing dates were in order. They felt, however, that as far as the December forecast was concerned, the Southern crop could not be correctly estimated as it appeared that the sowing took place only at the end of October and, therefore, suggested that the month of January would be more suitable.

SUPPORT TO THE INDIAN COAL INDUSTRY.

Towards the middle of June, the attention of the Committee was drawn by the Employers' Federation of India to a communication received from the Indian Mining Association, Calcutta, in which the Committee of that Association invited an assurance from the Association that its members would continue to buy Indian coal in preference to heavily subsidized African coal. It was pointed out that, if such an assurance were forthcoming, the Mining Association would support the Association's representations to Government regarding the revision of the Indo-Japanese Trade Convention and Protocol. The President of the Federation felt that a circular letter to members of the Association urging them to give every encouragement and assistance to the Indian Coal Industry would be a useful gesture, and would, to a certain extent, help to satisfy the Indian Mining Association and others interested in the Indian Coal Industry.

The Committee pointed out in reply that the Association recognized the desirability of the Cotton Textile Industry doing what it could to support sister industries established in the country, and that the Indian Mining Association might rest assured that this point would always be borne in mind. A recommendation was also issued to all member mills emphasizing the desirability of their using Indian coal as far as possible.

CUSTOMS CLASSIFICATION OF STAPLE FIBRE.

Early in the year, the attention of the Committee was drawn to the desirability of recording the importations of staple fibre and manufactures thereof separately in the monthly Sea-borne Trade Statistics. In the existing returns, the articles in question were apparently included under the main classification "Artificial Silk." In view of the developments which had taken place in the manufacture and use of staple fibre, the matter was taken up with the Director General of Commercial Intelligence and Statistics,

The Committee suggested the following additional sub-classifications under the head "Artificial Silk" on page 140 of the Monthly Blue Book :—

- (a) Staple Fibre (cut fibre).
- (b) Waste.
- (c) Yarns made from Staple Fibre.
- (d) Yarns made from Staple Fibre and Waste.
- (e) Piecegoods made from Staple Fibre Yarns.

Government pointed out in reply that the imports of staple fibre were included in the foreign sea-borne trade accounts of British India under the heading "other textiles—raw," while those of articles manufactured from staple fibre (including yarn) were recorded under the relevant sub-heads under "Artificial Silk." The imports of staple fibre and staple fibre yarns into British India during 1935-36 amounted approximately to 1,316 cwts. and 2,220 lbs. respectively. Government did not consider that these imports were on a sufficient scale to justify their separate specification in the trade accounts in the middle of the year, and accordingly decided to postpone consideration of the question of the introduction of new headings for the articles referred to until the next revision of classification of the headings in the sea-borne trade accounts at the end of the year. In the meantime, however, the Committee were assured that the Collectors of Customs had been instructed to keep a watch on the imports. (*Appendix 48.*)

PROPOSED REVISION OF THE FORM OF THE REPORT ON THE SEA-BORNE TRADE OF THE BOMBAY PRESIDENCY.

The Annual Report on the Sea-borne Trade of the Bombay Presidency is at present issued in the form of a series of paragraphs with statistical tables interspersed; the paragraphs consist partly of comments on the trade shown by the tables and very largely extracts from the tables. It was felt that this Report was neither in the true sense a statistical report, as such a report should consist of statistical tables only, nor a trade report, since a trade report should elucidate trade tendencies and movements during the given period. The Collector of Customs, who was responsible for the compilation of the publication, therefore, proposed that the Report should hereafter consist of statistical tables, as at present, but arranged, where possible, in clearer form with only such comments in the form of notes on the tables themselves as was essential. The statistical report would be introduced by a concise note on the trade of the Presidency for the year under review, which would refer to the tables, and would give as clear a picture as possible of the trade which the tables set out in detail. It was thought that this arrangement would reduce the size of the report by nearly half and make the information contained therein more rapidly and clearly available to the public. It was

indicated that, as the drafting of the Report for the year ending March 31st, 1936, had already been completed in the Customs House, the change proposed would not take effect before the Report for the year ending March 31st, 1937, was ready.

The Committee agreed with the changes proposed and informed the Collector of Customs accordingly. (*Appendix 49.*)

PRESENCE OF ARSENIC IN INDIAN-MADE COTTON PRINTS.

Towards the end of June, the Director-General of Commercial Intelligence and Statistics drew the attention of the Committee to a complaint made by Dr. A. L. Warnshuis, Secretary of the International Mission Council, New York, regarding the presence of arsenic in the cheap and inexpensive cotton prints exported from India to the United States of America, which it was suggested, constituted a definite danger to health. It was pointed out that, if the information became generally known in the United States, the sale of prints would be prohibited by law. The Committee were, therefore, requested to investigate the matter carefully and to take early steps to prevent the use of such deleterious materials by the mills.

It appeared from enquiries made by the Committee that cotton mills in Bombay producing prints did not use arsenic in any process whatsoever. Moreover, the exports of printed goods to the United States appeared to be very limited, and whatever was sent consisted of cheap hand-made prints. It was understood that the only purpose for which arsenic was used in calico printing was for the fixation of Turkey Red and basic colours in hand printing, but these cloths were fast being superseded by other styles, and it was felt that the occurrence of any prints in which arsenic had been used must be extremely rare. In any event, as arsenic was only used as a fixing agent, its presence in the finished goods could only be in imperceptible quantities which would constitute no danger to health.

STANDARDIZATION OF WEIGHTS AND MEASURES IN INDIA.

Towards the middle of May, the Northern India Chamber of Commerce appeared to have submitted the following suggestions to the Government of India :—

- (a) Government should appoint a Committee of Enquiry to report on the most suitable standards for use throughout India.
- (b) Having decided upon the most satisfactory standards, Government should introduce legislation having for its object the statutory recognition of such standards and the adoption of such standards in all future provincial and local weights and measures reform.

On being asked to lend their support to the above proposals, the Committee stated that they had no objection to the appointment of a Committee to report on the most suitable standards in India. They also approved of the idea of standardization on an all-India basis, the process of standardization being effected by gradual stages in order to prevent serious dislocation which might otherwise ensue. At the same time, they felt that standardization of weights and measures had already been the subject of provincial legislation in the Bombay Presidency, and certain difficulties arising out of the practical application of the Act had not yet been satisfactorily adjusted. In these circumstances, they were unable to express an opinion on the advisability of adopting the Bombay Act as the basis of an all-India Act, or to submit a separate representation to Government as suggested by the Northern India Chamber of Commerce. (*Appendix 50.*)

VOCATIONAL TRAINING OF EDUCATED YOUTHS.

Towards the end of March, the attention of the Committee was drawn to a proposal which was then under consideration by the Government of Bombay for the vocational training of educated youths.

It would appear that one of the measures suggested to Government in this connection was that arrangements might be made for the practical training of young men, who had reached about the VII vernacular standard, in the various organized factories in the Bombay Presidency under a system of indentured apprenticeship extending over a period of three to five years. Simultaneously with the practical training, it was proposed that theoretical training should be imparted to the apprentices in the appropriate technical subjects on two afternoons a week in the existing technical and other educational institutions. The idea was that arrangements should be made for the training of only such number of boys as could ultimately be absorbed in skilled jobs which might become vacant by death or retirement of the existing uneducated skilled workers. Government recognized that no scheme of this nature could be put into effect without the whole-hearted co-operation of employers of industrial labour.

In order to enable him to collect the requisite information for framing suitable proposals in this connection, the Director of Industries, Bombay, who was in charge of the scheme, prepared a draft questionnaire which he proposed to issue to each individual industrial establishment, and requested the Association to co-operate in the enquiry.

The Committee accordingly recommended that all mills should co-operate fully with the Director of Industries by supplying the information asked for. However, from the replies received from certain mills, it appeared that the scheme had been misunderstood. A meeting of all Bombay Mill Managers was, therefore, convened early in June for the purpose of enabling the Director of Industries to explain the scheme personally to the Managers.

It is understood that the detailed proposals of Government in this regard will be published early in 1937. (*Appendix 51.*)

SHERIFF'S FAMINE RELIEF FUND.

Early in December, the attention of the Committee was drawn to an appeal issued by the Sheriff of Bombay—who was also the Chairman of the Bombay Presidency Permanent Famine Relief Committee—for donations in cash and kind for the relief of distress in the famine-stricken areas in Ahmednagar and Sholapur Districts. One of the most immediate needs of the Relief Committee was clothing, and damaged pieces of dhoties, saris, chadars, cotton blankets, etc., appeared to be welcome. This matter was, therefore, brought to the notice of all members.

STATISTICS OF PRODUCTION IN BOMBAY MILLS.

The monthly statistics relating to Cotton Spinning and Weaving in Indian Mills are at present published by Government some three or four months after the expiry of the month to which the figures relate. This late publication greatly detracts from the utility of the published statistics. It was felt that if the City and Island and the Bombay Presidency figures could be obtained at an earlier date, they could be used by the Industry to advantage. The matter was, therefore, taken up with the Department of Commercial Intelligence and Statistics, and as a result, it has been possible to come to an arrangement whereby the Collector of Customs, Bombay, who is in charge of compiling the production figures of mills in the Bombay Presidency, sends them to the Association as soon as they are ready. The first return under this arrangement, relating to the month of July, was received towards the middle of September.

PIECEGOODS MARKET REPORTS.

During the year, Mr. N. Khaitan of Messrs. Luchhminarain Ramkisendas continued to keep the Association regularly informed of the trend of prices and tendencies of the piecegoods market in Calcutta. These reports and the monthly reports submitted by Mr. J. N. Mody on the Bombay Market were issued at regular intervals to all members of the Association, and were greatly appreciated.

The Committee wish to place on record their appreciation of the valuable services rendered by these two gentlemen on behalf of the Association.

MEMBERSHIP SUBSCRIPTION.

In accordance with Rule 35 of the Association's Rules and Regulations, the following rates of membership subscription for the year 1937 were

fixed at a special meeting of the Committee held on the 7th December 1936:—

	For Woollen Mills.	For Bom bay City and Is- land (in- cluding Kurla) Cotton Mills.	For Up- country Cotton Mills.	For Gins and Presses.
	Rs.	Rs.	Rs.	Rs.
(a) For every 1,000 or part of 1,000 mule spindles	12	9	7	..
For every 500 or part of 500 ring spindles ..	12	9	7	..
For every 50 or part of 50 looms	9	7	5	..
set up in the mill or mills, factory or factories which, for the time being, shall belong to each member.				
(b) For every Rs. 10,000 of the cost up-to-date, without depreciation of the plant, buildings and land of dyeing and/or bleaching and/or printing and/or merceris- ing factories or departments owned by a member	2	2	2	..

For other Types of Factories owned by Members—

For every Rs. 10,000 of the cost up-to-date, without depreciation, of the plant, buildings and land	2
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Provided that the minimum subscription payable by any one member shall be Rs. 100.

RAW COTTON STOCKS HELD BY BOMBAY MILLS.

QUANTITY OF RAW COTTON IN STOCK.

DATE.	Cotton actually on hand in Mill Godowns.		Ready Cotton bought but not taken delivery of.		Total.	
	Actual Number of Bales.	Actual weight of bales (in Candies of 784 lbs.)	Actual Number of Bales.	Actual weight of bales (in Candies of 784 lbs.)	Actual Number of Bales.	Actual weight of bales (in Candies of 784 lbs.)
29th February 1936 ..	198,211	103,036	64,062	33,194	262,273	136,230
31st August 1936 ..	218,720	112,046	25,018	13,014	243,738	125,060

MILL HOLIDAYS AND PAY-DAYS FOR 1937.

The following mill holidays, which are in accordance with the provisions of the Indian Factories Act and of the Payment of Wages Act, 1936, have been fixed by the Committee of the Millowners' Association Bombay, for adoption by the Bombay members of the Association during the year 1937 :—

MONTH.	DATE.	DAY.	FESTIVAL.	PAY DAY.	
				MILLS EMPLOY- ING 1,000 OR MORE OPERA- TIVES.	MILLS EMPLOY- ING LESS THAN 1000 OPERA- TIVES.
JANUARY	1st	Friday ..	<i>New Year Day</i> ..	} Sat. 9th..	} Thur. 7th
	10th	SUNDAY ..			
	14th	Thursday ..	<i>Makar Sankrant</i> ..		
	24th	SUNDAY ..			
31st	SUNDAY ..				
FEBRUARY	7th	SUNDAY ..	} Wed. 10th..	} Sat. 6th	
	14th	SUNDAY ..			
	21st	SUNDAY ..			
	28th	SUNDAY ..			
MARCH	7th	SUNDAY ..	} Wed. 10th..	} Sat. 6th	
	11th	Thursday ..			<i>Maha Shivratri</i> ..
	21st	SUNDAY ..			
	27th	Saturday ..			<i>Holi</i>
	28th	SUNDAY ..			
29th	Monday ..				
APRIL ..	4th	SUNDAY ..	} Sat. 10th..	} Wed. 7th	
	12th	Monday ..			<i>Gudi Padwa</i> ..
	19th	Monday ..			
	25th	SUNDAY ..			<i>Ram Navami</i> ..
MAY ..	2nd	SUNDAY ..	} Mon. 10th..	} Friday 7th	
	12th*	Wednesday ..			<i>Coronation Day</i> ..
	16th	SUNDAY ..			
	23rd	SUNDAY ..			
30th	SUNDAY ..				
JUNE	6th	SUNDAY ..	} Thur. 10th..	} Mon. 7th	
	13th	SUNDAY ..			
	20th	SUNDAY ..			
	30th	Wednesday ..			
JULY ..	4th	SUNDAY ..	} Sat. 10th..	} Wed. 7th	
	11th	SUNDAY ..			
	19th	Monday ..			<i>Ashadi Ekadashi</i> ..
	25th	SUNDAY ..			
AUGUST	1st	SUNDAY ..	} Tue. 10th	} Sat. 7th	
	11th	Wednesday ..			<i>Nag Panchami</i> ..
	15th	SUNDAY ..			
	21st	Saturday ..			<i>Narli Purnima</i> ..
29th	SUNDAY ..	<i>Gokul Ashtami</i> ..			
SEPTEMBER	8th	Wednesday ..	} Tues. 7th	} Tues. 7th	
	13th	Monday ..			<i>Ganesh Chaturthi</i> ..
	19th	SUNDAY ..			
	26th	SUNDAY ..			<i>Gowri Visarjan</i> ..
OCTOBER	4th	Monday ..	} Sat. 9th..	} Thur. 7th	
	10th	SUNDAY ..			<i>Sarva Pitri Amvasa</i> ..
	14th	Thursday ..			
	24th	SUNDAY ..			<i>Dasara</i>
NOVEMBER	3rd	Wednesday ..	} Wed. 10th..	} Sun. 7th	
	4th	Thursday ..			<i>Diwali</i>
	5th	Friday ..			
	14th	SUNDAY ..			
	21st	SUNDAY ..			
28th	SUNDAY ..				
DECEMBER	5th	SUNDAY ..	} Fri. 10th..	} Tues. 7th	
	12th	SUNDAY ..			
	19th	SUNDAY ..			
	26th	SUNDAY ..			

Note.—*Or on such other day as may be fixed by the Government of India for the Coronation.

TARIFF VALUATIONS UNDER THE INDIAN TARIFF ACT.

For purposes of record, the Indian Customs Tariff, Schedules I and II appended to the Indian Tariff Act, XXXII of 1934 (as in operation during the year 1937), showing the rates of customs duties levied on goods imported into and exported from British India, together with tariff values assigned to certain articles for the purpose of assessment of customs duties during the twelve months January to December 1937, are reproduced in full in *Appendix 52*.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

Income and Expenditure Account for the year ended 31st December 1936.

Dr.

Cr.

EXPENDITURE.	Rs. a. p.		Rs. a. p.		INCOME.		Rs. a. p.		Rs. a. p.	
	Rs.	a. p.	Rs.	a. p.	Rs.	a. p.	Rs.	a. p.	Rs.	a. p.
To Establishment	56,196	13 4			By Subscriptions for the year ended 31st December 1936 ..	89,054	4 0			
.. Conveyance Allowances to Secretary, Assistant Secretary and Labour Officer	3,375	0 0			.. Miscellaneous Receipts	806	1 0			
.. Preparation of Monthly Import and Export Statistics for 1936 ..	1,997	0 0			.. Registration of Trade Numbers	4,400	10 3			
.. Preparation of Statistics for Bombay Cotton Mill Industry for 1935	597	8 0			.. Registration of Trade Names	2,358	0 0			
.. Office Rent	4,200	0 0			.. Interest on Investments of General Fund, etc.	13,236	13 0			
.. Printing Statistical Returns, Mill Statement for 1936 and Annual Report for 1935	6,515	12 0								
.. Stationery	2,410	0 9								
.. Advertisements	130	14 0								
.. Books and Periodicals	765	11 11								
.. Auditors' Fees	200	0 0								
.. Telephones	744	2 4								
.. Electric Lights and Fans	473	12 3								
.. Law Charges	524	4 0								
.. Furniture and Fixtures	1,610	10 0								
.. Petty Charges, Sundry expenses including Postage and telegrams	3,175	7 9								
.. Association's Contribution to Provident Fund	4,596	0 0								
.. Membership subscription to the Employers' Federation of India, Textile Institute, and Royal Asiatic Society for 1936	1,317	13 9								
			88,830	14 1						
.. ASSOCIATION'S CONTRIBUTIONS FOR THE YEAR 1936 TO :—										
The Victoria Jubilee Technical Institute	1,500	0 0								
The King George V Memorial Fund	1,000	0 0								
The Police Comforts Fund	1,000	0 0								
The Sir Dinshaw Wacha Memorial Fund	1,000	0 0								
The Textile Technical School	700	0 0								
The Sir J. J. Hospital Nursing Association Fund	500	0 0								
The K. E. M. Hospital Poor Box Fund	400	0 0								
The Naigaum Social Service Centre	350	0 0								
The Bombay Textile and Engineering Association	200	0 0								
The Goculdas Tejpal Hospital Nursing Association Fund ..	200	0 0								
The Maharashtra High School	150	0 0								
			7,000	0 0						
.. Balance, being excess of income over expenditure carried to Balance Sheet			14,024	14 2						
Total .. Rs.			1,09,855	12 3		Total .. Rs.			1,09,855	12 3

Examined and found correct.

BOMBAY, 2nd February 1937.

A. F. FERGUSON & CO.,

Chartered Accountants,

Registered Accountants,

Auditors.

T. MALONEY,

Secretary.

THE MILLOWNERS' ASSOCIATION PROVIDENT FUND.

Statement of Funds for the year ended on the 31st December 1936.

PROPERTY AT OPENING AND RECEIPTS.	Rs.	a.	p.	Rs.	a.	p.	Rs.	a.	p.	PROPERTY AT CLOSING.	Rs.	a.	p.	Rs.	a.	p.				
By Amount of Funds as at the 1st January 1936 ..				89,146	8	3				To INVESTMENTS HELD AT COST :—										
„ Subscriptions received from Members during 1936	4,596	0	0							„ 3½ per cent. Government Promissory Notes of 1842/43, 1854/55, 1865 and Face Value. 1900/1	Rs. 41,700-0-0	32,867	2	0						
„ Contributions from the Millowners' Association during the year 1936	4,596	0	0							„ 3½ per cent. Government Bonds of 1947/50 .	Rs. 16,500-0-0	16,318	0	0						
„ Interest (including interest accrued to date Rs. 963-3-8)										„ 4 per cent. Government Bonds of 1960/70 ..	Rs. 54,500-0-0	52,149	6	0						
Rs. 4,032-14-8																				
„ Less Bank charges																				
Rs. 12-14-0																				
	4,020	0	8																	
				13,212	0	8														
„ Lapse and Forfeitures :—							1,02,358	8	11	(Note.—The present worth of the above Securities is Rs. 1,22,468-10-0)										
Balance as per last Statement							3,944	0	11	„ Interest accrued and due on the above Securities ..						963	3	8		
										„ Cash with the Imperial Bank of India on Current Account								4,004	14	2
Total Rs. ..							1,06,302	9	10	Total Rs. ..								1,06,302	9	10

Examined and found correct.

BOMBAY, 2nd February 1937.

A. F. FERGUSON & CO.,

Chartered Accountants,
Registered Accountants,
Auditors.

T. MALONEY,
Secretary.

Report for the Year 1936.

Section III.

CORRESPONDENCE.

APPENDICES 1—52.

APPENDIX 1.**REGISTRATION OF PICTURE POST CARDS AS TRADE MARKS.**

*Copy of letter dated the 26th May 1936, from Messrs. Craigie, Blunt & Caroe,
to the Association.*

We beg to refer to our recent interview with you when you handed us a file dealing with the use by Mills of picture post cards in connection with goods sold by them.

We understand that the Bombay Dyeing and Manufacturing Company have sent to you a picture post card desiring to know whether such picture post card must be registered with the Association as a trade mark.

As we understand the matter, the various manufactures of this Company have either printed on the face plaits trade marks or attached to the face plaits labels, which are the trade marks under which the goods are sold. The picture post cards, of which a specimen was handed to us, is given away with the goods. The question which we have to consider in deciding whether these post cards should be registered with the Association is: Are these post cards trade marks? Our emphatic opinion is that they are not. The goods of the Bombay Dyeing and Manufacturing Co., Ltd., are sold under various trade marks and it is never intended that any goods of that Company are to be sold under this post card. At no time will it, we understand, be possible for the Company to claim that any person seeing this post card or a colourable imitation of it will consider that the goods sold in connection with it are the goods of the Bombay Dyeing and Manufacturing Co., Ltd. In fact we understand the Company never intend to make any such claim.

In the Association's rules for the registration of trade marks a trade mark must, we think, be a symbol attached to goods with the intention of denoting that such goods are the manufacture of a particular mill, and to distinguish them from similar goods of another mill.

Of course if we are mistaken in what we have written and it is the intention of the Company to attach this post card to their goods to distinguish them from goods of other mills then the mark must be submitted for registration.

Whether it should be registered is another matter.

We understand that other mills are already using this particular post card and though they may not, in fact can hardly in the absence of registration claim that it is a trade mark, much of the advantage of its use would be lost.

We also understand dealers commonly use the mark, so that it is at least doubtful, whether the mark as a trade mark is not common.

We return your file.

APPENDIX 2.**DEALERS' TRADE MARKS.**

*Copy of letter No. ZM/36, dated the 27th November 1936, from Messrs. E. D. Sassoon & Co., Ltd.,
to the Association.*

We are writing to inform you that we have recently received several new stamps from our overseas buyers which are their property, with instructions to use them against sales made for export to their markets.

As all these stamps belong to our overseas buyers and are only intended for use on our goods exported by us out of India, we do not consider it necessary to circularise such stamps to the other mills in India as is the usual case for stamps used in the Indian markets.

We suggest that this procedure would be in order for other mills who may also be interested in the export of piecegoods to the overseas markets.

Copy of letter No. 5345/166 of 1936, dated the 21st December 1936, from the Association to Messrs. E. D. Sassoon & Co., Ltd., Bombay.

I am directed to acknowledge the receipt of your letter No. ZM/36, dated the 27th November 1936, in which you suggest that the circulation of Dealers' Trade Marks intended to be applied on goods to be exported from India be dispensed with. The question has been carefully considered by the Trade Marks Sub-Committee, but they regret their inability to accept your suggestion, as Rule 7 of the Association's Trade Marks Rules makes it clear that every dealer's mark *which is intended to be applied* to any produce of a member mill should be circulated for information and no exception appears to have been contemplated.

The Sub-Committee, however, consider that the fact that a particular dealer's trade mark is intended to be applied on goods intended for export market might be brought to the notice of member mills when circulating the trade mark in question under Rule 7, as this is one of the considerations which might weigh in favour of the mill at whose instance it has been circulated.

APPENDIX 3.

STAMPING OF INCORRECT TRADE DESCRIPTIONS.

Copy of circular No. 5381/150 of 1936, dated the 22nd December 1936, from the Association to all Members of the Association.

**Subject :—INCORRECT STAMPING OF LENGTH AND WIDTH ON COTTON PIECEGOODS.—
FRAUDULENT TRADE DESCRIPTION UNDER THE INDIAN MERCHANDISE MARKS ACT.**

As several instances of incorrect stamping of length and width on cotton piecegoods have recently been brought to the notice of the Association, the Committee consider it desirable to draw the attention of members to the relevant provisions of the law in connection with this matter and the penalties prescribed thereunder for offences.

Section 12 of the Indian Merchandise Marks Act lays down that all piecegoods such as are ordinarily sold by length or by the piece which have been manufactured in premises which are a factory as defined in the Indian Factories Act, shall not be removed from those premises without having been conspicuously stamped in English numerals on each piece the length thereof in standard yards or in standard yards and a fraction of such a yard according to the real length of the piece. This section further lays down that if any person removes or attempts to remove any such piecegoods from any such premises without the length of each piece being stamped in the manner mentioned, every such piece and everything used for the packing or removal thereof shall be forfeited and such person shall be punished with fine which may extend to Rs. 1,000.

Under Section 2 of the Act, any description, statement or other indication, direct or indirect, as to the number, quantity, measure, gauge or weight of any goods which is untrue in a material respect as regards the goods to which it is applied amounts to a false trade description, which is punishable as laid down in Section 6.

Section 6 of the Act lays down that any person, who applies a false trade description to goods, unless he proves that he acted without intent to defraud, be punished with imprisonment for a term which may extend to three months or with fine which may extend to two hundred rupees, and in case of a second or subsequent conviction with imprisonment which may extend to one year, or with fine, or with both. It is further stated in Section 7 that "if a person sells, or exposes or has in possession for sale or any purpose of trade or manufacture, any goods or things to which a false trade description is applied, he shall unless he proves—

- (a) that, having taken all reasonable precautions against committing an offence against this section, he had at the time of the commission of the alleged offence no reason to suspect the genuineness of the trade description, and
- (b) that, on demand made by or on behalf of the prosecutor, he gave all the information in his power with respect to the persons from whom he obtained such goods or things, or
- (c) that otherwise he had acted innocently,

be punished with imprisonment for a term which may extend to three months, or with fine which may extend to two hundred rupees, and in case of a second or subsequent conviction with imprisonment which may extend to one year, or with fine, or with both."

The instructions issued by the Governor-General-in-Council under the provisions of the Indian Merchandise Marks Act lay down that a trade description of length stamped on grey, white, or coloured cotton piecegoods shall be deemed to be false in a material respect if the description exceeds the actual length by—

- (a) where a single length is stamped :—

- 4 inches in pieces stamped as 10 yards long and under ;
- 5 inches in pieces stamped as above 10 yards and upto 23 yards long ;
- 7 inches in pieces stamped as above 23 yards and upto 36 yards long ;
- 9 inches in pieces stamped as above 36 yards and upto 47 yards long ;
- 18 inches in pieces stamped as above 47 yards long ;

Provided that the average length of the goods in question shall not be less than the stamped length ;

- (b) where a maximum and a minimum length are stamped, if the described maximum length is greater than the actual length by more than—

- 9 inches in piecegoods under 35 yards long ;
- 18 inches in piecegoods 35 yards and up to 47 yards long ;
- 36 inches in piecegoods above 47 yards long ;

Provided that no such piece shall measure less than the minimum stamped length.

As regards width, "a trade description of width stamped on *grey, white, or coloured cotton piecegoods* shall be deemed to be false in a material respect if the description exceeds the actual width by—

- half an inch* in pieces stamped as 40 inches or less in width ;
- three-quarters of an inch* in pieces stamped as over 40 inches or under 59 inches in width ;
- one inch* in pieces stamped as 59 inches or more in width :

provided that the average width of the goods in question shall not be less than the stamped width."

Section 12 of the Act requires only the length of the piece to be stamped, but where the width is also stamped, the tolerances prescribed in the instructions must be adhered to.

Section 35 of the Bombay Weights and Measures Act, which has since been applied to Bombay, Ahmedabad and certain other centres in the Presidency, reads as under and provides for a penalty for giving short weight or measure in case of articles sold or delivered :—

“Whoever in selling any article by weight or measure delivers or causes to be delivered to the purchaser a weight or measure less than what is purported to be sold shall, if the less weight or measure exceeds the amount of error prescribed under Section 46A, on conviction, be punishable with fine which may extend to rupees three hundred.”

It would appear that it is open to any interested or aggrieved party to institute proceedings in Court in pursuance of Section 6 of the Merchandise Marks Act, but under the Bombay Weights and Measures Act, the Director of Industries could prosecute offending parties.

From the information placed before the Committee, it would appear that, in several cases, incorrect stamping is supplied by mills at the instance of merchants, but they deem it necessary to point out that whatever be the facts, the ultimate responsibility of the mills, as a party to the offence, still remains and they are as liable to be prosecuted as the dealer himself who was responsible for it. From the point of view of the trade itself, this practice is to be strongly condemned as it leads to an unfair competition. In all these circumstances, the Committee of the Association recommend that mills should issue strict instructions to their departments concerned to take special care as regards stampings and to ensure that the provisions of the law are complied with in all respects.

The Committee will appreciate an assurance from you to the effect that proper steps have been taken by you so far as your own mill is concerned.

Copy of letter No. 5389/150, dated the 22nd December 1936, from the Association to the Ahmedabad Millowners' Association.

I am sending herewith, for your information and for such action as you consider necessary, copy of a letter which I have sent to all members of the Millowners' Association, Bombay. My Committee feel that in the interests of the good name of the Indian Cotton Mill Industry as a whole the practice of incorrect stamping should be put an end to and are confident that your Association will agree with them. I may say that the immediate reason for the issue of this circular is that some few weeks' ago a large batch of Calcutta dhoties were sent to the Association from Calcutta marked 44 inches by 10 yards, and in every instance the actual width of the dhoty was considerably less than 44 inches. Some of the goods sent to us were manufactured by Ahmedabad mills, and I should be glad to send them on to you if you consider it necessary.

APPENDIX 4.

METHOD OF ASCERTAINING THE LENGTH OF THE PIECE IN THE CASE OF COTTON PIECEGOODS.

Copy of circular No. 3689/174, dated the 8th September 1936, from the Association to all Members of the Association.

Enquiries were recently made by the Association at the instance of a member regarding the method of ascertaining the length of the piece in the case of cotton piecegoods. The

position was discussed by the Committee at their meeting held on Monday, the 7th instant, and it was resolved that all members should be recommended to adhere to the end-to-end system of measurement in all cases including fringed goods. In connection with the latter class of goods, it was considered that fringes should be included in the length.

The system outlined above may be altered to suit very special cases, but in order to prevent all possible misunderstandings it is recommended that any deviation from the end-to-end system of measurement should be specifically set out in the sale contract.

Copy of circular No. 4302/174, dated the 20th October 1936, from the Association to all Members of the Association.

Since writing to you on the 8th September, the Committee of the Association have been asked to modify the instructions contained in my circular quoted above in order to make the intention of the resolution quite clear in respect of fringed goods. The Committee suggest that, in all future contracts, the length of fringed goods be specified as so many inches over-all, inclusive of so many inches of fringes at each end.

APPENDIX 5.

FACE PLAIT AGREEMENT.

Copy of circular No. 4033/145, dated the 2nd October 1936, from the Association to all Member Mills in Bombay.

I am directed to enclose herewith, for your information, copy of an agreement which has been entered into by the Agents of the mills mentioned at the end of the agreement concerning face plaits used on certain classes of fine goods. I am also asked to draw your attention to the penultimate paragraph of the agreement, wherein it is stated that it shall be permissible to extend the scope of the agreement to cover the products of other member mills, who are producing fine goods of the types specified in the agreement. If your mills are regularly manufacturing fine dhoties and saris or printed goods, I am directed to request you to send a representative to attend a meeting of the parties to the agreement which is to be held on Wednesday, the 7th October 1936, at 2-30 p.m. (S.T.) in the Board Room of the Association. The meeting is being held for the purpose of continuing the discussions on the steps which might advisably be taken by the producers of fine goods in Bombay by co-operation and collaboration to promote their individual and mutual interests.

If you contemplate sending a representative for the meeting on next Wednesday, I should be glad if you would let me know in advance so that I may supply him with a note on the matters which may be brought up for discussion.

Copy of the Face Plait Agreement.

We, the undersigned, on behalf of the mills specified against our names, having adjusted all our difficulties in regard to Face Plaits which we are now using on the under-mentioned classes of goods :

- (1) Dhoties (grey and bleached), and Saris (grey, bleached and dyed) manufactured from cotton yarn of 40's warp and over. (*Note: Saris manufactured from artificial silk are also to be included in this section.*)

(2) Printed Shirtings, Voiles and all other printed goods,

hereby undertake to lodge with the Association and send to each other copies of all Face Plaits we are now using on the types of goods mentioned above, and further agree to lodge with the Association and circulate to each other copies of any new Face Plaits we may hereafter intend to introduce on the above-mentioned types of goods, and further undertake, in respect of such new Face Plaits, to meet each other's objections as far as possible.

It is further agreed that any differences arising out of this agreement which cannot be settled by direct negotiations between the parties shall be referred to arbitration as laid down in the Rules for the Registration of Trade Marks of the Millowners' Association, Bombay.

This agreement shall come into force as and from 1st October 1936 and will remain in force until determined by one or more parties by giving one month's notice of their intention to resile from the agreement or until the Association introduces a system of registration covering Face Plaits used by all member mills on all or particular categories of goods.

It shall be permissible by common consent to extend the scope of this agreement from time to time to cover other categories of goods manufactured by the signatories of this agreement.

It shall also be permissible to extend the scope of this agreement to cover the products of other member mills who may hereafter endorse this agreement.

It is understood that this agreement will not override the provisions of the Association's Rules for the Registration of Trade Marks, Trade Numbers and Trade Names, and no Face Plait shall be circulated which contains Trade Marks, Trade Numbers or Trade Names which do not comply with the Rules mentioned above.

The Khatau Makanji Spg. & Wvg. Co., Ltd.	The Morarjee Goculdas Spg. & Wvg. Co., Ltd.
The E. D. Sassoon United Mills, Ltd.	
The Edward Sassoon Mills, Ltd.	The Finlay Mills, Ltd.
The Elphinstone Spg. & Wvg. Mills Co., Ltd.	The Swan Mills, Ltd.
The Meyer Sassoon Mills, Ltd.	The Gold Mohur Mills, Ltd.
The David Mills Co., Ltd.	The Satya Mill, Ltd.
The Apollo Mills, Ltd.	The Kohinoor Mills Co., Ltd.
The Standard Mills Co., Ltd.	The Svadeshi Mills Co., Ltd.
The Indian Bleaching, Dyeing & Printing Works, Ltd.	Courtaulds (India) Ltd.

APPENDIX 6.

POWER COSTS.

Copy of letter No. BH14/36, dated 14th January 1936, from Messrs. The Tata Hydro-Electric Agencies, Ltd., to the Association.

We refer to your letter No. 2542/41 dated 15th October 1935 and your reminder No. 99/41 of the 10th instant, dealing with the representations of certain of your members that at to-day's prices they could generate their own power requirements at a cost considerably below that paid for purchased power.

It is not our intention to enter into a discussion as to cost of steam-generated power. We are fully aware of the improvements in steam-turbine design and efficiency during the past fifteen years, as well as the reduction in cost of fuel during this period. The improvement in efficiency constitutes a notable achievement of which the manufacturers may justly

be proud, and represents a permanent technical advance. The cost of fuel, on the other hand, will continue to depend on the usual factors of supply and demand and remain subject to fluctuation. It is the well-considered opinion of informed authorities that fuel costs are to-day at the bottom and will tend to rise in the event either of improved trade conditions or inter-national clashes. The same holds good for machinery, spare parts and miscellaneous supplies.

We are of opinion that the representations of certain manufacturers' agents have been somewhat misleading in that their estimates of working costs assume conditions attainable only during test runs, but which can by no means be duplicated in the normal working conditions of the average mill, with the result that any variation from those assumed conditions is inevitably an unfavourable one. On the other hand, sufficient consideration is not given to the fact that estimates of the cost of purchased power assume the most unfavourable conditions. A long-term contract for purchased power is in fact in the nature of insurance.

We must call your attention to the inefficient manner in which many of the mills provide their requirements of process steam. We shall discuss that matter more fully in the body of this letter. At the moment, we desire only to point out that your method of adding to the power bill the cost of inefficiently produced process steam is basically unfair, as it has the effect of charging the supply company with the inefficiency of the consumer. We are of opinion that a great deal can be done in the direction of reducing the cost of process steam, and we, as in other cases, are willing to place our engineering staff freely at the service of your member-companies for the purpose of reducing their cost in that respect.

Our constant aim and effort, consistent with our primary obligation to our shareholders, has been (a) to increase the scope and efficiency of our service, and (b) to reduce its cost to the consuming public, and it will not be denied that we have made notable strides in both respects during the past few years.

In accordance with your request we have again reviewed the situation as regards the relationship of purchased power costs and private plant generation costs, carefully analysed the estimates submitted by your Association in support of their contention, and submit for their consideration the following comments :

General. It is important that full recognition should be accorded to the progressive reductions in the rates charged to the mills that have been made voluntarily since 1933. The mills have been enabled thereby to effect savings in power costs of approximately 36 per cent. and more. These reductions have been made in accordance with our announced and consistent policy to lower power rates whenever it is economically feasible.

When comparisons are made between the cost of a purchased supply and the estimated costs with a private steam plant, it must not be overlooked that purchased power costs have a fixed and downward trend while the costs with a private steam plant are subject to fluctuating prices of fuel, labour and many other items. In other words, purchased power costs cannot vary except to decrease while the costs with private steam generation fluctuate in accordance with prevailing economic conditions and it will not be disputed that prices now have a definite rising trend. It is therefore dangerous to base comparisons upon present price levels. The mill with a private steam plant will find its cost of production increasing as business conditions improve and prices rise and its margin of profit consequently reduced, while the costs to the mills with purchased power will either remain the same or decrease and their margin of profit will consequently be greater.

Furthermore, when an attempt is made to compare purchased power with private steam plant operation, consideration must be accorded to the many advantages, both tangible and intangible, of a purchased power supply. These can be summarized as follows :

Elimination of worries incidental to operation of a private plant.
Cost not subject to fluctuating prices of fuel, labour and many other items.

- Constant voltage and frequency of supply.
- Ability to take care of increased or decreased loads at minimum cost.
- High efficiency at light loads.
- Simplified accounting due to concentration of total power cost in a single monthly bill.
- Flexibility of service.
- Capacity to carry heavy overloads for momentary swings.
- The availability of the Hydro Companies' engineering and other services on call.

These advantages of a purchased power supply as well as such important items as relief from the burden of capital investment in generating equipment, thus releasing capital for investment in the business itself, must all be given their due weight when a comparison is made with a private generating plant.

Process Steam. We are in agreement with the general statement made by the Millowners' Association that process steam should be taken into consideration in any fair comparison of power costs. However, there are certain factors in this connection that require elucidation.

The amount of process steam consumed in a textile mill is not a fixed quantity but varies considerably depending upon the extent that each mill is self-sufficient in the operation from bale breaking to dyeing, bleaching and finishing of the cloth. Furthermore, it will vary sensibly with the relative positions of the steam consuming departments to the boiler and turbine house and with the efficiency in which heat is conserved in the steam supply pipes. Another factor that affects the amount of steam consumed is whether calendering machines are operated by steam engines instead of electric motors. Even after all these factors are known, the amount required cannot be stated as a fixed quantity in pounds of steam per hour because it may vary from a minimum of 1,000 pounds per hour to a maximum of 8,000 or 9,000 pounds per hour. It is, therefore, obvious from the foregoing that process steam costs cannot be estimated on the basis of a fixed average cost per unit consumed in driving the mill machinery.

It is stated that when a mill generates its own power with a private steam plant, it can obtain the requisite quantity of process steam without additional expenditure, after the steam has done its work in producing power in the turbine. This is, of course, definitely not the case although it is a statement sometimes loosely made by steam turbine representatives as a sales argument. Only a little analysis is required to refute this statement and prove that there must be an increase in fuel costs when a turbine produces both process steam and power, and when it produces power only.

For example, a 1,500 kw. turbine using steam only for power generation would consume 21,500 lbs. of steam per hour when working at full load, including steam for all power plant auxiliaries. If 8,000 lbs. of process steam is required and is raised in a separate boiler, the total steam consumption will be 29,500 lbs. per hour. However, when steam is bled from a turbine after it has done some work in producing power, the total steam consumption will be 27,500 lbs. per hour for power and process purposes. It will be observed, therefore, that an excess of 6,000 lbs. of steam are required even with a bleeder turbine and that the saving effected is only 2,000 lbs. and not 8,000 lbs. per hour as stated.

It should also be pointed out that when steam is obtained from the turbine instead of through a separate boiler, it has been found that a lack of flexibility in mill operations is generally encountered. The reason for this is the considerable variation that exists in the process steam requirements of a mill from hour to hour and time to time and depending upon the manufactured goods produced. Furthermore, it is evident that a turbine designed for a specified efficiency, when 8,000 lbs. of steam per hour is bled, will not attain this efficiency when steam is extracted at a higher or lower rate. This will have a sensible effect upon the cost of operation.

Data has been collected concerning the amount of coal used to produce process steam in some 40 mills consuming our power in Bombay, with power demands of from 544 kw. to 4,900 kw. These included mills doing no dyeing and bleaching and other mills that do a considerable amount of dyeing, bleaching and finishing. It is found that there is an extremely wide variation in the amount of coal consumed for process steam in the different mills. For instance, the amount of coal consumed in mills doing no dyeing and bleaching varied from 0.42 lbs. to 1.72 lbs. per kw.-h consumed for power purposes, while the variation in the mills doing dyeing and bleaching was from 0.62 lbs. to 3.25 lbs. of coal per kw.-h. The significance of these wide ranges in process steam requirements is obvious. In addition, it substantiates the contention that the most desirable arrangement for a mill to provide flexibility and economy in its operation to suit the most favourable conditions of manufacture at any time is purchased power with separate boilers to provide process steam requirements.

It has been found in many instances that considerable reductions in costs can be effected through improvement in the efficiency of process steam production by remodelling the steam plant and providing adequately insulated steam supply pipes of correct size. In our opinion, this is a matter that deserves the serious consideration of the mills and is a problem in which we would welcome the opportunity to assist in any way possible.

With reference to the contention made by the mills concerned that with their own generating plant the total cost of power will be much less than that paid for purchased power. We have made a careful analysis of the estimate submitted in support of this contention and as a result are unable to concur in their conclusion.

It is observed that comparison is made in each instance on the basis of a steam generating plant of 1,500 kw. capacity operating at full load during 9 hours per day and 300 days per annum. It will be agreed that this is a condition not encountered in practical operation. Furthermore, for a mill to obtain the same security and some of the flexibility and other advantages of a purchased power supply, it would have to install a duplicate generating plant or at the least two units. A more equitable basis for comparison would then be obtained. Incidentally, the maximum 15-minute demands of the two mills concerned are 1,622 kw. and 1,611 kw. respectively, while their average demands are in both cases in excess of the full rated output of the plant taken as a basis for comparison. It is, therefore, evident that a larger plant would in any case be required, which would result in a larger installation cost and a consequent increase in the annual fixed charges.

The energy consumption has been, as stated, computed on the basis of 9 hours operation per day during 300 days per year with a maximum demand of 1,500 kw. In actual practice, the energy consumption on this basis with purchased power is approximately 90 per cent. of this amount, because the maximum demand is not sustained continuously throughout the year. This must be considered in such a comparison as well as the fact that when a mill generates its own power, allowance must also be made for losses in the generator.

An examination of the estimates of operating costs indicates that they are based solely upon present day prices. This would not seem to be a fair basis for comparison and certainly a dangerous one upon which to base conclusions. The trend in prices must be considered and while coal of the calorific value specified is now at from Rs. 14 to Rs. 15 per ton, it is not so many years ago when it sold at Rs. 20 per ton and higher. As previously stated, fuel prices are showing a definite upward trend. Incidentally, another factor that has been overlooked in this estimation of fuel costs is shrinkage in the heat value of the coal through stacking, etc. This will increase the amount of coal required from 5 to 10 per cent.

It is believed that when consideration is given to the foregoing, and allowances are made to include adequate charges for such items as fuel, make-up water, lubricating oil, sundry stores, repairs, boiler maintenance, wages and supervision, it will be found that purchased power cost plus steam efficiently produced for process work in separate boilers is well below the cost of operating a private steam plant even at present day prices.

Copy of letter No. 924 '41, dated the 14th April 1936, from Mr. T. Maloney to Mr. T. G. Mackenzie of Messrs. Tata Hydro-Electric Agencies, Ltd.

The last time Sir Joseph Kay and I came to see you on the subject of power costs, you indicated that the new T-3 Tariff would probably be introduced very shortly. Could you, for my personal information, let me know how the matter now stands?

Copy of letter No. BH97 36, dated 29th April 1936, from Mr. T. G. Mackenzie to Mr. T. Maloney.

Your No. 924 '41 of 14th instant referring to the indication I gave to Sir Joseph Kay and yourself that the new T-3 tariff would probably be introduced very shortly.

I have pleasure in sending you under separate cover 75 copies of the new schedule which was approved by the Boards of all the three Hydro-Electric Companies on 18th March 1936.

I would like to make it clear that Schedule T-3 is not being applied automatically to existing business. It is applicable to new contracts, and it is also open to any contracted consumer now operating on T-2 tariff who writes in to the effect that he wishes to transfer to Schedule T-3 for the unexpired period of his existing contract.

In other words, it is an alternative to T-2 and it is intended that both schedules shall remain in effect, at least for some time to come. It is suggested that each consumer should investigate the matter for his own account, as to which tariff will be more beneficial to his operating conditions. Our own technical staff will be happy to assist in that respect.

I should call your attention to the fact that the minimum monthly bill is now based on 65 per cent. of maximum use during the eleven preceding months, instead of 75 per cent. as in Schedule T-2.

SCHEDULE T-3.

PROCESS STEAM RATE.

(Approved by the Boards of the three Hydro-Electric Companies on 18th March 1936.)

Application of Schedule :—This schedule is applicable only to Industrial Consumers using not less than 500,000 units per annum where steam is an essential element in the manufacturing process.

This schedule is not applicable for break-down, temporary or resale service, nor to consumers normally operating at a power factor of less than .85 lagging.

Description of Supply :—Electrical supply will be furnished under this schedule in accordance with the provisions of the General Conditions and Technical Regulations for factory operation and incidental purposes.

RATE SCHEDULE :—Demand Charge :

Rs. 2-8-0 per month per KVA of Demand for the first 1000 KVA of Demand ;
 Rs. 1-8-0 per month per KVA of Demand for the next 1000 KVA of Demand ;
 Rs. 1-4-0 per month per KVA of Demand for the next 1000 KVA of Demand ;
 Re. 1-0-0 per month per KVA of Demand for all excess KVA of Demand ;

Plus

Energy Charge :

- .325 anna per unit for the first 150 units per KVA of Demand used during the month ;
- .300 anna per unit for all additional units used per month.

KVA of Demand :—The “ KVA of Demand ” to be used for billing purposes shall be taken as the average KVA supplied during the fifteen (15) minute period of maximum use during the month.

The “ KVA of Demand ” determined shall be the product of the virtual value of the voltage by the virtual value of the current in the circuit or circuits at the point of supply.

Minimum Monthly Bill :—The minimum monthly bill will be the demand charge based upon the “ KVA of Demand ”, which shall in no case be less than 65 per cent. of the KVA supplied during the fifteen (15) minute period of maximum use during the eleven preceding months.

Prompt-Payment Discount :—A cash discount of 2 per cent. will be allowed on the consumer's monthly bill if paid within 10 days from date of submission.

Copy of letter No. 1112/41, dated 30th April 1936, from the Association to all Member Mills in Bombay City and Island.

I am forwarding herewith for your information a copy of the new T-3 Schedule approved by the Boards of the three Hydro-Electric Companies recently. In a letter from the Hydro-Electric Agencies Ltd. to the Association, it is stated that the new T-3 Schedule will not be applied automatically to existing business and that it is applicable to new contracts only, and to any consumer now operating on the T-2 Tariff who writes in to the effect that he wishes to transfer to the T-3 Schedule for the unexpired period of his existing contract. In other words, the new T-3 Schedule is an alternative to the T-2 Tariff and the Hydro-Electric Companies apparently contemplate having the T-2 and T-3 Schedules running concurrently, at least for some time to come. Before the new T-3 Schedule is accepted by your mills, it is suggested that you should study its provisions closely in order to ascertain whether its acceptance would be beneficial to you from the financial point of view.

The particular attention of mills is drawn to the second paragraph of the Schedule which specifies that it is not applicable to consumers normally operating at a power factor of less than .85 lagging, and to the new arrangement in regard to minimum monthly bills. Mills will kindly note that the only discount under the T-3 Schedule will be the prompt payment discount of 2 per cent.

The Association would appreciate any comments which you might like to put forward regarding the new Schedule and any information as to the effects it would have upon your mills.

Copy of letter No. 1346/41, dated 19th May 1936, from the Association to all Mills in Bombay City and Island.

Further to my circular letter No. 1112/241 dated the 30th April 1936, I am now directed to inform you that, from the figures submitted by individual mills, it would appear that at steady loads in mills, where the power factor is higher than 85 per cent., a switch-over from the T-2 Tariff to the T-3 Schedule will result in a saving: the saving in the case of mills working single shift will be comparatively small; it is somewhat greater in mills which are working double shifts.

The Committee, therefore, recommend that if, on detailed examination by your Engineers, it is found that your mills would benefit by a change-over, application should be made by you to Messrs. Tata Hydro-Electric Power Agencies Ltd., to bill you in future according to the T-3 Tariff. When writing to the Hydro-Electric Agencies, they might be requested to give retrospective effect to the T-3 Tariff from the 1st April 1936.

Copy of letter No. 1354/41, dated 19th May 1936, from the Association to Messrs. The Tata Hydro-Electric Agencies Ltd.

The purport of your letter No. BH. 9736 dated the 29th April and a copy of the T-3 Tariff Schedule were circulated to all mills in Bombay. The effects of the new T-3 Tariff Schedule have also been considered by my Committee.

It would appear that, taken on the whole, the T-3 Tariff will effect a slight saving in power costs in mills working single shift, and a somewhat larger saving in mills which are working double shifts. The Committee have, therefore, decided to recommend a switch-over to the T-3 Tariff in the case of those mills whose power factors are higher than 85 per cent.

In this connection, I have been directed to request that retrospective effect should be given to the T-3 Tariff as from the 1st April 1936, this being the date from which it was indicated that it would be put into operation during the informal conferences which Sir Joseph Kay and I had with you some months ago.

I am also directed to ask for an assurance that "the policy of progressive rate reduction, to become effective from time to time and to the extent that circumstances permitted," enunciated by Sir Nowroji Saklatvala, Chairman, at the Annual General Meeting of the Tata Hydro-Electric Power Supply Co., Ltd., held on the 18th September 1934, will be continued during the currency of mill contracts for hydro-electric power in the case of all mills who elect to be charged according to the T-3 Tariff Schedule, more especially as mills are generally of the opinion that the cost of hydro-electric power is still considerably higher than the cost of other forms of power.

Copy of letter No. BH113/36, dated 19th May 1936, from Messrs. The Tata Hydro-Electric Agencies Ltd. to the Association.

We have for reply your No. 1354/41 of 19th May. We note that the new T-3 Tariff Schedule has been considered by your Committee and that they have recommended a switch-over to those mills whose Power Factors are higher than 85 per cent.

In respect of your request that retrospective effect as from 1st April 1936 should be given to the T-3 tariff, you will appreciate the difficulties attached to an open undertaking of that sort. We however are prepared to give retrospective effect as from 1st April 1936 to all mills which, on deciding to switch over, so advise us within the current month; similarly for mills so advising during the month of June, we can give retrospective effect as from the 1st instant. You are however aware that the financial year of the Hydro-Companies terminates on 30th June and we are on that account unable to give such an undertaking in respect of acceptances subsequent to that date.

It is also noted that you ask for an assurance that the Companies will continue to carry out the policy duly announced by their Chairman at a Shareholders' Meeting held some 18 months ago. I think, in the absence of any official statement to the contrary, you must assume that the announced policy will remain in effect.

Finally, we have noted your reiteration of the opinion that your mills generally believe that the cost of hydro-electric power is still considerably higher than the cost of other forms of power. We should be most pleased to have something more tangible than a general expression of opinion.

In this connection, will you be good enough to refer to your No. 2542/46 of 15th October 1935 in which you did in fact supply us certain specific data (a) as to the total cost of power plus process steam at Hindoostan and Colaba Mills, and (b) as to estimates of costs from an order actually placed by a mill in Bombay with a Maximum Demand of approximately 1500 K.W.

In respect of (a), we in our reply called attention to the inefficient manner in which process steam was produced at many mills and offered the services of our engineering staff for the purpose of reducing such cost. We shall be grateful for the corresponding costs ruling at present at the two mills referred to.

In respect of (b), we understand that the mill for which you quoted us the estimated costs has in the meantime received and installed said plant and that it has been in operation for some time. You will therefore now be good enough to "follow through" by furnishing us with the actual operating costs, in order that we may compare them with the estimates you so thoughtfully provided in your earlier letter.

Copy of letter No. 1387/41, dated 20th May 1936, from the Association to Messrs. The Tata Hydro-Electric Agencies Ltd., Bombay.

With reference to your letter No. BH113/36 dated the 19th instant, I am writing to thank you for agreeing to give retrospective effect to the T-3 Tariff as from the 1st April to mills which make application before the end of May and from the 1st of May to mills which make application between the 1st and 30th June.

We trust, however, that in the event of any mill being unable to submit its application until after the 30th June it will be possible for you to give retrospective effect as in the case of mills which are in a position to make earlier application. We are aware that your financial year ends on the 30th June, but we do not consider that this fact constitutes an insuperable obstacle in the way of giving retrospective effect to the application of the new Tariff.

We are glad to note that "the policy of progressive rate reduction, to become effective from time to time and to the extent that circumstances permitted" will be continued.

As regards the last four paragraphs of your letter, I am placing your suggestions before my Committee for their consideration and shall write you again in due course.

Copy of letter No. 1377/41, dated 20th May 1936, from the Association to all Mills in Bombay City and Island.

Further to my letter No. 1346/41 dated the 19th instant, I am writing to inform you that the Association has been advised by Messrs. Tata Hydro-Electric Agencies Ltd. that retrospective effect as from the 1st April 1936 will be given to all mills who express their desire to switch over to the T-3 Tariff before the end of the current month.

Mills which apply to be put up on the T-3 Tariff between the 1st and 30th June will be billed at the T-3 Tariff rate from the 1st May only.

Messrs. The Tata Hydro-Electric Agencies Ltd. further indicate that, as the financial year of the Hydro Companies terminates on the 30th June, they are unable on that account to undertake to give retrospective effect to the new Tariff in respect of acceptances subsequent to 30th June 1936.

Copy of letter No. 2362'41, dated 13th August 1936, from the Association to all Mills in Bombay City and Island.

In a letter received from Messrs. The Tata Hydro-Electric Agencies Ltd. some time ago attention was drawn to the inefficient manner in which many mills produced their process steam. The Hydro-Electric Agencies were of opinion that a great deal could be done in the direction of reducing cost of process steam, and went on to say that they were willing to place their Engineering staff freely at the service of member mills for the purpose of effecting reductions in process steam costs. Data had apparently been collected by the Hydro-Electric Agencies concerning the amount of coal used to produce process steam in some 40 mills consuming their power in Bombay. These included mills doing no dyeing and bleaching and other mills which did a considerable amount of dyeing, bleaching and finishing. It was found that there was an extremely wide variation in the amount of coal consumed for process steam in the different mills. For example, the amount of coal consumed in mills doing no dyeing and bleaching varied from .42 lbs. to 1.72 lbs. per KW hour for power purposes, while the variation in the mills with dyeing and bleaching was from .62 lbs. to 3.25 lbs. of coal per KW hour.

Further information which has come to the hands of the Association shows that in certain instances very considerable economies in the case of reducing process steam costs had been effected during the last twelve months. The purpose of this letter is to suggest that mills should take advantage of the offer of free expert advice by the Hydro-Electric Agencies in order to ascertain whether any economies can be effected in process steam costs.

Copy of letter No. 2369'41, dated 13th August 1936, from the Association to Messrs. The Tata Hydro-Electric Agencies Ltd., Bombay.

In continuation of my letter No. 1387'41, dated the 20th May 1936, I have pleasure in forwarding herewith up-to-date particulars of the cost of power and process steam in the Colaba Land Mills and the Hindoostan Mills. The position in respect of the Hindoostan Mills is as under :—

Particulars.	July 1935. T-2 Tariff.	April 1936. T-3 Tariff. Day Shift only.	April 1936. T-3 Tariff. Day and Night Shifts Combined.
	Annas per unit.		
Cost of power after providing for 15 per cent. power factor discount and 2 per cent. prompt payment discount ..	0.465	0.467	0.404
Cost of steam worked out on the total power consumption	0.15	0.117	0.11
Total ..	0.615	0.584	0.514

As far as the Colaba Land Mills are concerned, the position is as under :—

	July 1935. T-2 Tariff.	April 1936.	May 1936.
		T-3 Tariff.	
	Annas per unit.		
Cost of Hydro-Electric Power	†0.463	0.4508	0.4555
Cost of generating process steam	0.19	0.109	0.085
Total ..	0.653	0.5598	0.5405

† After providing for 15 per cent. power factor discount and 2 per cent. prompt payment discount.

We regret we have been unable to obtain particulars of operating costs in the Shree Ram Mills owing to that mill not being a member of the Association.

The general question of the relative costs of Hydro-Electric power and own power has been the subject of further consideration, and my Committee feel that, in the interests of both the Hydro-Electric Companies and the Mill Industry of Bombay, it would be advisable to have the position cleared up, and they now wish me to suggest that a special test should be carried out by an impartial outside expert or experts to ascertain the position in the matter of relative costs of Hydro-Electric power plus process steam and own power plus process steam. Such a test might, it is thought, be carried out at the joint expense of the Hydro-Electric Agencies and the Bombay Cotton Mill Industry in the Coorla Mills where, it is understood, an up-to-date power plant has recently been installed. If the Hydro-Electric Agencies are prepared to agree to such tests being carried out, the details could, it is thought, be settled at a joint meeting.

In regard to your suggestion as to the cost of generating process steam, the attention of members will be drawn to the Hydro-Electric Agencies' offer of free expert advice.

Copy of letter No. BH248/36, dated 29th September 1936, from Messrs. The Tata Hydro-Electric Agencies Ltd., to the Association.

We beg to acknowledge receipt of your No. 2369/41 of 13th August with particulars as to power cost and process steam cost at the mills of certain members of your Association.

In respect of Hindoostan, we note that your figures for "day and night shifts combined" indicate a load factor of only 47 per cent., whereas full double-shift operation would be expected to show 60 per cent. In other words, your figures are for *partial* night-shift operation and do not reflect the full benefit which it is possible to secure.

In respect of Colaba, your calculation is correct except that it fails to take into account the cash discount of 2 per cent.

In respect of Shree Ram, we ourselves have so far been unable to obtain full particulars of operating costs. That mill, however, has applied for supply for night-shift operation, which they will take from us as soon as trade shows some improvement.

With reference to your suggestion that a test be carried out at the Coorla Mills, it has been our intention to request the proprietors for permission to carry out an exhaustive test, as soon as the new A.E.G. turbine of 1200 I.H.P. is running smoothly. We ourselves remain ready and willing to supply information in this respect. We desire only to point out that the character of equipment and the manner in which it is operated varies so materially between different plants that it is most unsafe to assume similar results unless all conditions are absolutely identical.

An error often committed is that of comparing the all-in cost of purchased supply with the bare operating expense of an independent prime mover.

We have before us the power costs of the Ahmedabad Advance Mills, Ltd., Ahmedabad, for the 18-month period July 1934 to December 1935 inclusive. They show a generation of 5,226,753 units and a coal consumption for power purposes *only* of 6,697.5 tons. The cost of coal per unit generated comes to .3147 anna per unit. The total production cost per unit generated, including water, wages, stores, repairs, etc. comes to .4246 anna per unit.

Auxiliary services in the steam plant will normally consume between 6 per cent. and 7 per cent. of the units generated. But since there is a loss of possibly 3 per cent. in power transformers, and in order to have a comparable figure in respect of purchased power, we allow 3 per cent. only for auxiliary service requirements which brings the coal cost per available unit to .3244 anna and the total *production* cost to .4378 anna. The coal has a calorific value of about 9000 B.T.U. and its cost laid down at boiler is Rs. 15 per ton.

In respect of the fixed charges, the capital investment allocated to power (excluding process steam) amounts to Rs. 6,63,291. The company in question takes 10 per cent. of that amount for annual interest and depreciation. You are aware that a usual figure in this connection is 12½ per cent. But taking the figure of 10 per cent. as used by the mill, we arrive at a fixed charge of .3140 anna per unit, and the final figure is as follows :—

Running charges .. .. .	.4378 anna per unit.
Fixed charges .. .. .	.3140 " " "
	<hr/>
All-in power cost .. .. .	.7518 anna per unit.
	<hr/>

For purposes of comparison with the above, we have calculated the rate in terms of T-3 tariff for their Maximum Demand of 1300 kw. and their load factor of 29 per cent. over the period under review ; and their cost for purchased hydro supply would have been .4795 anna per unit.

It is a matter for regret that some of the factors entering into the cost of power are imperfectly understood and frequently omitted from calculation. Similarly does it happen that steam plant estimates are frequently based on more-or-less ideal operating conditions and seldom on *average* operating conditions as they would be over the life of the plant.

Similarly, is it frequently overlooked that a lengthy contract, such as is usually available from a power supply company, offers *insurance* during the whole period of the contract against any higher rate, while at the same time it gives to the consumer the benefit of any reduction in the standard rate which may become effective during the period of the agreement.

Finally, the case for purchased supply does not in any event rest solely on a direct comparison between the ascertained amount of the monthly power bill and the enthusiastic estimate of the machinery salesman or the incomplete cost statement of the independent operator. Our own experience and that of power companies in all parts of the world have conclusively demonstrated that an allowance of at least 10 per cent. in favour of purchased power is no more than a fair and reasonable appreciation of the value of the intangible benefits accruing to the purchaser of power under term contract from an electric-supply company, who thereby is enabled to devote and confine his attention, his staff and his financial resources to the main and principal object for which he is engaged in and carrying on his business.

Copy of letter No. 5365,41, dated 21st December 1936, from the Association to Messrs. The Tata Hydro-Electric Agencies Ltd.

I am directed to acknowledge the receipt of your letter No. BH248/36 dated the 29th September 1936. In the fifth paragraph of your letter, you refer to a suggestion made in the penultimate paragraph of my letter No. 2369/41 dated the 13th August 1936 and state that it has been your intention to request permission from the proprietors of the Coorla Mills to carry out an exhaustive test ; you further add that you yourselves remain ready and willing to supply information in this respect. The precise nature of the test you have in mind, however, is not quite clear. There are obvious objections to an *ex parte* test, and it was for this reason that my Committee had suggested an impartial test by an outside authority at our joint expense so that the vexed question as to the relative cost of own power and purchased power plus the cost of process steam in each case could be conclusively settled to the satisfaction of both parties. If, however, it is not possible for you to accede to the suggestion for an investigation by an impartial outside authority, then I am to suggest as an alternative *that a joint test or tests should be made by your Engineers working in association and collaboration with two Engineers from the Association's special Sub-Committee.*

I am also directed to suggest that instead of an isolated test in the Coorla Mills, tests should also be conducted in the Shree Ram Mills and in the Victoria Mills. Three tests in different mills would, it is thought, be likely to give more representative results than an isolated test. As far as the Victoria Mills are concerned, facilities for making an investigation

could be obtained by the Association, and it is understood that in regard to the Shree Ram Mills, which is not a member of the Association, certain arrangements are already in hand as a result of direct negotiations between yourselves and them.

My Committee consider that no useful purpose would be served by replying in detail to the points set out in paragraphs 6 to 13 of your letter. These and similar matters could be dealt with, if necessary, when the final results of any tests become available to yourselves and the Association's Engineers.

Copy of letter No. 2920/36, dated 29th December 1936, from Messrs. The Tata Hydro-Electric Power Supply Company, Limited, The Andhra Valley Power Supply Company, Limited, The Tata Power Company, Limited, to the Association.

With reference to your letter No. 5365/41 of 1936 dated the 21st December addressed to our Managing Agents, would you please arrange a meeting of your two Engineers from your Association's special Sub-Committee with us so that we may commence our tests at the Coorla Mills. A preliminary discussion is necessary before the actual tests commence and we would deem it a favour if you could ask them to meet us in this office at any convenient time and as early as possible.

APPENDIX 7.

INSURANCE OF ELECTRICAL EQUIPMENT SUPPLIED BY THE HYDRO-ELECTRIC COMPANY.

Copy of circular No. 91/40, dated the 10th January 1936, from the Association to all Members in Bombay City and Island.

I give below for your information copy of a letter received from Messrs. Tata Hydro-Electric Agencies Ltd., regarding the insurance of electrical equipment installed in mills:—

“ We beg to advise that it has been resolved that as from 1st January 1936, the Hydro Companies will themselves insure and keep insured against loss or damage by fire the electrical equipment belonging to those Companies which may be installed or awaiting installation on the premises of the Consumer. The Companies will therefore for their own account arrange insurance renewal on such equipment, as and when existing policies expire.

As a result, Section 14 (16)—Insurance against Fire of Company's Plant—Exhibit “B”—General Conditions and Technical Regulations—attached to the respective Power Contracts and incorporated therein, becomes null and void, said contracts in all other respects remaining in full force and effect until their respective terminations.

You are at liberty to advise the members of your Association of the above modification of contract. We shall also communicate directly with them.”

APPENDIX 8.

FIRE INSURANCE OF BOMBAY COTTON MILLS: ALTERATIONS AND EXTENSIONS UNDERTAKEN BY MILLS.

Copy of letter No. 3178-B, dated the 19th May 1936, from the Bombay Fire Insurance Association, to the Association.

I am directed to inform you that several cases have recently been before my Committee where alterations and extensions have been undertaken by Mills without plans having been submitted previously to this Association through the Insurance Company concerned.

The matter has come to light in the course of our Inspector's regular visit and it has then been found that the work has not been carried out in accordance with this Association's requirements so as to qualify for the lowest possible rating.

The grounds of expense are then put forward by the Mills as a reason for our accepting inferior construction for rating to which it is not entitled and my Committee are reluctantly compelled to stand by the letter of the Rules.

Recent cases in point have been in connection with the insertion of plain glass in north lights where wired glass is required to qualify for fireproof rating. My Committee are reluctant to put your members to additional expense at any time, but you will appreciate that this Association provides the machinery to ensure that all projected work is carried out to the best advantage of the Mills for rating purposes and it is unreasonable to expect our members to accept inferior material at rates lower than those which such construction warrants.

I am to request that you will bring this matter prominently to the notice of your members and inform them that where plans are not submitted in advance to this Association, no concessions can be granted if construction is subsequently found to be below standard.

Copy of circular No. 1646/134, dated the 9th June 1936, from the Association to all Member Mills in Bombay Presidency.

The Bombay Fire Insurance Association recently informed the Millowners' Association, Bombay, that several cases had recently been before their Committee concerning alterations and extensions which had been undertaken by mills without plans having been previously submitted to the Fire Insurance Association through the Insurance Company concerned. In some cases, it was found that these extensions and alterations were not carried out in accordance with the Fire Insurance Association's requirements, and were, therefore, not qualified for the lowest scale of fire insurance rating. In the cases referred to, plain glass was put in north light sheds instead of wired glass.

The complaint of the Bombay Fire Insurance Association was considered at a meeting of the General Committee yesterday, and I was instructed to inform all member mills in the Presidency of Bombay that, unless the constructional standards laid down in the Fire Insurance Association's tariff were complied with, the concessional rates of fire insurance specified in the tariff could not, in future, be expected to be granted. I was also instructed to suggest that, where extensions and alterations are contemplated, the plans for such extensions or alterations should be submitted to the Fire Insurance Association through the Insurance Company concerned, before construction is actually commenced.

APPENDIX 9.

RAILWAY TRANSIT INSURANCE.

Copy of letter dated the 22nd July 1935, from the Hindoostan Spg. & Wvg. Mills Co., Ltd., to the Association.

We beg to lay before you the following facts for your consideration and place the same before the Managing Committee. If the Managing Committee deem it proper to circulate this letter amongst its members, you will please do the needful in the matter.

We are purchasing cotton in cotton-growing districts on account of our mills as well as our sister mills, and when the cotton bales of our purchase are despatched by Railway, we are covering insurance for the same against the All-India Railway Transit and All-India

Railway Stations, Yards and Platforms' risks. We give below the list of the rates charged by the Insurance Companies in different years :—

Years.	All-India Railway Transit per cent. for 12 months.	All-India Railway Stations, Yards, Platforms, etc. per cent. for 12 months.	
	Rs. a. p.	Rs. a. p.	Rs. a. p.
1917-18 .. ..	.....	1 8 0	
1918-19	3 0 0	1 8 0	
1919-20	3 0 0	1 8 0	
1920-21	3 0 0	1 8 0	
1921-22	3 0 0	2 4 0	
1922-23	3 0 0	2 4 0	and 3 6 0
1923-24	4 0 0	3 6 0	and 4 8 0
1924-25	6 0 0	4 8 0	
1925-26	6 0 0	4 8 0	
1926-27	6 0 0	4 8 0	
1927-28	4 0 0	4 8 0	and 2 13 0
1928-29	4 0 0	2 13 0	
1929-30	4 0 0	2 13 0	
1930-31	4 0 0	2 13 0	
1931-32	4 0 0	2 13 0	
1932-33	4 0 0	2 13 0	
1933-34	4 0 0	2 13 0	
1934-35	4 0 0	2 13 0	
1935-36	4 0 0	3 12 0	

Some time back we inquired of our outstation constituents about the relative rates prevailing in Madras Territory at present, which we also give below :—

Re. 0-12-0 per cent. for Transit as well as for Stations, Yards and Platforms' risks (i.e., Re. 1-8-0 for both).

Since March 1935 the Madras Tariff for All-India Railway Transit has been increased to 64 annas per cent. We understand this increase has been effected, as the Bombay and Calcutta Insurance Companies brought pressure upon Madras Companies.

From the above figures you will please see that the Insurance rates charged by the Insurance Companies in Bombay Presidency are much higher than those in Madras Presidency. It is also strange that in the long period between 1917 and 1935 we have had only one occasion to lodge a claim in the year 1921.

We trust that the other Mills Companies and the Cotton Merchants must also be covering the transit and station risks for their cotton as we have been doing. We believe that there may be very rare cases of claims lodged with the Insurance Companies for such risks. We are, therefore, at a loss to understand the reason why the Insurance Companies in Madras Presidency could afford to cover the relative risks at very low rates as compared to those in Bombay Presidency. We believe the question, therefore, is the proper one to be minutely inquired into and if it is thought proper after mature consideration to move the Insurance Companies in the matter to reduce their tariff to materially benefit the Textile Industry in particular and trade in general, you will please do the needful.

You will please also arrange to write to the East India Cotton Association, Ltd., requesting them to collect the relative information from their members and to furnish to us the same to enable us to arrive at a definite opinion in the matter.

Copy of letter No. 1970/180, dated the 15th August 1935, from the Association to the Bombay Fire Insurance Association.

I am directed by the Committee of the Millowners' Association to address you in regard to the premia charged by the Bombay Insurance Companies for " All-India Railway Transit " and " All-India Railway Stations, Yards and Platforms, etc.," risks. The rates at present charged appear to be :—

Transit risk	..	..	..	..	..	Annas 64 per cent. per year.
Station Yard risk	..	..	..	..	..	Annas 40 per cent. per year.

The rate for transit risk which was about Annas 48 per cent. in 1918-19 appears to have been increased to Annas 96 per cent. in 1924-25, and subsequently reduced to Annas 64 per cent. from 1927-28. It has been pointed out that there is no justification whatsoever for such a high rate of premium for this type of risk. Years ago, cotton used to be loaded in open wagons, and consequently, the danger of damage by fire resulting from sparks liberated from passing engines and theft was infinitely greater than it is to-day, when Railways provide closed wagons for the transport of cotton.

As regards the " Railway Yard " risk, the position is that, whatever be the reasons for charging a high rate of premium in the past, the danger of loss or damage by theft or fire has to-day been reduced to a minimum. The Railway authorities do not as a rule allow bales " awaiting despatch " to be stacked in the yard till wagons become available. My Committee understand that the usual practice is that the forwarding contractor first makes enquiries from the authorities as to whether wagons are available, and then carts the bales to the Yard where they are immediately loaded into the waiting wagons and sealed up. In this connection, my Committee understand that the premium charged by the Madras Insurance Companies for the same type of risk is Annas 12 per cent. at present.

Under these circumstances, my Committee feel that there exists a strong case for a revision of the rates at present quoted for the two types of risks mentioned above, and I am to express the hope that it will be possible for your Association to set matters right at an early date.

Copy of letter No. 83-C, dated the 30th August 1935, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 1970/180, dated 15th instant, and am directed to inform you that the rate for Transit risk under the Calcutta Tariff is 80 annas per cent. (subject to a deduction of 15 per cent.) and that a recent review of the experience of this class of risk resulted in an increase of the rate under the Madras Association's Tariff to 64 annas per cent. net.

This does not necessarily imply that claims have been heavy in respect of Madras territory. In the nature of the risk, it cannot be confined to any one Association's area and the experience must be reviewed as a whole and it therefore follows that an All-India rate is only logical.

The improvement in carriage to which you refer was recognised by this Association in 1927 by the reduction mentioned by you and when the Bombay up-country cotton Tariff was revised recently, the rates for cotton in transit were not altered, while other rates were increased by about 50 per cent. all round, following extremely bad experience.

It should be borne in mind that the insurance is in the nature of a floater and the premium is not affected by the aggregate amount transported.

Any merchant who desires to insure each consignment separately may do so at a rate of one anna per cent. which can hardly be regarded as excessive.

With regard to railway yards, insurance offices have met some very heavy losses and as no up-country station possesses appliances which would be of the slightest use in a cotton fire, my Committee do not favour any reduction.

Congestion of stocks is unavoidable at the height of a heavy season and in view of the comparatively small quantity of cotton handled in the Madras area, it is hardly fair to quote their rate as an argument.

Copy of letter No. 2421/180, dated the 1st October 1935, from the Association to the Bombay Fire Insurance Association.

I am directed to acknowledge the receipt of your letter No. 83-C, dated the 30th August 1935. As regards transit risk, you state that a recent review of the experience of this class of risk resulted in an increase of the rate under the Madras Association's Tariff to 64 annas per cent. net. You further suggest that "this does not necessarily imply that claims have been heavy in respect of Madras territory," and further point out that "experience must be reviewed as a whole and it, therefore, follows that an All-India rate is only logical." As regards the "yards" risk, it would appear that insurance offices have met some very heavy losses, and as no up-country station possesses appliances which would be of the slightest use in a cotton fire, your Committee do not favour any reduction in rates.

To enable them to go further into this matter, my Committee would greatly appreciate it if you could furnish them with statistics showing the total amount of business handled by members of your Association during the last five years under each of the risks mentioned above and the amount of claims paid out. It would be of considerable assistance to us if the information could be furnished separately for different areas in the Presidency. Pending receipt of this information my Committee only desire to make the following observations:—

- (a) If an All-India rate was deemed logical for transit risk, there is no reason why an All-India rate for "yard" risk should not be introduced. Bombay pays a much higher rate for this type of risk compared with Madras and Calcutta.
- (b) There appears to be no reason why, for purposes of assessment, cotton stacked in a closed railway wagon should be treated differently from cotton stored in corrugated iron sheds in ginneries where the rate does not exceed 24 annas.
- (c) There is also no reason why the "transit" risk on raw cotton bales should be about eight times the rate applicable to cloth.

Copy of letter No. 83-C/2, dated the 23rd October 1935, from the Bombay Fire Insurance Association to the Association.

I am directed to acknowledge receipt of your letter No. 2421/180 of the 1st instant and to state that my Committee are unable to furnish you with statistics collated from figures which are submitted by our members in confidence. In this connection I would refer you to my letter No. 2265A of the 13th February 1925.

As regards the rate for cotton in Railway Station Yards, I am to assure you that if the fire loss experience in the Bombay area shows an improvement as the result of the better methods for clearing cotton through the Station Yards and better facilities provided by the Railway Companies for fighting an outbreak of fire a reduction in the present rate applicable will receive careful and sympathetic consideration.

The fire risk on cotton in a closed railway wagon cannot be compared with that of cotton stored in factory godowns. I am to point out that the 64 annas per cent. rate applies to an annual contract for all cotton bales transported during the period and that experience has fully justified the difference in rates for baled cloth as compared with baled cotton.

In conclusion I am to say that my Committee has always worked consistently with the object of reducing fire wastage and they would welcome any justifiable reductions in the insurance cost connected with the handling and transport of cotton in the Bombay Presidency. If therefore my Committee's constant representations to the Railway Companies in the past are now beginning to have effect, it is to be hoped that the experience of our members will enable us to assist in the direction you suggest.

Copy of letter No. 194/180, dated the 18th January 1936, from the Association to the Bombay Fire Insurance Association.

I am directed to acknowledge the receipt of your letter No. 83-C/2, dated the 23rd October 1935, on the subject of fire insurance rates for cotton in transit, etc. Your letter states that your Association is unable to furnish us with the statistics requested in our letter No. 2421/180, dated the 1st of October, for the reason that these statistics are submitted by your members in confidence. My Committee can appreciate the difficulty of supplying the figures of individual companies' fire loss experience, but they fail to see why the combined claims experience of all your member companies should not be supplied to them. You have referred to a letter written on the 13th February 1925 in which a somewhat similar passage to the first paragraph of your letter of 23rd October occurs. We have referred to this letter and find that, while you did not supply all the details originally asked for, your Association did attempt to justify the fire insurance rates which were being contested by specifying the losses sustained by fires in mixing rooms for a period of six years, and went so far as to suggest that the losses had been relatively heavy compared with the amounts declared for insurance on such departments; that the amounts paid in losses considerably exceeded the premia paid; and that for this reason no reduction in rates was warranted. In the present instance, the Fire Insurance Association have by no means justified the existing premium levels on cotton in transit and cotton temporarily stored in railway stations, yards, etc., and unless this is done my Committee could have no option but to continue to suggest that the existing rates are far too high and to press their claim for an early and substantial reduction.

I am, therefore, instructed to request your Committee to re-consider the decision conveyed in your letter of 23rd October and to supply to my Association the united claims experience of fire insurance companies in the Bombay Presidency in respect of the two types of risks referred to in the representations submitted by the Association on the 15th August and the 1st of October 1935.

My Committee are, of course, glad to learn that your Association would welcome any justifiable reductions in the insurance cost connected with the handling and transport of cotton in the Bombay Presidency and that the representations made by your Association to the Railway Companies are apparently tending to reduce the risk of fire in railway stations, yards, etc. They, therefore, trust that a reduction in the rates for "railway stations, yards, platforms, etc., risks" will be effected in the very near future.

Copy of letter No. 83-C/4, dated the 10th February 1936, from the Bombay Fire Insurance Association to the Association.

I refer to your letter No. 194/180 of 1935, dated 18th ultimo, and am directed to point out that the figures supplied to you with this Association's letter of 13th February 1925 were such as could have been obtained by you from your own members whereas figures of claims experience, involving ratios of losses to premium income, could only be divulged by a direct breach of confidence with the members of this Association who supply such figures on a definite undertaking that they will be treated confidentially.

My Committee trust, therefore, that you will not continue to press for information which they are quite unable to give you.

You stress the point that in their letter of 13th February 1925 my Committee went so far as to suggest that the losses in Mixing Rooms had been relatively heavy and I would point out that a very similar statement occurs in my letter of 30th August last in regard to Railway Yards.

The question of the insurance of cotton in transit and in Railway Yards has recently been before my Committee from another angle which has been put forward by some members of this Association. A further thorough discussion of the subject resulted, from which it emerged that very little insurance of cotton in transit is being written on an annual basis and that insurance of cotton whilst stored in Railway Yards awaiting railment is practically negligible.

On this latter point, a material factor is that many of the larger ginning and pressing factories in the mofussil have their own private sidings thus making railway yard cover unnecessary.

My Committee would be pleased to know whether your information corroborates this.

With regard to cotton lying at Railway Stations awaiting transportation to mill godowns, my Committee have decided to extend the cover under both the Bombay and the Mofussil Cotton Mills Godowns Tariffs to include such cover at Railway Stations without extra charge.

In view of this and the information before my Committee regarding annual transit cover and cover in Railway Yards awaiting railment, it would appear that the low transit rate for single journeys adequately meets your members' requirements and that very few, if any, of them find it necessary to insure at the rates under criticism.

Copy of letter No. 4249/2, dated the 10th February 1936, from the Bombay Fire Insurance Association to the Association.

I refer to the penultimate paragraph of my letter of even date and enclose a copy of a circular I have issued to members granting extension of the cover under both the Bombay and Mofussil Cotton Mills Godowns Tariffs.

(For the use of Members of the Bombay Fire Insurance Association only.)

THE BOMBAY FIRE INSURANCE ASSOCIATION.

T. C. No. 8 of 1936.

Circular.

BOMBAY, 7th February 1936.

To

THE REPRESENTATIVES OF FIRE INSURANCE OFFICES, BOMBAY.

GENTLEMEN,

BOMBAY AND SALSETTE COTTON MILLS GODOWNS TARIFF.
BOMBAY MOFUSSIL COTTON MILLS GODOWNS TARIFF.

The Committee's attention was drawn to the fact that although provision is made in the Bombay Gin and Press Factory Tariff for the extension of the godown insurances to railway termini in Bombay, no such facility exists as regards Cotton Mill godowns.

It has accordingly been decided to insert the following notes on sheet 6 of each of the above Tariffs, after the item "Additional rates for Floating Policies (applicable to Sections I and II)":-

BOMBAY AND SALSETTE COTTON MILLS GODOWNS TARIFF.

"Policies may be extended to any Railway Stations in Bombay and Salsette but with this and the exception referred to above no policy shall cover merchandise in more than one specified risk, unless the extra rate as provided above is paid. Policies so extended must contain the following clause :-

"It is understood and agreed that goods stored and/or lying in railway wagons at the said Stations are not covered by this Policy."

BOMBAY MOFUSSIL COTTON MILLS GODOWNS TARIFF.

"Policies may be extended to any Railway Stations in the town where the mill is situated, but with this and the exception referred to above, no policy shall cover merchandise in more than one specified risk, unless the extra rate as provided above is paid. Policies so extended must contain the following clause :-

"It is understood and agreed that goods stored and/or lying in railway wagons at the said Stations are not covered by this Policy."

Revised tariff sheets giving effect to the above additions are being printed and copies will be issued shortly.

Copy of letter No. 591/180, dated the 9th March 1936, from the Association to the Bombay Fire Insurance Association, Bombay.

I am directed to acknowledge the receipt of your letter No. 83-C/4, dated the 10th February 1936. You point out that very little insurance of cotton in transit is being written on an annual basis and that insurance of cotton whilst stored in railway yards awaiting transit is practically negligible. In connection with the latter type of risk, you further add that many of the larger ginning and pressing factories in the mofussil have their own private sidings, thus making railway yard cover unnecessary, and enquire whether this is in conformity with the information available with this Association. With reference to the last point, I am to observe that, while my Committee are unable to endorse it, it would appear that several mills have to insure their cotton purchases firstly at a certain rate when the goods are in the premises of the factory at which they were ginned and pressed, and again at a different rate when the goods are awaiting transit in the mofussil railway yards to Bombay. In this connection it appears that about 20 years ago it was possible to extend *without extra premium* policies taken out in respect of fully pressed cotton bales in the compound of a ginning or pressing factory to railway stations and bunders. This practice was, however, subsequently given up by the insurance companies when there was an increased risk of fire in station yards on account of the accumulation of stocks resulting from the shortage of railway wagons which was, at one time, very acute, and in fact, the withdrawal of this concession appears to have been preceded by a serious outbreak of fire in a certain up-country station. Nevertheless, the justification which then existed for discontinuing the practice referred to above has now completely disappeared, and there is no longer any lack of wagon supplies, and so far as my Committee are aware, no fire claim of any serious character appears to have been made in recent years. In these circumstances, the Association desires to urge at the outset that the Fire Tariff should be amended so as to make it possible to extend the present cover in respect of fully pressed cotton bales lying in the compounds of ginneries and presses to station yards at the point of despatch.

The other points raised in your letter are receiving my Committee's attention, but they are gratified to learn that your Association has decided to extend the cover at present afforded by the Cotton Mills Godown Tariff to cotton lying at railway stations awaiting transportation to mill godowns.

Copy of letter No. 83-C/8, dated the 18th March 1936, from the Bombay Fire Insurance Association to the Association.

I acknowledge receipt of your letter No. 591/180 of 1935, dated 9th instant, and am directed to inform you that my Committee regret they cannot agree to extend without extra premium policies on fully pressed cotton bales in the compound of a ginning or pressing factory, to railway stations and bunders.

Domestic underwriting arrangements stand in the way of any such extension being possible and my Committee feel that these must have been an important factor in its withdrawal fifteen years ago.

I await your Committee's further views as anticipated in your concluding paragraph, with interest.

Copy of letter No. 1532/180, dated the 30th May 1936, from the Association to the Bombay Fire Insurance Association, Bombay.

I am directed to acknowledge the receipt of your letter No. 83-C/8, dated the 18th March 1936.

With reference to the last paragraph of your letter, I send herewith a statement* giving particulars of the sum insured, premium and claims paid by Insurance Companies furnished by mills which have direct dealings with cotton centres. It will be noted from the statement that the premium paid by Mill Companies is out of all proportion to the claims paid by Insurance Companies. In these circumstances, the Association desires to urge that a reduction in the rates of "Railway Stations, Yards, Platforms, etc.," risks should be effected or in the alternative that the Fire Tariff should be amended so as to make it possible to extend the present cover in respect of fully pressed cotton bales lying in compounds of ginneries and presses to station yards at the point of despatch.

Copy of letter No. 83-C/11, dated the 17th June 1936, from the Bombay Fire Insurance Association to the Association.

I am directed to acknowledge receipt of your letter No. 1532/180 of 1935 of the 30th May, with enclosures.

In regard to railway station yards, platforms, etc., it is noted that whilst the claims paid to the mills in question in 1931-32 and 1933 were nil, the losses in 1934 and 1935 amount to approximately 50 per cent. of the gross premium.

Whilst we should agree that two years' experience is not in itself enough to be taken as a basis for the consideration of a revision of rates, and that if results for the past five years are taken the figures show a more favourable loss experience, it will no doubt be clear to you that in the face of a 50 per cent. loss experience over the past two years, my Committee cannot at this stage contemplate a reduction in the rate of premium. I have already referred in past correspondence to our inability to agree to the extension of policies on cotton bales in the compounds of pressing factories, to railway stations and/or railway yards.

With reference to cotton in transit, I am to point out that the figures shown in your statement under the heading "total amount insured" do not bear a correct relation to the amount of premium paid inasmuch as no indication is or can be given of the amount of turn-over in the case of policies issued at other than single journey rates. Whilst the losses in cotton in transit, in the case of the mills concerned, have been for practical purposes nil, I am to inform you that this experience is not borne out when the collated figures (which are in my possession) for cotton in transit insured with members of this Association are taken into consideration.

I am therefore to inform you that my Committee regret they are unable for the present to consider any further alteration in the tariffs or rates relating to these risks.

APPENDIX 10.

BOMBAY WEIGHTS AND MEASURES ACT.

Copy of letter No. I. G. 160/3652, dated the 9th May 1936, from the Director of Industries, Bombay, to the Association.

In continuation of my D. O. letter No. I. G. 160/11598, dated 12th November 1935, I have to state that Government are unable to comply with the request of your Association to exempt from the provisions of the Act and the Rules thereunder, the weights, scales and other weighing machines used by the members of your Association for *inter-departmental transactions* in their mills.

I have, therefore, to request you to be so good as to inform the members of your Association of the above decision of Government and to recommend them to get the weights, scales, etc., in question adjusted and repaired so as to comply with the Act and the Rules thereunder as soon as possible. and present them to my Inspectors of Weights and Measures for verification and stamping.

2. As regards the other points raised in your letter No. 2257/143, dated 16th September 1935, the matter is still under the consideration of Government.

Copy of circular No. 1243/143, dated the 11th May 1936, from the Millowners' Association, to all Member Mills in Bombay.

I am directed to invite your attention to my circular letter No. 2186/143, dated the 9th September 1935. In that circular I stated that a representation had been made to the Director of Industries, Bombay, with the object, among other things, of obtaining an exemption from the provisions of the Bombay Weights and Measures Act in respect of weights and measures used for inter-departmental transactions. The Association has now been informed that Government are unable to comply with the Association's request for exemption, and I am now writing to inform you that it will be necessary to get all inter-departmental weights and scales, etc., adjusted and repaired so as to comply with the Act and the Rules thereunder as soon as possible and present them to the Weights and Measures Inspectors for verification and stamping.

From the correspondence which has passed between the Association and a number of mills, it would appear that a fairly large number of mills have entered into, or intend to enter into, maintenance contracts with scale makers. These contracts appear to cover the replacement of working parts of scales such as knife-edges and bearings wherever necessary and also provide for keeping all scales, etc., in first-class condition in accordance with the tolerances permitted under the Weights and Measures Act.

From the discussions I have had with the Director of Industries, it is somewhat doubtful whether it is necessary for mills to go to the expense involved in these maintenance contracts as I understand that the adjustment of scales, etc., could be satisfactorily undertaken by the Engineering Department of the average mill.

Mr. Advani has also assured me that his Inspectors would be most willing to instruct the Engineering staff of the mills as to how to effect repairs and adjustments to scales, weigh-bridges, etc.

Copy of letter No. I. G. 160/8321, dated the 1st September 1936, from the Director of Industries, to the Association.

I have to invite a reference to your letter No. 2257/143, dated 16th September 1935, and to state that you had raised therein three points, namely, (1) the provisions of Section 35 of the Act and the tolerances hitherto enjoyed by Textile trade under Indian Merchandise Marks Act of 1889, (2) the weights, measures, etc., used in inter-departmental transactions in mills, and (3) the methods of remuneration of labour in the mills.

2. As regards point (1), I may mention that the matter is still under the consideration of Government.

3. In connection with point (2), I have to invite your attention to this office letter No. I. G. 160/3652, dated 9th May 1936, wherein I informed you that the weights, scales, and other weighing machines used by the members of your Association for inter-departmental transactions in their mills come within the purview of the Act.

4. As regards point (3), I have to inform you that there is no objection if operatives in certain Departments of Mills are remunerated on the piece-work system on the basis of so many pies per "hank", since a "hank" is equal to 840 yards and is therefore a multiple of the yard, which is a standard measure under the Act.

There is also no objection to calculating and paying wages in the Weaving Department on the basis of the "nominal weight" of the cloth, provided this weight is ascertainable in terms of one of the standard weights mentioned in the first schedule of the Act, e.g., a pound or a seer.

As regards payment of wages in the Bundling and Baling Departments on the basis of so many annas per bale, if the equivalent approximate weight of the bale in lbs., estimated according to certain fixed principles understood by both the parties, is mentioned in the books, this method of payment of wages will also be considered as valid under the Act. The present systems of remuneration of labour in different departments of the mills, it appears, will not contravene the provision of Section 12 of the Act provided that in each case the equivalent of the unit on the basis of which the wages are calculated is given in terms of one or the other of the standard weights and measures, or multiples or sub-multiples thereof as per first schedule of the Bombay Weights and Measures Act.

Copy of circular No. 4676/143, dated the 10th November 1936, from the Association to all Members of the Association in Bombay Presidency.

Section 12 of the Bombay Weights and Measures Act reads as below :—

(1) Subject to the provisions of section 46, and notwithstanding anything contained in any law for the time being in force, all dealings or contracts, had or made in any area after this Part shall have come into force in the said area for any work to be done or goods to be sold or delivered by weight or measure, shall be deemed to be had or made according to one of the standard weights or measures or to multiples thereof and it shall not be lawful to use any other weight or measure in relation to any such dealing or contract.

(2) Any dealing or contract had or made in contravention of the provisions of sub-section (1) so far as it contravenes the said provisions shall be void unless it is proved that such dealing or contract was, had or made without intention to contravene the said provisions.

Explanation.—Unless there is anything repugnant in the subject or context, a dealing or contract is hereinafter called "trade."

I understand from the Director of Industries that the system of remuneration in the baling department, which, in certain cases is on the basis of so many annas per bale, is in

contravention of section 12 of the Bombay Weights and Measures Act quoted above. There would, however, appear to be no objection to this method of remuneration if the equivalent approximate weight of the bale in pounds estimated according to certain fixed principles understood by both the parties is mentioned in the books. This question was considered by the Labour Advisory (Managers) Sub-Committee of the Association and it was agreed that mills which remunerate their balers on piecework should henceforward specify the maximum weight of bales together with the rate per bale. Where, however, it is the practice to pay a higher rate per bale for particularly heavy bales, the rate list would consist of two parts :—

- (a) annas per bale up to a maximum of pounds.
- (b) annas per bale over pounds.

BOMBAY ACT No. XXII OF 1936.

(First published, after having received the assent of the Governor-General, in the *Bombay Government Gazette* on the 21st December 1936.)

An Act to amend the Bombay Weights and Measures Act, 1932.

Whereas it is expedient to amend the Bombay Weights and Measures Act, 1932, for the purposes hereinafter appearing ; It is hereby enacted as follows :—

1. *Short title.*—This Act may be called the Bombay Weights and Measures (Amendment) Act, 1936.

2. *Amendment of section 27 of Bom. XV of 1932.*—(1) In sub-section (1) of section 27 of the Bombay Weights and Measures Act, 1932, hereinafter called the said Act, for the words and figures “ authorised under section 17 or 18.” the words, figures and brackets “ directed under sub-section (2) of section 8 or section 9 to keep secondary or working standards ” shall be substituted.

(2) The amendment made by this section shall be deemed to have been made on and to have had effect from 1st December 1932.

3. *Amendment of section 35 of Bom. XV of 1932.*—In section 35 of the said Act, for the words “ less weight or measure than is purported to be sold shall,” the words, figures and letter “ weight or measure less than what is purported to be sold shall, if the less weight or measure exceeds the amount of error prescribed under section 46A.” shall be substituted.

4. *Amendment of section 41 of Bom. XV of 1932.*—After clause (m) of sub-section (2) of section 41 of the said Act, the following clause shall be inserted, namely :—

“(mm) the amount of error to be tolerated in selling articles by weight or measure generally or as regards any trade or class of trades .”

5. *Insertion of new section 46A in Bom. XV of 1932.*—After section 46 of the said Act, the following section shall be inserted, namely :—

“ 46A. *Power to prescribe the amount of error to be tolerated in selling articles by weight or measure.*—Government may prescribe the amount of error to be tolerated in selling articles by weight or measure generally or as regards any trade or class of trades.”

APPENDIX II.

PAYMENT OF WAGES ACT, 1936.

Speech delivered by Sir Hormasji Mody, K.B.E., M.L.A., in the Legislative Assembly on the 7th February 1936 when the Payment of Wages Bill was considered clause by clause.

SIR H. P. MODY (Bombay Millowners' Association : Indian Commerce) : Mr. President, I beg to move :—

“ That to sub-clause (2) of clause 9 of the Bill, the following proviso be added :—

“ Provided that, subject to any rules made in this behalf by the Local Government, if ten or more employed persons acting in concert absent themselves without due notice or reasonable cause, such deduction from any such person may include such amount, not exceeding his wages for 13 days as may under his contract of employment be due to the employer in lieu of notice.”

My amendment seeks to remove a serious disability which industrial employers in India would suffer if the Bill were to be enacted into law in the form in which it has emerged from the Select Committee. The present position, it is a position which has existed for a great number of years, is that both employer and employee have got to give notice of termination of employment. If the employer fails to give notice he has to pay the amount which is specified in the contract in lieu of notice. If, on the other hand, the employee leaves without notice, he forfeits his wages for the number of days which are specified in his contract of employment.

MR. N. M. JOSHI : If there is a contract.

SIR H. P. MODY : If there is a contract ; and also, under the common law. Now, the way in which these deductions are made, so far as the employers are concerned, is that, whenever an employee leaves without notice, the wages due to him are paid *minus* the amount which is due to the employer on account of no notice having been given. The Bill which we are considering seeks to do away with that provision. The result will be that the employer would be absolutely without any remedy in case the employee leaves without notice, no matter what the terms of the contract may be. I leave out the individual employee from my consideration. I will deal only with cases which really concern the industrialists very seriously, namely, cases in which large bodies of men have struck work without notice. If this Bill were to be enacted into law, what would happen in the case of factory hands going on strike would be that the employer would be forced to pay the wages due to them, and for recovery of the amount due to the employer, because no notice has been given, he would have to file suits in the proper Courts of law against, say, a thousand or two thousand workmen, whatever the number may be which may be affected by a strike. That is an impossible position and it is tantamount to the denial of the rights of the employer. The whole position was very carefully considered in 1928. A disastrous strike took place in Bombay, and the Government of Bombay appointed a committee presided over by a High Court Judge, and having another *ex*-Judge as one of its members. That Committee went fully into the position, more particularly with regard to this clause. I may say in passing, that both sides, namely, the industrialists as well as the labourers, were adequately represented before this inquiry. All the trade unions were associated together for the purpose of presentation of the case of labour before this Committee, and unless I am mistaken, both sides had also the benefit of legal advice. After an exhaustive review of the whole position, this is what the Fawcett Committee decided :—

“ Treating the clause, therefore, as a legal one, the question of its fairness and advisability has to be next considered. The Joint Strike Committee's written statement

says"—(and this is a quotation from the representation made by my Honourable friend, Mr. Joshi, and those who were associated with him):—

“ If the employer dismisses an employee without notice and does not pay for want of notice the employee has to go to Court. Similarly the employer should go to Court if the employee does not give notice or he may compel the employees to go to Court, as the employer generally does, by withholding the wages earned.”

“ We do not, however, accept this view as a reasonable one. If it is justifiable that the employer should have the power of forfeiting the whole or part of the employee's wages, we do not think that he should be compelled to go to Court to enforce the forfeiture. This would mean virtual denial of the right in all cases where the employee disappeared and could not be traced after receiving his full wages, and the employer would probably find it difficult to recover the amount forfeited even when he had obtained a decree.”

* * * * *

“ In all the circumstances, we are of opinion, that it is reasonable that there should be this power of forfeiture allowed under the Standing Orders.”

The appropriate Standing Orders were subsequently framed and have been acted upon ; and I do not know that there has been any serious complaint as to the way in which the provision has been enforced. This was the view of a very responsible Committee, and I submit that such a provision is absolutely essential if the scales are to be held even between the employer and the workman.

But, added point to my remarks has been lent in the course of the last two days by the amendment which my friend, Mr. Clow, moved, and which was accepted by this House without any comment or opposition. That amendment of Mr. Clow lays down that where an employer dismisses a workman without giving him notice, then he has got to pay the workman not only the wages which are due to him, but also the amount due to the workman in lieu of notice, and that the workman should not be compelled to go to a Court of law to enforce his claim. I ask whether, in view of this provision which this House accepted only two days ago, it would lie in the mouth of anyone here to say that what I am now asking for is unreasonable. I say that I am asking the House to accept the principle of reciprocity.

Sir, even as it is, I am giving up by my amendment a few of the rights which the employers to-day enjoy. To-day, Sir, if any of our workpeople—may be a single individual, may be two or three—leave us without notice, we are entitled to deduct from their wages the amount due to us because of lack of notice. We are giving up that right. My amendment does not include individual operatives. My amendment deals only with those classes of cases in which, on account of a lightning strike, untold hardship is inflicted upon the industry, and also upon the workpeople, and it lays down that the provision will only be applicable if ten or more employed persons act in concert and absent themselves without due notice.

Then, Sir, I have given up another position, and that, I am sorry to have to state, at the suggestion of some of my friends who, I understand, are now going to oppose me. To-day, it is sufficient for me to show that a man left without notice ; whether he had just cause or not, does not concern me. All that I am obliged to prove is that he left without notice, and I deduct the amount which is due to me in lieu of notice. That is given up now, I have got to show that the workman left without reasonable cause, and when the matter goes before the proper authority, unless the employer is in a position to establish that there was no reasonable cause for these ten or more people to act in concert in the way defined in my amendment, he loses his case and is obliged to pay the workmen all that is due without any deduction whatsoever.

Then, Sir, there is another safeguard against this right, which is unrestricted to-day, which I can use against even an individual employee, which I can use even when I am not able to show that he has left without reasonable cause, and that is, that the right must be

subject to rules made in this behalf by the Local Government. So, Sir, on a review of all the facts of the case, I am quite sure that even those friends who have expressed their determination to oppose my amendment will see that they are really not holding the scales even. This House as recently as two days ago has conceded the right of the workman to recover with his wages the amount due to him in lieu of notice, and so this House, I submit, cannot withhold from us the same right, particularly when we are seeking not to enforce it against individual operatives, who might have, on occasions, cause for leaving without notice. We are only seeking it as a safeguard against those disastrous strikes which have decimated the textile industry, particularly in Bombay. Sir, I move.

INDIA ACT NO. IV OF 1936.

An Act to regulate the payment of wages to certain classes of persons employed in industry.

Whereas it is expedient to regulate the payment of wages to certain classes of persons employed in industry ; It is hereby enacted as follows :—

1. *Short title, extent, commencement and application.*—(1) This Act may be called the Payment of Wages Act, 1936.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

(3) It shall come into force on such date as the Governor-General-in-Council may, by notification in the *Gazette of India*, appoint.

(4) It applies in the first instance to the payment of wages to persons employed in any factory and to persons employed (otherwise than in a factory) upon any railway by a railway administration or, either directly or through a sub-contractor, by a person fulfilling a contract with a railway administration.

(5) The Local Government may, after giving three months' notice of its intention of so doing, by notification in the local official *Gazette*, extend the provisions of the Act or any of them to the payment of wages to any class of persons employed in any industrial establishment or in any class or group of industrial establishments.

(6) Nothing in this Act shall apply to wages payable in respect of a wage-period which, over such wage-period, average two hundred rupees a month or more.

2. *Definitions.*—In this Act, unless there is anything repugnant in the subject or context—

(i) "factory" means a factory as defined in clause (j) of section 2 of the Factories Act, 1934 ;

(ii) "industrial establishment" means any—

(a) tramway or motor omnibus service ;

(b) dock, wharf or jetty ;

(c) inland steam-vessel ;

(d) mine, quarry or oil-field ;

(e) plantation ;

- (f) workshop or other establishment in which articles are produced, adapted or manufactured, with a view to their use, transport or sale ;
- (iii) "plantation" means any estate which is maintained for the purpose of growing cinchona, rubber, coffee or tea, and on which twenty-five or more persons are employed for that purpose ;
- (iv) "prescribed" means prescribed by rules made under this Act ;
- (v) "railway administration" has the meaning assigned to it in clause (6) of section 3 of the Indian Railways Act, 1890 ; and
- (vi) "wages" means all remuneration, capable of being expressed in terms of money, which would, if the terms of the contract of employment, express or implied, were fulfilled, be payable, whether conditionally upon the regular attendance, good work or conduct or other behaviour of the person employed, or otherwise, to a person employed in respect of his employment or of work done in such employment, and includes any bonus or other additional remuneration of the nature aforesaid which would be so payable and any sum payable to such person by reason of the termination of his employment, but does not include—
- (a) the value of any house-accommodation, supply of light, water, medical attendance or other amenity, or of any service excluded by general or special order of the Governor-General-in-Council or Local Government ;
 - (b) any contribution paid by the employer to any pension fund or provident fund ;
 - (c) any travelling allowance or the value of any travelling concession ;
 - (d) any sum paid to the person employed to defray special expenses entailed on him by the nature of his employment ; or
 - (e) any gratuity payable on discharge.

3. *Responsibility for payment of wages.*—Every employer shall be responsible for the payment to persons employed by him of all wages required to be paid under this Act :

Provided that, in the case of persons employed (otherwise than by a contractor)—

- (a) in factories, if a person has been named as the manager of the factory under clause (e) of sub-section (1) of section 9 of the Factories Act, 1934,
- (b) industrial establishments, if there is a person responsible to the employer for the supervision and control of the industrial establishment,
- (c) upon railways (otherwise than in factories), if the employer is the railway administration and the railway administration has nominated a person in this behalf for the local area concerned,

the person so named, the person so responsible to the employer, or the person so nominated, as the case may be, shall be responsible for such payment.

4. *Fixation of wage-periods.*—(1) Every person responsible for the payment of wages under section 3 shall fix periods (in this Act referred to as wage-periods) in respect of which such wages shall be payable.

- (2) No wage-period shall exceed one month.

5. *Time of payment of wages.*—(1) The wages of every person employed upon or in—

- (a) any railway, factory or industrial establishment upon or in which less than one thousand persons are employed, shall be paid before the expiry of the seventh day,
- (b) any other railway, factory or industrial establishment, shall be paid before the expiry of the tenth day,

after the last day of the wage-period in respect of which the wages are payable.

(2) Where the employment of any person is terminated by or on behalf of the employer, the wages earned by him shall be paid before the expiry of the second working day from the day on which his employment is terminated.

(3) The Governor-General-in-Council may, by general or special order, exempt, to such extent and subject to such conditions as may be specified in the order, the person responsible for the payment of wages to persons employed upon any railway (otherwise than in a factory) from the operation of this section in respect of the wages of any such persons or class of such persons.

(4) All payments of wages shall be made on a working day.

6. *Wages to be paid in current coin or currency notes.*—All wages shall be paid in current coin or currency notes or in both.

7. *Deductions which may be made from wages.*—(1) Notwithstanding the provisions of sub-section (2) of section 47 of the Indian Railways Act, 1890, the wages of an employed person shall be paid to him without deductions of any kind except those authorised by or under this Act.

Explanation.—Every payment made by the employed person to the employer or his agent shall, for the purposes of this Act, be deemed, to be a deduction from wages.

(2) Deductions from the wages of an employed person shall be made only in accordance with the provisions of this Act, and may be of the following kinds only, namely :—

- (a) fines ;
- (b) deductions for absence from duty ;
- (c) deductions for damage to or loss of goods expressly entrusted to the employed person for custody, or for loss of money for which he is required to account, where such damage or loss is directly attributable to his neglect or default ;
- (d) deductions for house-accommodation supplied by the employer ;
- (e) deductions for such amenities and services supplied by the employer as the Governor-General-in-Council or Local Government may, by general or special order, authorise ;

Explanation.—The word “ services ” in this sub-clause does not include the supply of tools and raw materials required for the purposes of employment.

- (f) deductions for recovery of advances or for adjustment of over-payments of wages ;
- (g) deductions of income-tax payable by the employed person ;

- (h) deductions required to be made by order of a Court or other authority competent to make such order ;
- (i) deductions for subscriptions to, and for repayment of advances from any provident fund to which the Provident Funds Act, 1925, applies or any recognised provident fund as defined in section 58-A of the Indian Income-tax Act, 1922, or any provident fund approved in this behalf by the Local Government, during the continuance of such approval ; and
- (j) deductions for payments to co-operative societies approved by the Local Government or to a scheme of insurance maintained by the Indian Post Office.

8. *Fines.*—(1) No fine shall be imposed on any employed person save in respect of such acts and omissions on his part as the employer, with the previous approval of the Local Government or of the prescribed authority, may have specified by notice under sub-section (2).

(2) A notice specifying such acts and omissions shall be exhibited in the prescribed manner on the premises in which the employment is carried on or in the case of persons employed upon a railway (otherwise than in a factory), at the prescribed place or places.

(3) No fine shall be imposed on any employed person until he has been given an opportunity of showing cause against the fine, or otherwise than in accordance with such procedure as may be prescribed for the imposition of fines.

(4) The total amount of fine which may be imposed in any one wage-period on any employed person shall not exceed an amount equal to half-an-anna in the rupee of the wages payable to him in respect of that wage-period.

(5) No fine shall be imposed on any employed person who is under the age of fifteen years.

(6) No fine imposed on any employed person shall be recovered from him by instalments or after the expiry of sixty days from the day on which it was imposed.

(7) Every fine shall be deemed to have been imposed on the day of the act or omission in respect of which it was imposed.

(8) All fines and all realisations thereof shall be recorded in a register to be kept by the person responsible for the payment of wages under section 3 in such form as may be prescribed ; and all such realisations shall be applied only to such purposes beneficial to the persons employed in the factory or establishment as are approved by the prescribed authority.

Explanation.—When the persons employed upon or in any railway, factory or industrial establishment are part only of a staff employed under the same management, all such realisations may be credited to a common fund maintained for the staff as a whole, provided that the fund shall be applied only to such purposes as are approved by the prescribed authority.

9. *Deductions for absence from duty.*—(1) Deductions may be made under clause (b) of sub-section (2) of section 7 only on account of the absence of an employed person from the place or places where, by the terms of his employment, he is required to work, such absence being for the whole or any part of the period during which he is so required to work.

(2) The amount of such deduction shall in no case bear to the wages payable to the employed person in respect of the wage-period for which the deduction is made a larger proportion than the period for which he was absent bears to the total period, within such wage-period, during which by the terms of his employment, he was required to work :

Provided that, subject to any rules made in this behalf by the Local Government, if ten or more employed persons acting in concert absent themselves without due notice (that is to say without giving the notice which is required under the terms of their contracts of employment) and without reasonable cause, such deduction from any such person may include such amount not exceeding his wages for eight days as may by any such terms be due to the employer in lieu of due notice.

10. *Deductions for damage or loss.*—(1) A deduction under clause (c) of sub-section (2) of section 7 shall not exceed the amount of the damage or loss caused to the employer by the neglect or default of the employed person and shall not be made until the employed person has been given an opportunity of showing cause against the deduction, or otherwise than in accordance with such procedure as may be prescribed for the making of such deductions.

(2) All such deductions and all realisations thereof shall be recorded in a register to be kept by the person responsible for the payment of wages under section 3 in such form as may be prescribed.

11. *Deductions for services rendered.*—A deduction under clause (d) or clause (e) of sub-section (2) of section 7 shall not be made from the wages of an employed person, unless the house-accommodation, amenity or service has been accepted by him, as a term of employment or otherwise, and such deduction shall not exceed an amount equivalent to the value of the house-accommodation, amenity or service supplied and, in the case of a deduction under the said clause (e), shall be subject to such conditions as the Governor-General in-Council or the Local Government may impose.

12. *Deductions for recovery of advances.*—Deductions under clause (f) of sub-section (2) of section 7 shall be subject to the following conditions, namely :—

- (a) recovery of an advance of money given before employment began shall be made from the first payment of wages in respect of a complete wage-period, but no recovery shall be made of such advances given for travelling-expenses ;
- (b) recovery of advances of wages not already earned shall be subject to any rules made by the Local Government regulating the extent to which such advances may be given and the instalments by which they may be recovered.

13. *Deductions for payments to co-operative societies and insurance schemes.*—Deductions under clause (j) of sub-section (2) of section 7 shall be subject to such conditions as the Local Government may impose.

14. *Inspectors.*—(1) An Inspector of Factories appointed under sub-section (1) of section 10 of the Factories Act, 1934, shall be an Inspector for the purposes of this Act in respect of all factories within the local limits assigned to him.

(2) The Governor-General in Council may appoint Inspectors for the purposes of this Act in respect of all persons employed upon a railway (otherwise than in a factory) to whom this Act applies.

(3) The Local Government may, by notification in the local official *Gazette*, appoint such other persons as it thinks fit to be Inspectors for the purposes of this Act, and may define the local limits within which and the class of factories and industrial establishments in respect of which they shall exercise their functions.

(4) An Inspector may, at all reasonable hours, enter on any premises, and make such examination of any register or document relating to the calculation or payment of wages and take on the spot or otherwise such evidence of any person, and exercise such other powers of inspection, as he may deem necessary for carrying out the purposes of this Act.

(5) Every Inspector shall be deemed to be a public servant within the meaning of the Indian Penal Code.

15. *Claims arising out of deductions from wages or delay in payment of wages and penalty for malicious or vexatious claims.*—(1) The Local Government may, by notification in the local official *Gazette*, appoint any Commissioner for Workmen's Compensation or other officer with experience as a Judge of a Civil Court or as a stipendiary Magistrate to be the authority to hear and decide for any specified area all claims arising out of deductions from the wages, or delay in payment of the wages, of persons employed or paid in that area.

(2) Where contrary to the provisions of this Act any deduction has been made from the wages of an employed person, or any payment of wages has been delayed, such person himself, or any legal practitioner or any official of a registered trade union authorised in writing to act on his behalf, or any Inspector under this Act, or any other person acting with the permission of the authority appointed under sub-section (1), may apply to such authority for a direction under sub-section (3) :

Provided that every such application shall be presented within six months from the date on which the deduction from the wages was made or from the date on which the payment of the wages was due to be made, as the case may be :

Provided further that any application may be admitted after the said period of six months when the applicant satisfies the authority that he had sufficient cause for not making the application within such period.

(3) When any application under sub-section (2) is entertained, the authority shall hear the applicant and the employer or other person responsible for the payment of wages under section 3, or give them an opportunity of being heard, and, after such further inquiry (if any) as may be necessary, may, without prejudice to any other penalty to which such employer or other person is liable under this Act, direct the refund to the employed person of the amount deducted, or the payment of the delayed wages, together with the payment of such compensation as the authority may think fit, not exceeding ten times the amount deducted in the former case and not exceeding ten rupees in the latter :

Provided that no direction for the payment of compensation shall be made in the case of delayed wages if the authority is satisfied that the delay was due to—

- (a) a *bona fide* error or *bona fide* dispute as to the amount payable to the employed person, or
- (b) the occurrence of an emergency, or the existence of exceptional circumstances, such that the person responsible for the payment of the wages was unable, though exercising reasonable diligence, to make prompt payment, or
- (c) the failure of the employed person to apply for or accept payment.

(4) If the authority hearing any application under this section is satisfied that it was either malicious or vexatious, the authority may direct that a penalty not exceeding fifty rupees be paid to the employer or other person responsible for the payment of wages by the person presenting the application.

(5) Any amount directed to be paid under this section may be recovered—

- (a) if the authority is a Magistrate, by the authority as if it were a fine imposed by him as Magistrate, and
- (b) if the authority is not a Magistrate, by any Magistrate to whom the authority makes application in this behalf, as if it were a fine imposed by such Magistrate.

16. *Single application in respect of claims from unpaid group.*—(1) Employed persons are said to belong to the same unpaid group if they are borne on the same establishment and if their wages for the same wage-period or periods have remained unpaid after the day fixed by section 5.

(2) A single application may be presented under section 15 on behalf or in respect of any number of employed persons belonging to the same unpaid group, and in such case the maximum compensation that may be awarded under sub-section (3) of section 15 shall be ten rupees per head.

(3) The authority may deal with any number of separate pending applications, presented under section 15 in respect of persons belonging to the same unpaid group, as a single application presented under sub-section (2) of this section, and the provisions of that sub-section shall apply accordingly.

17. *Appeal.*—(1) An appeal against a direction made under sub-section (3) of section 15 may be preferred, within thirty days of the date on which the direction was made, in a Presidency-town or in Rangoon before the Court of Small Causes and elsewhere before the District Court—

(a) by the employer or other person responsible for the payment of wages under section 3, if the total sum directed to be paid by way of wages and compensation exceeds three hundred rupees, or

(b) by an employed person, if the total amount of wages claimed to have been withheld from him or from the unpaid group to which he belonged exceeds fifty rupees, or

(c) by any person directed to pay a penalty under sub-section (5) of section 15.

(2) Save as provided in sub-section (1), any direction made under sub-section (3) or sub-section (5) of section 15 shall be final.

18. *Powers of authorities appointed under section 15.*—Every authority appointed under sub-section (1) of section 15 shall have all the powers of a Civil Court under the Code of Civil Procedure, 1908, for the purpose of taking evidence and of enforcing the attendance of witnesses and compelling the production of documents, and every such authority shall be deemed to be a Civil Court for all the purposes of section 195 and of Chapter XXXV of the Code of Criminal Procedure, 1898.

19. *Power to recover from employer in certain cases.*—When the authority referred to in section 15 or the Court referred to in section 17 is unable to recover from any person (other than an employer) responsible under section 3 for the payment of wages any amount directed by such authority under section 15 or section 17 to be paid by such person, the authority shall recover the amount from the employer of the employed person concerned.

20. *Penalty for offences under the Act.*—(1) Whoever being responsible for the payment of wages to an employed person contravenes any of the provisions of any of the following sections, namely, section 5 and sections 7 to 13, both inclusive, shall be punishable with fine which may extend to five hundred rupees.

(2) Whoever contravenes the provisions of section 4, section 6, or section 25 shall be punishable with fine which may extend to two hundred rupees.

21. *Procedure in trial of offences.*—(1) No Court shall take cognizance of a complaint against any person for an offence under sub-section (1) of section 20, unless an application in respect of the facts constituting the offence has been presented under section 15 and has been granted wholly or in part and the authority empowered under the latter section or the appellate Court granting such application has sanctioned the making of the complaint.

(2) Before sanctioning the making of a complaint against any person for an offence under sub-section (1) of section 20, the authority empowered under section 15 or the appellate Court, as the case may be, shall give such person an opportunity of showing cause against the granting of such sanction, and the sanction shall not be granted if such person satisfies the authority or Court that his default was due to—

- (a) a *bona fide* error or *bona fide* dispute as to the amount payable to the employed person, or
- (b) the occurrence of an emergency, or the existence of exceptional circumstances such that the person responsible for the payment of the wages was unable, though exercising reasonable diligence, to make prompt payment, or
- (c) the failure of the employed person to apply for or accept payment.

(3) No Court shall take cognizance of a contravention of section 4 or of section 20 or of a contravention of any rule made under section 26 except on a complaint made by or with the sanction of an Inspector under this Act.

(4) In imposing any fine for an offence under sub-section (1) of section 20 the Court shall take into consideration the amount of any compensation already awarded against the accused in any proceedings taken under section 15.

22. *Bar of suits.*—No Court shall entertain any suit for the recovery of wages or of any deduction from wages in so far as the sum so claimed—

- (a) forms the subject of an application under section 15 which has been presented by the plaintiff and which is pending before the authority appointed under that section or of an appeal under section 17 ; or
- (b) has formed the subject of a direction under section 15 in favour of the plaintiff ; or
- (c) has been adjudged, in any proceeding under section 15, not to be owed to the plaintiff ; or
- (d) could have been recovered by an application under section 15.

23. *Contracting out.*—Any contract or agreement, whether made before or after the commencement of this Act, whereby an employed person relinquishes any right conferred by this Act shall be null and void in so far as it purports to deprive him of such right.

24. *Powers to be exercised by Governor-General in Council.*—The powers by this Act conferred upon the Local Government shall be exercised by the Governor-General in Council in any case in which the exercise of such powers affects any persons employed by a railway administration.

25. *Display by notice of abstracts of the Act.*—The person responsible for the payment of wages to persons employed in a factory shall cause to be displayed in such factory a notice containing such abstracts of this Act and of the rules made thereunder in English and in the language of the majority of the persons employed in the factory, as may be prescribed.

26. *Rule-making power.*—(1) The Governor-General in Council may make rules to regulate the procedure to be followed by the authorities and Courts referred to in sections 15 and 17.

(2) The Local Government may, subject to the control of the Governor-General in Council, by notification in the local official *Gazette*, make rules for the purpose of carrying into effect the provisions of this Act.

(3) In particular and without prejudice to the generality of the foregoing power, rules made under sub-section (2) may—

- (a) require the maintenance of such records, registers, returns and notices as are necessary for the enforcement of the Act and prescribe the form thereof ;
- (b) require the display in a conspicuous place on premises where employment is carried on of notices specifying rates of wages payable to persons employed on such premises ;
- (c) provide for the regular inspection of the weights, measures and weighing machines used by employers in checking or ascertaining the wages of persons employed by them ;
- (d) prescribe the manner of giving notice of the days on which wages will be paid ;
- (e) prescribe the authority competent to approve under sub-section (1) of section 8 acts and omissions in respect of which fines may be imposed ;
- (f) prescribe the procedure for the imposition of fines under section 8 and for the making of the deductions referred to in section 10 ;
- (g) prescribe the conditions subject to which deductions may be made under the proviso to sub-section (2) of section 9 ;
- (h) prescribe the authority competent to approve the purposes on which the proceeds of fines shall be expended ;
- (i) prescribe the extent to which advances may be made and the instalments by which they may be recovered with reference to clause (b) of section 12 ;
- (j) regulate the scale of costs which may be allowed in proceedings under this Act ;
- (k) prescribe the amount of court-fees payable in respect of any proceedings under this Act ; and
- (l) prescribe the abstracts to be contained in the notices required by section 25.

(4) In making any rule under this section the Local Government may provide that a contravention of the rule shall be punishable with fine which may extend to two hundred rupees.

(5) All rules made under this section shall be subject to the condition of previous publication, and the date to be specified under clause (3) of section 23 of the General Clauses Act, 1897, shall not be less than three months from the date on which the draft of the proposed rules was published.

APPENDIX 12.

TRADE DISPUTES ACT AMENDING BILL.

Copy of letter No. 3961, dated the 7th December 1936, from the Commissioner of Labour, Bombay, to the Association.

I am directed to forward for your information one copy each of the following :—

- (1) A Bill further to amend the Trade Disputes Act, 1929, for certain purposes; and

(2) Extract from the Legislative Assembly Debates, Vol. IX No. 4.

and to request you to favour Government with the views of your Association on each of the several clauses of the Bill.

2. I shall be glad if you will kindly arrange to send in your reply by the 5th January 1937 at the latest.

(As introduced in the Legislative Assembly.)

A Bill Further to amend the Trade Disputes Act, 1929, for certain purposes.

Whereas it is expedient further to amend the Trade Disputes Act, 1929, for the purposes hereinafter appearing ; it is hereby enacted as follows :—

1. *Short Title.*—This Act may be called the Trade Disputes (Amendment) Act, 1936.—

2. *Amendment of Section 2, Act VII of 1929.*—In section 2 of the Trade Disputes Act, 1929 (hereinafter referred to as the said Act),—

(a) in clause (g)—

(i) after sub-clause (i), the following sub-clause shall be inserted, namely :—

“(ia) any inland steam-vessel service or tramway service which the Local Government may, by notification in the local official *Gazette*, declare to be a public utility service for the purposes of this Act ; or” ;
and

(ii) in sub-clause (iii), after the word “supplies” the word “power” shall be inserted ;

(b) in clause (j), after the word “difference” the words “between employers and employers or” shall be inserted ; and

(c) in clause (k), after the word “reward” the following words shall be inserted, namely :—

“notwithstanding that such person has been discharged by the employer if the discharge is made during a strike or during a dispute preceding a strike.”

3. *Amendment of section 3, Act VII of 1929.*—In section 3 of the said Act,—

(a) the words “between an employer and any of his workmen” shall be omitted ;
and

(b) for the words “the employer” the words “an employer concerned” shall be substituted.

4. *Amendment of section 4, Act VII of 1929.*—For sub-section (2) of section 4 of the said Act the following sub-section shall be substituted, namely :—

“(2) A Court, having the prescribed quorum, may act notwithstanding the absence of the chairman or any of its members :

Provided that if the services of the chairman cease to be available the Court shall not act until a new chairman has been appointed.”

5. *Amendment of section 6, Act VII of 1929.*—For sub-section (3) of section 6 of the said Act the following sub-section shall be substituted, namely :—

“(3) A Board, having the prescribed quorum, may act notwithstanding the absence of the chairman or any of its members :

Provided that if the services of the chairman or where the Board includes an equal number of persons representing the parties to the dispute the services of any such person cease to be available the Board shall not act until a new chairman or member, as the case may be, has been appointed.”

6. *Amendment of section 10, Act VII of 1929.*—To section 10 of the said Act the following sub-section shall be added, namely :—

“(3) Where a Board includes an equal number of persons representing the parties to the dispute, and the services of any such person cease to be available as aforesaid, the appointing authority shall appoint in the manner specified in sub-section (2) of section 6 another person to take his place, and the proceedings shall be continued before the Board so reconstituted.”

7. *Amendment of section 15, Act VII of 1929.*—In section 15 of the said Act,—

(a) in sub-section (2),—

(i) for the words “his workmen” the words “any of his workmen” shall be substituted ;

(ii) for the words “liable to” the words “punishable with” shall be substituted ; and

(iii) for the words “to a fine” the words “with fine” shall be substituted ;

(b) after sub-section (2) the following sub-section shall be inserted, namely :—

“(2A) When an employer receives from any person employed by him the notice referred to in sub-section (1) or gives to any person employed by him the notice referred to in sub-section (2), he shall within three days from the receipt or the giving of such notice, as the case may be, report the fact to the Local Government, and, if he fails to do so, shall be punishable with fine which may extend to five hundred rupees”; and

(c) in sub-section (3), for the words, brackets and figure “under sub-section (2)” the words, brackets and figures “under sub-section (2) or sub-section (2A)” shall be substituted.

8. *Substitution of new section for section 16, Act VII of 1929—Illegal strikes and lock-outs.*—For section 16 of the said Act the following section shall be substituted, namely :—

“16. The Governor-General-in-Council, in respect of industries, businesses and undertakings carried on by him or under his authority or a railway company, and the Local Government, in respect of other businesses, industries or undertakings within their respective Provinces, may, if satisfied that a trade dispute has caused, is causing or is likely to cause serious and prolonged injury or hardship to the community or any section of the community or to employers or workmen generally or to any class of employers or workmen, by notification in the *Gazette of India*, or the local official *Gazette*, as the case may be, declare that for a period of two months from the date of the notification any strike or lock-out then in being or thereafter taking place which has or professes to have as one of its objects the furtherance of that trade dispute is an illegal

Provided that no such notification shall be issued unless on or before the date of issue the Governor-General-in-Council or the Local Government, as the case may be, has made an order under section 3 referring the trade dispute in question to a Court of Inquiry or a Board of Conciliation."

9. *Amendment of section 17, Act VII of 1929.*—In sub-section (1) of section 17 of the said Act, for the word "declares" the words "commences, continues," shall be substituted and for the words "which is illegal" the words "which is declared to be illegal" shall be substituted.

10. *Amendment of section 18, Act VII of 1929.*—In sub-section (1) of section 18 of the said Act, for the words "which is illegal" the words "which is declared to be illegal" shall be substituted.

11. *Insertion of new heading and section 18A in Act VII of 1929.*—After section 18 of the said Act, the following heading and section shall be inserted, namely :—

"CONCILIATION OFFICERS.

18A. *Appointment of conciliation officers.*—(1) The Governor-General-in-Council, in respect of industries, businesses and undertakings carried on by him or under his authority or by a railway company, and the Local Governments, in respect of other businesses, industries or undertakings within their respective Provinces, may, by notification in the *Gazette of India* or the local official *Gazette*, as the case may be, appoint officers, herein referred to as conciliation officers, charged with the duty of preventing, mediating in or settling trade disputes.

(2) A conciliation officer may be appointed for a specified area or for specified businesses, industries or undertakings in a specified area or for one or more specified businesses, industries or undertakings and either permanently or for a limited period.

(3) A conciliation officer may, for the purposes of inquiring into an existing or apprehended trade dispute after giving reasonable notice, enter the premises occupied by any industry, business or undertaking and may call for and inspect any document which he considers it necessary to inspect, and for the purposes of any such inquiry shall be deemed to be a public servant within the meaning of the Indian Penal Code.

(4) The powers, functions and procedure of conciliation officers shall be such as may be prescribed by rules made under section 19."

STATEMENT OF OBJECTS AND REASONS.

The Trade Disputes Act was passed in 1929, originally for a period of five years, and was converted into a permanent measure in 1934. It was reviewed by the Royal Commission on Labour and was criticised in certain minor respects by two Courts of Inquiries appointed under it. The proposals contained in the Bill represent the changes which, in the light of experience gained of its working and the opinions expressed upon it, appear to be desirable. The changes of substance are discussed in the Notes on Clauses.

SIMLA,
The 20th August, 1936.

F. NOYCE.

NOTES ON CLAUSES.

Clause 2, sub-clause (a)—In certain areas inland steamer services are indispensable means of communication, while power plants are essentially public utility services.

Sub-clause (b)—At present “trade dispute” includes disputes between employers and workmen or between workmen and workmen. But the main provisions relating to conciliation are limited to the former class of dispute and nothing in the Act applies to disputes between employers and employers. Serious stoppages of work occur at times as a result of differences between workmen and workmen and it may be useful to enable the machinery of the Act to be used in the case of disputes between employers and employers which threaten to interfere with trade and employment.

Sub-clause (c)—With the present definition, it is arguable that discharged strikers have ceased to be workmen, and that in consequence the main provisions of the Act cease to be applicable to disputes with men so discharged. The amendment is designed to make it clear that such men are, despite their discharge, workmen for the purpose of the Act.

Clause 3.—The amendments are consequential on the amendment in clause 2(b); the alteration in wording in the second amendment includes the case where there is more than one employer.

Clauses 4, 5 and 6.—The Railway Court of Inquiry of 1931-32 considered that the Act rendered the presence of the Chairman necessary at every sitting and recommended amendment. These amendments make it clear that the Chairman need not be present at every sitting.

Clause 7.—The amendment to sub-section (2) of section 15 is designed to make it clear that it is not necessary to constitute an offence under the clause, for an employer to lock-out all his workmen without due notice; a partial lock-out should also be punishable.

The new sub-clause (2A) is intended to assist the Local Government to decide promptly whether their intervention under section 3 of the Act is necessary by ensuring that the threat of a stoppage is brought to their notice.

Clauses 8, 9 and 10.—The present section 16 is framed in terms which, as experience has indicated, render it of little value for the protection of the community. It is important that any measures which are necessary to protect the public against the serious injury that may be involved in a big dispute should be taken. But it has also to be recognized that those taking direct part in a dispute of this character may have genuine grievances; and it is proposed to ensure that when a strike or lock-out is declared illegal, steps will be taken to have the claims of the parties investigated. The proposed section 16 accordingly provides that any declaration of a lock-out or strike as illegal must be accompanied by the reference of the dispute to a Court of Inquiry or Board of Conciliation; and the period for which the declaration of illegality subsists is limited to two months. The changes in sections 17 and 18 are consequential.

Clause 11.—As the Royal Commission on Labour, observed “the heavy artillery of the Trade Disputes Act” as it now stands is not suitable for use in the earlier stages of a dispute; but it is at these stages that conciliation can be most useful. The new section is designed to facilitate the appointment and the work of Conciliation Officers who will not be responsible, as Courts of Inquiry and Boards of Conciliation are, merely for the investigation and settlement of disputes but will be charged with the duty of preventing disputes.

Extract from the Legislative Assembly Debates, Vol. IX, No. 4.

The Assembly met in the Assembly Chamber, Simla, on Tuesday, the 13th October, 1936.

* * * * *

THE TRADE DISPUTES (AMENDMENT) BILL.

THE HONOURABLE SIR FRANK NOYCE (Member for Industries and Labour): Sir,
I move:

“That the Bill further to amend the Trade Disputes Act, 1929, for certain purposes, be circulated for the purpose of eliciting opinion thereon.”

Sir, I do not think that a long speech is ever necessary in the case of a motion for circulation of the Bill for eliciting opinion and I am quite sure that at this stage of the session, this House is not particularly anxious to listen to a long speech from me or even from others more eloquent than I am. I shall, therefore, endeavour to confine my remarks on this Bill within as brief a compass as possible. It has been introduced into this House in pursuance of an undertaking I gave two years ago when the Bill to extend the operation of the Trade Disputes Act was under consideration. In the course of the discussion on that Bill, I mentioned that we had collected a number of useful opinions on the working of the original Act and that these contained suggestions for the amendment of the Act in various directions. At that time we had not had the opportunity of examining those suggestions in detail. We have since done so and the results of our examination are embodied in the measure which is now before the House.

We have, Sir, I hope in the notes on clauses given our reasons for the changes in substance proposed in the Act of 1929 sufficiently clearly to enable the House to follow them. Section 2 (g) of that Act defines "public utility services." We are proposing to add to the list of public utility services there given inland steamer and tramway services. It will, I think, be generally admitted that, as stated in the Notes on Clauses, inland steamer services are in some parts of the country indispensable means of communication. This in certain cities may also be true of tramways. In both cases, I would point out that it is not proposed to apply the provisions of the Bill to *all* services but only to those which Local Governments declare to be public utility services for the purpose of the Act. Section 2 of the present Act declares any industry, business or undertaking which supplies light or water to the public to be a public utility service. I do not know why power plants were not included originally, but there has been such a rapid development of the supply of power since 1929 that there can, I venture to submit, be no disagreement as to the necessity of including them now.

Under sub-clause (j) of Section 2 of the present Act "trade disputes" include disputes between employers and workmen or between workmen and workmen. It is now proposed to include in the definition disputes between employers and employers. This has not been done entirely for the sake of symmetry but because there have been indications in the past that the need for it may arise. In any case it is a convenient change as it enables us to enlarge the scope of Section 3 of the Act. That section begins:—

"If any trade dispute exists or is apprehended between an employer and any of his workmen," etc.

It is proposed to omit the words "between an employer and any of his workmen," and the section will then begin:

"If any trade dispute exists or is apprehended, the Local Government may refer the matters appearing to be connected with or relevant to the dispute to a Court of Inquiry or may refer the dispute to a Board of Conciliation."

Our reasons for this change are that although at present a "trade dispute" includes a dispute between workmen and workmen, the main provisions relating to conciliation are limited by Section 3, the opening words of which I have just read, to disputes between employers and workmen and not to disputes between workmen and workmen. We have had experience of the working of the section since it was first passed, and, if the Honourable Members from Burma were present, they would be able to tell the House how a trade dispute in Rangoon which was originally a dispute between employers and workmen, developed into a dispute between workmen and workmen with very serious consequences. That experience shows, Sir, that it may be useful to enable the machinery of the Act to be used in the case of disputes between workmen and workmen as well as between employers and workmen and between employers and employers.

The only other definition in which it is proposed to make a change is that in Section 2 (k). As the definition stands at present, it may be argued that discharged strikers have ceased to be workmen and that the main provisions of the Act cease to be applicable to

disputes with men so discharged. It is obviously desirable that the position of such workmen should be left beyond doubt and the amendment is designed to make clear that they are, in spite of the fact that they have been discharged, still workmen for the purpose of the Act.

The amendments embodied in Clauses 4, 5, 6 and 7 need not detain us long. Those in Clauses 4, 5 and 6 embody a recommendation of the Railway Court of Inquiry in 1931-32, which held that under the Act as it stands, the presence of the Chairman of a Court of Inquiry was necessary at every sitting of the Court, and suggested that the Act should be amended to make this unnecessary. The Chairman may be absent owing to unavoidable causes such as illness, but under the Act as it stands the Court of Inquiry cannot go on without him and the proceedings may be very seriously delayed. That is obviously undesirable in the case of trade dispute.

The amendment in Clause 7 makes it clear that under sub-section (2) of Section 15 it is not necessary to constitute an offence that the employer should lock out all his workmen without due notice. A partial lock-out should also be punishable. A new sub-section is inserted here the object of which is to help the Local Government to come to a prompt decision whether their intervention under Section 3 is necessary, by ensuring that the threat of stoppage is brought to their notice.

Now, Sir, I come to the most important clauses of this Bill. Before I proceed to deal with the objections that I know will be raised to them by some of my Honourable friends opposite and by the champion of labour on this side of the House, let me remind the House of what is said about them in the Notes on Clauses. The existing Section 16 which deals with illegal strikes and lock-outs was framed with the intention of protecting the community from both employers and employed. It is too often forgotten in considering the Act that it applies to both those sections of the community. One would think, from some of the criticisms which have been passed on it in this House and outside, that it was an Act solely for the protection of employers. But if the intention of Section 16 was as I have described it, it has lamentably failed to achieve this purpose. Those who have experience of the severe hardship to the community which has too often afflicted the unfortunate city of Bombay will, I am sure, agree with the view expressed in the note on the clauses I am now discussing, that it is important that any measures to protect the public against the serious injury caused by a big strike should be taken. But it has to be recognised that those taking part in a big dispute may have a genuine grievance; and it is proposed,—and here we have the most important advance made in this Bill,—to ensure that, when a strike or lock-out is declared illegal, the declaration must be accompanied by reference of the dispute to a Court of Inquiry or a Board of Conciliation, the period for which the declaration of illegality subsists being limited to two months.

There is only one clause of the Bill remaining to be considered, that which deals with Conciliation Officers. Before I come to that it will, I think, be convenient to deal with some of the criticisms which have been made against the new clauses. I have had the advantage of learning my Honourable friend Mr. Giri's opinion of them from an article in a Delhi newspaper which I read with great interest. If I may say so with all respect to one for whose single-minded devotion to the cause of labour I have a warm admiration, his attitude to this measure has little contact with practical realities. Underlying it is the idea which, in my view, is wholly mistaken, that the object of the Trade Disputes Act is to set up courts of appeal against the employer. Its object is nothing of the kind. It is to secure the settlement of disputes and the appointment of tribunals must depend not so much on the intrinsic strength of either of the parties to the case as upon the likelihood that the tribunal will be effective in securing the termination of the dispute. In the article to which I have referred, Mr. Giri has quoted the Labour Commission. He did not however quote their objections to compulsory arbitration, and as I have no doubt whatever that compulsory arbitration will be pressed in this debate as a panacea for all labour troubles, I may perhaps be forgiven for quoting them now. The Labour Commission say :—

“ The objections to any scheme involving a compulsory reference of all disputes to arbitration are formidable, quite apart from the practical difficulties that confront

such a proposal. We believe that the effect on industry would be disastrous if there was a general tendency to look to some external authority to preserve industrial peace and to discourage settlement by the industry itself. But if it is accepted that every dispute cannot be referred, it follows that discretion must remain with some authority to determine that the statutory machinery should be invoked and it is difficult to suggest any better authority than government for this purpose."

The Commission passed on to consider and to reject a suggestion that compulsion should be applied in respect of the enforcement of awards. I do not propose to quote them on that subject now, though I may have occasion to do so later on. I will at once pass to the suggestion implicit in Mr. Giri's article and implicit in many of the questions which have been put to me in this House from time to time, that the provisions of the Act should have been applied in almost every trade dispute. This view was certainly not held by the Labour Commission which, as stated in the note on Clause 11, held that the "heavy artillery" of the Trade Disputes Act, as it now stands, was not suitable for use in the earlier stages of a dispute and that it was far better to get the parties to the dispute to settle themselves than to put forward a settlement and attempt, by invoking public opinion or otherwise, to give it force. There is one point in this connection which I may perhaps mention in passing. We shall, I am sure, in the course of this discussion, hear a good deal about the Canadian Act. I would point out that the Canadian Act prohibits a strike even before any Board is appointed.

I should like in concluding what I have to say on these clauses to emphasise the following considerations. The first is that, whereas the present section renders certain strikes and lock-outs illegal from the outset, no strike or lock-out under the new clause will be illegal until a notification has been issued. The second is, that whereas under the present section an illegal strike is always illegal, a strike or lock-out under the new clause is illegal only for a limited period. The third is, that whereas under the existing section there is no guarantee that any genuine grievances behind the strike will be investigated, under the new clause a guarantee has to be given before the strike can be declared illegal. The fourth is, that the public utility striker will be placed in exactly the same position as the striker in ordinary industry in respect of the right to investigation of grievances, though he will not have the right to go on strike without notice. (Interruption by Mr. Joshi.) I have no doubt from my Honourable friend's comment on this point that we shall in the course of this discussion hear a good deal about the inherent right of lightning strikes.

I venture to submit that the points on which I have laid emphasis show that a useless section has been converted into one which should prove of great value in allaying industrial strife when it ceases to affect only those immediately involved and becomes a menace to the community.

There remains the last clause of all, Clause 11. This is designed to facilitate the employment of Conciliation Officers who will not be responsible, as are Courts of Inquiry or Boards of Conciliation, merely for the investigation and settlement of disputes, but will be charged with the duties of preventing them as far as is humanly possible. Nowhere is the maxim "Prevention is better than cure" more true than in regard to labour disputes. Indeed there is no cure, for the harm that is done by strikes can never really be effaced. It may be urged that the appointment of Conciliation Officers should have been made compulsory. The time in our view is hardly ripe for that. Circumstances vary from province to province and it seems much better to leave Local Governments discretion to appoint such officers as and when they are needed. That they could render services of the utmost value is becoming increasingly evident by the success of the experiment which has been made in Bombay.

I would say in conclusion, Sir, that I am fully aware that this Bill like most of the labour measures that I have placed before this House, of which it will be the last, will satisfy neither side. I am also fully aware that those who represent the cause of labour in this Assembly will be the more vocal in expressing their dislike of it. It is unfortunate that owing to circumstances beyond my control it has had to be placed before the House so late in the Session, when most representatives of one of the two usual parties to a trade dispute are absent. I specially regret the absence of Sir Homi Mody who is always a valuable

counter-weight to my Honourable friend, Mr. Joshi. I would like to remind Mr. Joshi and those who think with him that we have in the main followed the views of the Commission of which he was a distinguished member, from the safe anchorage of whose recommendations I am as loath to break away in this respect as I have been in others. I maintain, Sir, that the Bill represents a substantial advance, which should be welcomed by both sides, in the cause of industrial peace, which, to repeat a platitude to which I have given utterance often in this House and outside it, is so essential to the industrial development of this country. It is in that honest and sincere belief that I commend it not only to this House but also to those to whom it will be sent for opinion. Sir, I move.

MR. DEPUTY PRESIDENT (Mr. Akhil Chandra Datta) : Motion moved :—

“ That the Bill further to amend the Trade Disputes Act, 1929, for certain purposes, be circulated for the purpose of eliciting opinion thereon.”

MR. N. M. JOSHI (Nominated Non-official) : Mr. Deputy President, at the outset, I wish to express my sincere regret that the Honourable Member in charge of the Department of Industries and Labour should have been advised to introduce this measure towards the end of his career in India. Sir, the Honourable Sir Frank Noyce has to his credit several Bills intended for the benefit of the working classes of this country. I therefore feel that he should have hesitated before introducing a measure which, taken as a whole, is hostile to the interests of the working classes. There are some sections in this amending Bill which I approve of. For instance, I approve of the provision for the appointment of conciliation officers. I also approve of some of the minor changes but, Sir, if you take the Bill as a whole, I feel that it is hostile to labour.

The history of the legislation for setting up machinery for the settlement of industrial disputes is a long one. After a long period of incubation from 1919, the Government passed in this Assembly the Trade Disputes Act in 1929. This Act consists of two parts. The first part provides for setting up machinery for the settlement of industrial disputes. The second part is intended for penalising the employees of the public utility services and also penalising those employees who go on a strike which is considered to be a general strike intended to bring pressure upon Government. It is, Sir, on account of the latter provisions which penalises the working classes of this country that the Trade Disputes Act was unacceptable to the labour movement of this country. Although the Trade Disputes Act of 1929 was unacceptable to the working classes of this country I became reconciled to it, believing that the advantages of the machinery for the settlement of industrial disputes may outweigh the disadvantage of the clauses which penalised the employees of the public utility services and which penalised what are known as general strikes but my experience from 1929 up to now has changed my attitude towards any legislation for the settlement of industrial disputes. During these years, although there were thousands of strikes in this country, the machinery of the Trade Disputes Act for the settlement of industrial disputes was only used on three occasions, once by the Government of India and twice by two Local Governments. This does not show the anxiety of either the Government of India or the Local Governments for industrial peace. The Local Governments depend for the settlement of industrial disputes and for industrial peace not on the machinery of the Trade Disputes Act but upon the repressive powers which the Government of India and the Local Governments possess. As soon as a strike takes place, section 144 is used. Meetings are prohibited. People who either take part in the strike or who are suspected of taking part in the strikes are prosecuted and the Government uses all its authority and the whole machinery which it possesses for breaking the strike instead of trying to settle the strike by means of the machinery of the Trade Disputes Act. Not only that, but during all these years, the penalising clauses regarding the public utility services and the general strike have been hanging over the heads of the working classes like the Damocles' sword. On account of this experience I am gradually coming to the conclusion that it is in the interests of the working classes that there is no use of any legislation for the settlement of the industrial disputes in this country. Unfortunately in 1934, when the Honourable Member in charge of the Department of Industries and Labour introduced a measure making the Trade Disputes Act of 1929 permanent, I had not made up my mind at that time. Then, I had some hope that the Governments of this country may make use of the machinery of the Trade Disputes Act in the

interests of the working classes of this country, but, immediately after the passing of the Act of 1934, events happened which forced me to come to my present conclusion.

There was a strike in Bombay in 1934 in the textile industry. I thought that that was the best opportunity for the Government of Bombay to use the machinery of the Trade Disputes Act for the settlement of the strike. The Government of Bombay refused to do so. They used their powers under section 144 and other powers under the emergency legislation to break the strike. They broke the strike. They did not stop there but they thought that that strike was an illegal one, went to the court trying to penalise those people who had taken part in the strike. The Magistrates' courts and also the High Court to which the Bombay Government made an appeal decided against the Bombay Government. Then, Sir, I came to the conclusion that this Trade Disputes Act was of no use. I felt that the Governments in this country were not anxious for the settlement of the industrial disputes but were anxious to break the power of the working classes of this country by using all the powers and all the authority they possess and I came to the conclusion very regretfully that there was no use in this country of any legislation for the settlement of trade disputes. Before I deal with the clauses I would like to say that if the Honourable Member in charge of this Bill had introduced a sort of consolidating measure instead of an amending measure it would have been more convenient from our point of view. If there is to be a Trade Disputes Act in this country, we want a good Trade Disputes Act and a proper one. I am afraid that we may find it difficult to amend this amending Bill in such a way that we shall be able to secure a Trade Disputes Act which is to our satisfaction. As regards the clauses of this Bill I have already stated that I am in favour of clause 11 which enables Local Governments to appoint conciliation officers. I am also in favour of a few other minor amendments which the Government of India have suggested but I am against the major portion of this amending Bill.

In the first place, taking the smaller things first, I do not approve of the provision that inland steam-vessels should be brought within the scope of the public utility services. Mr. Deputy President, inland steam-vessels in this country are under the control of private companies, who are running those services, not for public use but for private profit, and I do not know why inland steam-vessels should be brought within the scope of the definition of public utilities. If the inland steam-vessels are to be brought within the definition of public utilities, to-morrow the Honourable Member will bring forward a Bill declaring buses, horse-carriages, and bullock-carts for hire to be within the definition of public utilities. In England, even the railways are not included within the definition of public utilities and I do not know why in our country we should include inland steam-vessels within the definition of public utilities. Then this Bill seeks to bring in power plants within the definition of public utilities. I realize that there are some power houses which are intended to provide lights to towns and cities and which may be regarded as public utilities, but all power plants are not public utilities. There may be power plants which may be intended to supply power to factories. I do not know why such power plants should be included within the definition of public utilities. Then, Sir, even when power is intended to be used for a public purpose, such as for lighting, it is not always that there will be public inconvenience. Take, for instance a gas-works employing about a thousand people. If fifty of these people go on strike, I do not suppose there will be any inconvenience to the public. Under these circumstances, Sir, why should a strike of these fifty men be regarded as an illegal strike?

Mr. Deputy President, I shall now deal with those smaller points and make a few remarks on the provisions of the original Act of 1929 regarding public utility services. Sir, section 15 of the original Act of 1929 makes a strike without notice in a public utility service illegal on the ground that there is inconvenience to the public and the interests of the public must be protected. I feel that even the employees of even public utility services have a right to withdraw their labour whenever they choose to withdraw their labour, but Mr. Deputy President, recognizing that the position of the employees of public utility services is a special one, it must be recognized by Government as well as by this Legislature that if the employees of public utility services are to be penalized on the ground that their services are needed by the public, is it not necessary that when we place the employees of public utility services under a disadvantage, we should be ready to give some advantage, to the employees of public utility services? I can understand your placing the employees of

public utility services under disadvantage if you are prepared to give some compensating advantage to them on the ground that the employees are employees of public utility services. Mr. Deputy President, the Honourable Member quoted the Royal Commission. Unfortunately for the Honourable Member, I was a member of that Commission and the Royal Commission on Labour saw the injustice of placing the employees of public utility services at a disadvantage without giving them any advantage. They recommended that whenever the employees of public utility services would have a grievance, they should have the right of their grievances being investigated by Government. They were anxious to put an obligation upon the Government to investigate the conditions of the employees of public utility services, and you are not doing that. Sir, I shall come to the point which the Honourable Member raised that you are doing it by this Bill. If the Government of India are doing it by this Bill, may I ask why they should retain section 15 of the original Act? If they withdraw section 15 of the original Act, I can understand their saying that they are willing to take the obligation of the compulsory investigation into the grievances of the employees of public utility services. Mr. Deputy President, if we are going to place the employees of public utility services under a disadvantage by recognizing their special position as the servants of the public, I feel that it should be provided that these public utility services should be under public control. If there is public control, there is likelihood, at least there is some likelihood, of the employees of public utility services receiving better conditions of life and work; but so long as the public utilities are in private hands and under private control, I do not know why we should make any difference between a public utility and a private work. In England, Mr. Deputy President, there is the Act of 1927 which penalizes a strike in a public utility service, but the Act of 1927 penalizes strikes in public utilities which are under the statutory local bodies,—not in those controlled by private companies.

Then, Sir, it may be said that in England, besides the Act of 1927, there is another piece of legislation penalizing strikes without notice in what are known as public utility services. That legislation is the Conspiracy and Protection Act of 1875, but even that Act gives some protection to the working classes by putting in some safeguards. Under the Act of 1875, it is necessary to prove that when the employees of a public utility service go on strike, their action is wilful and malicious. Unless that is proved, they are not punished. Moreover, it is not enough to prove that the action of the employees was wilful or malicious, but it is necessary to be proved that there was a likelihood of inconvenience being caused to the public. That Act goes still further and insists that when the employees of a public utility service go on strike, they must have the knowledge that their act will result in causing inconvenience to the public. That Act also insists that if the employees of a public utility service are to be penalized, that service must be for the benefit of the public and not for a few private people. Sir, none of these safeguards is included in our legislation. We have got a provision declaring strikes in public utility services illegal without any safeguards. I would, therefore, like to make an effort during the discussion of this Bill to see that section 15 of the original Act is deleted.

I shall now, Sir, turn to clause 8 of this Bill which is the most important clause of this piece of legislation. Clause 8 is to take the place of section 16 of the original Act which is intended to declare illegal a strike which has an object other than the furtherance of a trade dispute within the industry in which the workers are employed and also which, being outside one industry, is intended to bring pressure upon Government by inflicting severe, general and prolonged hardship upon the community. That was the original section 16 of the Trade Disputes Act. Its place is to be taken by clause 8. Anyone who reads these two clauses will find that the application of clause 8 is hundred times wider than the application of section 16 of the Trade Disputes Act. Clause 8 of this Bill enables the Government to declare any strike illegal which has caused or is likely to cause not severe but serious, not general but only prolonged hardship or injury upon the community. The clause does not stop there. It includes hardship not upon the whole community but of any section of the community, any section of the employers and any section of the workmen. If this clause is to be applied to any disputes which are likely to cause hardship to any section of the employers and any section of the employees, may I ask the Honourable Member in charge of the Bill whether there will be any strike in the world which may not be declared illegal? A strike is intended to cause some hardship to the employers, there is no doubt about it, and if a strike causes hardship, serious and prolonged hardship, to any section of the employers, it becomes illegal.

I cannot imagine any strike which a Local Government may not be able to declare illegal under clause 8.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

Then, Sir, it may be said that it is true that we have made the application of clause 8 much wider than the application of the original section 16 of the Trade Disputes Act but we have also provided compensation for it. Under clause 8 whenever the Government declares a strike illegal, it is obligatory upon them to order an investigation into the complaints of the employees. I admit that this clause provides for some compensation but when we try to judge whether clause 8 will be beneficial to the employees or will be harmful to the employees, let us judge all the circumstances of the situation. Section 16 of the Trade Disputes Act is, no doubt, a drastic one; it makes certain strikes illegal. But, before a strike becomes illegal, that strike must spread to more than one industry. Secondly, that strike must cause to the whole community—not to a section of the community or a section of the employers or a section of the workmen, but to the whole community—severe, general and prolonged hardship. I feel that a strike of that nature, which any court even in India will declare illegal, will be very rare indeed. Strikes of that nature will not take place more than once in a generation. It took place in England only once and in India it may not take place even in our life-time. Mr. President, although section 16 of the Trade Disputes Act is a drastic one, its application is very limited. I would, therefore, prefer section 16 of the Trade Disputes Act to clause 8 of this Bill. In spite of the fact that clause 8 provides a compensation in the form of an obligatory investigation, I feel that under the present conditions of India, the working classes of this country will not get any benefit out of the compensation which is provided under clause 8. Let us consider what is happening to-day. I have already explained that under our present circumstances Local Governments are unwilling to use the machinery of the Trade Disputes Act for the settlement of industrial disputes. During the seven years they used that machinery only on three occasions while there were thousands of strikes in this country. During all these years the Local Governments tried to break the strike by using all the powers which they possess. If, under these circumstances, we give the powers under clause 8, the Local Governments will use these powers not for the benefit of the working classes but always against the interests of the working classes. What the Local Governments will do is this. They will not use the machinery of the Trade Disputes Act. They will use their powers of repression. But, when Local Governments find that, in spite of the use of the powers of repression, a strike does not break then they will come on the scene and use the powers under clause 8. Suppose a strike goes on in spite of the Government's repression for two months and after these two months' suffering the Local Government will come on the scene and say: "Your strike is illegal and we are ordering an inquiry." The workers have already suffered for two months and the Local Governments will use their power of clause 8 to break the strike at that stage, so that, if the inquiry goes against the working classes and they do not accept the results of the inquiry, they will have absolutely no strength left to renew their strike. The object of the Local Government in using this Bill will be to end a strike at a stage when the Government find it difficult to break that strike by means of their repressive powers. When the strike is once stopped and an inquiry is conducted which lasts for two months, even if the workers want to renew the strike, they will not have the strength to renew it. If the Local Governments in this country had been impartial and if I had the least confidence in them as being friends of labour, I would have accepted proper legislation which makes strikes illegal before an inquiry is made. But, Sir, under the present circumstances, I cannot accept this kind of provision. The Government of India have stated in their Notes on Clauses that they have learnt by experience that section 16 of the original Act has not fulfilled the object with which that section was made. The Honourable Member in his speech also stated that that section was not fulfilling its object and he said that although hardship was inflicted upon the City of Bombay, still the Bombay Government could not make use of section 16. The decision of the Court went against that Government. Now, in this respect I would like the Honourable Member to remember that when the original section 16 was enacted it was never the intention of the Government of India that that section should apply to strikes like the strike in Bombay and I do not know why the Honourable Member should now complain that section 16 of the Trades Disputes Act was not enough to protect the community in Bombay. What the intention of the Government of India in 1928-29 was is written in black and white. I

shall read a few words from the speech of Mr. MacWatters who made a motion like the one which the Honourable Member is making to-day. Mr. MacWatters speaking in the Legislative Assembly regarding clause 16 said this :

“ I am afraid my Honourable friend who made these comments in Bombay will be sadly disappointed if he thinks this Bill has anything to do with the strike he was thinking of at the moment.”

Some Bombay friends of Mr. MacWatters said that after the enactment of section 16 of the Trades Disputes Act, there will be no big strikes in Bombay and Mr. MacWatters replied that section 16 of the Trades Disputes Act was not intended to be applied to the strikes in Bombay. Why should the Honourable Member now complain that experience has shown that the community could not be protected by section 16 of the Act.

THE HONOURABLE SIR FRANK NOYCE: I was not complaining.

MR. N. M. JOSHI: I am glad the Honourable Member was not complaining and that he now agrees with me that section 16 was not intended at all to apply to strikes in Bombay.

THE HONOURABLE SIR FRANK NOYCE: No, Sir, I expressed no agreement of that kind.

MR. N. M. JOSHI: He should at least express agreement with the representative of the Government of India at that time. This clause 8 of this Bill is based upon the principle of Canadian legislation. That legislation is intended to postpone strikes pending enquiry. The object is that if the strike is postponed pending enquiry by making it illegal till the enquiry is made, most probably the strike will be avoided. I am not against this principle at all. But unfortunately although clause 8 is based upon the principle embodied in the Canadian legislation, it is not framed exactly on the lines of the Canadian Act. The Canadian legislation makes it obligatory upon the Government to order an enquiry within 15 days from the date on which an application for investigation was made. There is no discretion given to the Government as to whether the application should be accepted or not, except in one or two small respects. The Government can decide whether the application has come from an industry to which the legislation applies. Secondly, the Government have also to see that the applicant for investigation has made efforts for the settlement of the dispute without Government's intervention. The applicant is also to make a declaration that if investigation is not ordered, there is a likelihood of a strike taking place. When an application with due form and with this declaration is made and when the application comes from the employees of an industry to which the Canadian Bill applies, the Government has absolutely no discretion in the matter. As a matter of fact, statistics have been given about the use of the Canadian legislation and they prove that more than two-thirds of the applications sent to the Canadian Government for the use of this special Canadian Act were accepted and investigations were ordered and strikes were avoided. Unfortunately clause 8 of this Bill gives such wide discretion to the Local Governments that the use of clause 8 will only be made when the Local Government want to break a strike. Clause 8 will never be used, if I am to judge Governments by their present actions, in the interest of the working classes. Clause 8 will be used against the interests of the working classes. It is for this reason I am opposed to the provision of clause 8 of this Bill.

MR. PRESIDENT (The Honourable Sir Abdur Rahim): Is the Honourable Member going to discuss the Bill clause by clause now ?

MR. N. M. JOSHI: I shall take only five minutes more. Curiously enough the Canadian legislation applies to public utility services and to mines, while the Government of India provide separately for the public utility services and they make strikes without notice in public utility services illegal. If the Government of India want that the public utility services

should be covered by clause 8, then they must agree with me in repealing section 15 of the original Act as in Canada.

Mr. President, I shall now only state what I propose to do about this Bill during the several stages of its discussion. I shall first try with the help of my Honourable friends to secure the deletion of clause 15 and clause 16 of the original Act. I shall also try to secure the deletion of clause 8 of this Bill. Failing in my object, I shall try to restrict the operations of clause 8 to the public utility services only and failing that I would like to secure legislation exactly on the lines of the Canadian model. Mr. President, in conclusion I wish to thank you and I thank the Honourable Members of the House for their patience in listening to me. (Applause.)

MR. B. DAS (Orissa Division : Non-Muhammadian) : Sir, I confess I do not possess the expert knowledge of my Honourable friend, Mr. Joshi, on labour laws all over the world. Yet I have sad experience of the distressing conditions in India prior to the enactment of the Trade Disputes Act of 1929. If we take our minds back to that period, we find that there was a serious strike in the Tata Steel Works at Jamshedpur from which that industry took a long time to recover and for which this Legislature has to give further doses of protection. We had at that time or prior to that the strikes on the railways and then we had all over the country sympathetic strikes of the steel workers, coal mines, textile workers and the railway workers. Thereafter the Trade Disputes Act of 1929 came. Unfortunately I was not present in those debates because I accompanied Mr. Joshi, not as an associate of the Labour but rather as an adviser to the employers' deputation to Geneva.

Sir, the Trade Disputes Act restored industrial peace in the country. When I was listening to my Honourable friend, Mr. Joshi, he was complaining not against strikes but the power of the strikers to have lightning strikes without giving notice to the employers. I listened to his argument most attentively because I have great respect for his tact and diplomacy.

MR. N. M. JOSHI : But you did not derive any benefit.

MR. B. DAS : What my Honourable friend, Mr. Joshi, wants is ideal power for the workers which idea is no doubt borrowed from English workers, European workers and Russian workers. I am not much enamoured of the powers which the workers of those countries possess, the power and the right of having lightning strikes, sympathetic strikes, etc. Otherwise my Honourable friend, Mr. Joshi, would not oppose section 15 of the old Act nor would he speak a word in favour of the new section 2 (a) in clause 7 that has been proposed by Government. Personally I felt, though I am in sympathy with the employers and belong to their organisation

MR. N. M. JOSHI : The Congress Party will dismember you.

MR. B. DAS : The Congress consists as much of the employers and the industrialists as of socialists and the workers. This new sub-clause is a fair provision whereby employers will be penalised. The Honourable Member for Industries and Labour suggested that we have not the benefit of hearing Sir Homi Mody who has the largest experience of industrial strikes. We do not know whether Sir Homi Mody will approve of this new sub-clause but I approve of it. And I should like to ask my Honourable friend, Mr. Joshi, whether since 1929 there have been any strikes in the public utility services. Mr. Joshi wants to do away with clause 15 which empowers the workers to give 15 days' notice to the employer before they cause a strike and I think it is a welcome provision. Mr. Joshi is very much opposed to the new clause that has been introduced for section 16. I am not a lawyer but as a man of common sense I claim that the new clause 16 is better than the old section 16 because it provides that no such notification shall be issued unless on or before the date of issue the Governor-General-in-Council or the Local Government, as the case may be, shall appoint a court of inquiry or a board of conciliation. Sir, what the workers of India were agitating for is that the Government of India and the Local Governments have so far failed to appoint

these courts of inquiry or boards of conciliation. When this proviso is there in the new clause 16 the Labour spokesmen ought to welcome it. Although I do not like the exact draft, there are certain points on which the industrial community will express their opinions at the proper time, but it has made strikes illegal and also lock-outs illegal. I think my Honourable friend, Mr. Joshi, as the leader of labour in India (*Mr. N. M. Joshi*: "I do not claim to be one") will concede that illegal lock-outs should be inquired into. And when Government have found out a lacuna in the old Bill and are providing for an inquiry into illegal lock-outs, I think we should also welcome the principle, though not the draft. Sir, I am a peaceful man and I love industrial peace in India. I have seen transplanted ideas from Europe working havoc in India; this is not the first time that I am expressing this view on the floor of the House, and I am repeating it again. Transplanted ideas from Europe have caused great trouble towards industrial regeneration in India. Indian industry is already competing with the mass production of European countries and Japan. And when mass produced articles are being dumped into India we cannot afford the luxury of experimenting in lightning strikes or sympathetic strikes. This is not a new view that I am expressing on the floor of the House; I have always expressed this view for the last seven or eight years, during which I have welcomed labour legislation, whether introduced by my Honourable friend, Sir Frank Noyce, or his predecessor. I have blessed the introduction of labour legislations towards ameliorating the condition of the working classes; but I will personally resent and oppose any idea of labour having a weapon in their hands so as to cause disruption and the stoppage of industrial activity in this country. If the industries do not thrive, the workers do not get any payment; and if my Honourable friends who have spoken or will speak after me analyse the conditions of the steel workers at Jamshedpur, they will realise at what cost to the tax-payers of this country labour got that increment in wages which they got at Jamshedpur. Not only that; I ask my Honourable friends also to remember the textile workers' strikes in India. It is no use talking always in terms of high wages and higher standard of living for workers. If index prices of food stuff and cost of living have gone down wages must go down, and my Honourable friends, Mr. Giri and Mr. Ranga, will no doubt attack me because they know my views in the Public Accounts Committee. And as for the railway workers

MR. N. M. JOSHI: Your knowledge of Bombay has become very old.

MR. B. DAS: The wages of the railway workers have not gone down. I know I will get a strong attack from my Honourable friend, Mr. Giri. If the workers in India belong to India, the employers of India also belong to India. And if we want industrial peace and industrial stability we should not think of lightning strikes but strikes should be used as a weapon in the hands of labour for proper redress of their real grievances and not imaginary grievances. The best antidote is conciliation and so I welcome the provision of conciliation officers in clause 11.

Sir, with these observations I support the motion for circulation. The Honourable Member for Industries and Labour said that this will be his last labour Bill and we will have other opportunities of speaking on his great services to labour in India. However, during the last 4½ years he has given more benefits to labour than he has given to his dual self—the industries. The industries have not benefited as much as labour has done by his arduous labours.

MR. G. MORGAN (Bengal: European): Mr. President, I should like at the outset to associate myself with what the Honourable Mr. Joshi and Mr. Das remarked about the Honourable Member in charge of the Bill. We regret that he will not be here to carry on the labour legislation which he has so ably initiated. Sir, I will not follow my Honourable friends on the lines of the speeches they have made: especially the speech of my Honourable friend, Mr. Joshi, which seems to me to have been a speech that he could have delivered very well when the Bill was before the House for consideration. Sir, this motion now is merely for circulation, and as this Bill is being circulated for opinion this is not the time for making long speeches, and I shall not detain the House for more than a few minutes on the three points which I shall make.

The first point as the House will observe (Mr. Joshi will take an interest in this), is that under clause 8 the Governor-General-in-Council or the Local Government, as the case may be, are given power to notify any strike or lock-out as illegal for two months if they are satisfied that the dispute has caused, is causing or is likely to cause serious and prolonged injury or hardship to the community, any section of the community, employers or workmen generally, or any class of employers or workmen. It is a condition attached to the exercise of this discretionary power that the strike or lock-out cannot be notified as illegal unless it has been referred to a Court of Inquiry or a Board of Conciliation. These are very wide powers and I think it would be possible if this clause were enacted as it stands to-day to notify any and every strike or lock-out as illegal. It is true that the machinery for investigation into the dispute must be set in motion concurrently with the notification of illegality, and if the dispute is being inquired into, there is perhaps no justification for continuing the strike or lock-out and accordingly no injustice or hardship may be caused by declaring the strike or lock-out to be illegal. What it amounts to appears to be simply this: We have undertaken to look into the cause of the dispute and we say that until the inquiry is completed the strike or lock-out should be suspended. Nobody will object to that in principle.

PANDIT LAKSHMI KANTA MAITRA (Presidency Division : Non-Muhammadan Rural) :
Pending the period of inquiry, you mean ?

MR. G. MORGAN : Yes.

It is a course of action which might normally be expected to be observed in the case of any dispute, not necessarily in the case of strikes or lock-outs, but in the case of disputes over property and so forth. Let us find out the rights of the matter in an orderly and dispassionate way and in the meantime let there be a suspension of hostilities. That, as I say, is a principle to which no objection can be taken. It is obviously fair and right.

The clause as drafted, however, seems to raise a constitutional question. It is a matter for doubt as to whether the Executive should be given discretion to declare on its own judgment a normal occurrence, as distinct from an emergency occurrence, to be illegal especially in view of the fact that once a thing is declared to be illegal the penalties sanctioned by the law may be invoked. We agree that the existing section 16 of the Act is unsatisfactory in the sense that it unduly ties the hands of the Court in declaring an improper strike or lock-out to be illegal. The proposed new section in the Bill, however, suffers from no such disability and very substantially widens the area of discretion. I do not want to enlarge on this aspect of the clause to-day because as the Bill is being circulated there will be ample time for all its implications to be considered. All I will say on this point is that if the Courts, instead of the Executive, were to exercise the much wider discretion which is proposed in the Bill the result would perhaps be just as satisfactory and any opposition which may be forthcoming to this clause as it stands to-day would disappear.

The second point I have to make is concerned with clause 9, which amends section 17 of the Act. Section 17, as amended, would appear to render any person who commences a strike or lock-out declared to be illegal under the provisions of the proposed new section 16, automatically punishable with imprisonment or fine. Taking the proposed new section 16 and the amended section 17 together there would appear to be some doubt as to when a strike declared to be illegal by either the Central or the Provincial Governments can be said to have commenced. Suppose a strike is commenced for the purpose of furthering a trade dispute. Such a strike will be perfectly legal until it is notified as illegal on one or other of the grounds set out in proposed new section 16, but the question then arises whether, for the purposes of the penalties in section 17, the strike commences from the moment it is notified as illegal or whether it commences from the date it may actually have begun. If the latter is the case then the section as amended gives no protection to those who commence or take part in a strike believing their action to be perfectly legal until a week, ten days or a fortnight later, it is declared by a notification to be illegal. This is obviously not the intention of the Bill, but I think it should be made clear beyond any reasonable doubt that the liability of persons to the penalties in section 17 only becomes operative from the

commencement of the notification of the illegality of a strike and not from the actual commencement of a strike which has subsequently become illegal.

The third point I wish to make relates to clause 11. I am in some doubt as to whether the wording of this clause which gives power to appoint Conciliation Officers charged with the duty of preventing, mediating in or settling trade disputes may not be interpreted too widely in the rules to be framed under the Act and may result in Conciliation Officers being given arbitrary powers to settle trade disputes in a manner favourable to one party. The effect of this clause appears to depend on the rules to be framed under it, and it appears that such rules can be prescribed by Government *without previous publication for criticism*. The House will find if it looks at Chapter 18 of the Report of the Whitley Commission on Labour in India that the intention of the recommendations of that Commission was that Conciliation Officers should attempt to bring the parties to an agreement rather than to pass and enforce orders not agreed to by both parties. It seems to me that it might be better if, for the word "settling" in section 18A (1) the words "promoting the settlement of" were to be substituted. Then, Sir, I think it should be made clear in the Bill that the power which it is sought to give Conciliation Officers to enter premises and inspect any document, if it is desirable that they should have that power, then it should be clearly restricted to those premises, or part of the premises, and documents which are directly relevant to the dispute.

As the clause is framed, a Conciliation Officer would appear to have a general roving commission to inspect anything and everything connected with an industry, business or undertaking.

Finally, Sir, as the Bill is being circulated, it would perhaps not be inappropriate if I were to mention that we should have liked to have seen some attempt made to deal with the question of picketing and intimidation on the lines of section 3 of the English Act of 1927. The question of "stay in" strikes, which have now become one of the usual strike methods, is also one which seems to merit some attention. However, Sir, apart from the points I have mentioned, I support the motion before the House and we certainly welcome the facility which the Bill provides for including inland steam-vessel services in the list of Public Utility Services for the purposes of section 15 of the Act. Sir, I support the motion.

MR. V. V. GIRI (Ganjam-cum-Vizagapatam : Non-Muhammadan Rural) : I support the motion for circulation, but I am bound to express the views of the organised workers and unions in this country about the merits of the Bill. Sir, I realise at the fag-end of the day, almost at the fag-end of the session, with empty benches before me and behind me, it is not indeed a bright prospect to make a lengthy speech on a dry subject like the Trade Disputes Act. However, Sir, when I address this House I not only address the Honourable colleagues of mine in this House but I address as well the hundreds and thousands of comrades who work outside this House for the benefit of the humanity in the world. I desire, Sir, to briefly describe the history of the legislation before the enactment of the Act of 1929 and after it. In or about the year 1918, there was great industrial unrest in this country and the Government of India thought it desirable to introduce a Bill on the lines of the Industrial Disputes Act of England but on account of the diminution of the strikes and disputes there was a decrease in the interest taken by the Government on behalf of the workers. There was a "masterly inactivity" on the part of the Government of India to do anything towards legislating a measure. It was in the year 1924 when a big strike in Bombay occurred in the textile mills that the Government of Bombay wanted to introduce legislation but under the instructions of the Government of India who wanted to have legislation of an all-India character that Bill was dropped. Again, Sir, in the years 1927 and 1928 there were again serious disputes both on the railways as well as in the textile industry and elsewhere and it was in the year 1928 that the Government of India introduced a Bill for the purpose of enacting a Trade Disputes Act. On the 12th April, 1929, the world witnessed the passing of the Trade Disputes Act and I am bound to say that it was a mountain in labour which verily produced the proverbial mouse. I will now refer to the conduct of the Government of India in the way in which they have utilised this Act for the

benefit of the workers. I shall refer to the figures on the subject of strikes and lock-outs in India from the year 1921 to the year 1935.

Year.	No. of strikes and lock-outs.	No. of people involved.	No. of days lost.
1921	396	600,351	6,984,426
1922	278	435,434	3,072,727
1923	213	301,044	5,051,704
1924	133	312,462	8,730,918
1925	134	270,423	12,578,129
1926	128	186,811	1,097,478
1927	129	131,655	2,019,970
1928	203	501,851	31,674,404
1929	141	532,016	12,165,691
1930	148	196,301	2,261,731
1931	166	203,008	2,408,123
1932	118	128,099	1,922,437
1933	146	164,938	2,168,961

For 1934 and 1935, the Honourable Member recently gave figures of the number of strikes. They were 159 strikes in 1934 and 145 in 1935.

Let us see in how many strikes the machinery of the Trade Disputes Act was utilised. It is not more than five cases in which this Act was brought into operation. Therefore, Sir, hundreds and thousands of families have suffered during these years on account of the non-application of this conciliation machinery and if there has been starvation consequently or destitution due to the loss of service of the wage-earner, the sin for this lies on the head of the Government of India. Now, Sir, I would like to compare and contrast the Canadian Act with the Act that we had and the way in which the Canadian legislation was used for the benefit of the workers. I shall refer to a few passages in a book entitled "Postponing Strikes." On page 15 of that book, in the Foreword, it was stated as follows:—

"The outstanding fact in the present study is that the attitude of the Canadian Labour towards the Act has had two phases, that the first which was a period of opposition was very nearly over in 1916. During the recent years of the world war and since, Canadian Labour supported the Act and urged its extension to other industries. It is true to-day that conciliation is the dominant feature of the administration of the law. It is the interpretation of the law by the method and the spirit of its administration which has won the spirit of labour. Instead of threatening penalties, (*I want the House to bear this in mind*) the Canadian Department of Labour has used the Act as a means of bringing employers and employees together for conference under the auspices of the Government to enable them to lessen or to settle their differences."

Sir, let us now examine the statistics mentioned in this book regarding Trade Disputes in Canada and as to how they were settled during the period beginning with March 1907 and ending with the 31st March 1925. It has been stated that in 18 years, 640 applications were made for Boards of Conciliation and investigation, 536 cases out of which were handled under the Act. 421 boards were actually constituted while well over half of the reports were unanimous. Out of 536 cases in ninety-one per cent. of the cases the strike was averted or ended.

Sir, one is bound to exclaim—"look at this picture and that!": and there cannot be a greater condemnation of the Government of India who have placed on the Statute-book an Act which was almost innocuous and never used for the benefit of the workers. Sir, the workers in India, after this performance of the part of the Government of India, have no faith in their *bona fides* and it is the considered view of the organized workers that if at all, and if at any time this machinery was brought into force, it was only to prevent a successful strike and nothing more and nothing less. The first point, therefore, Sir, I would like to impress on the Government of India is that this Bill will not be worth the paper on which

it is written unless the workers are guaranteed courts of inquiry or conciliation boards provided either of the parties to the dispute make an application under the Act. It may be stated that there might be frivolous applications put forward for the constitution of a court of inquiry or a conciliation board. The only remedy for that complaint is in authorising the High Court or a district court before whom is placed the dispute or the threatened dispute that is likely to happen to go into the matter and state further whether there is any *prima facie* case made out for investigation of the dispute. That will avoid all kinds of frivolous applications and therefore I am bound to say that unless this Bill authorises the appointment of a court of inquiry or a conciliation board whenever either party to the dispute wants an application of the Act, unless that is done this Bill will not be considered satisfactory. It may be felt by the Government—what would be the position if neither of the parties apply, and when the Government feel that there is going to be a serious menace to the community? Then, the Government have the right now and they can use the right to appoint a court of inquiry or a conciliation board. We are absolutely against any penalties being imposed. I maintain, on behalf of the workers, that the weapon of a strike is an inherent right of the workers which cannot be bartered away, and therefore the workers will not be agreeable to any penalties being imposed. (Hear, hear.) It may be the idea of the Government to prevent political strikes. Sir, I am bound to express the views here of the workers in this matter. So far as the workers are concerned, they are citizens first, and then workers (Hear, hear): and if, to-morrow, a political upheaval takes place, whether the Government like it or not, they are bound to take part in a political strike. (Hear, hear.)

Sir, after all, India is in a peculiar position, and India is a subject-country. As every nation would like to have absolute political independence, so also India would like to have it (Hear, hear), and how can workers say that they have nothing to do with politics, when they are citizens of this country? (Hear, hear.) Sir, if any attempt is made to stifle political strikes, the greater the intensity of the penalties imposed, the greater will be the intensity of such political strikes. (Hear, hear.) I can assure you this, that I am one of those who believe that the workers need not dabble in politics day in and day out, but, under no circumstances, neither the Government of India nor anybody else can prevent political strikes being joined in by the workers, when a big political upheaval—which happens not every day, not every year but probably once in twenty years or so—takes place: and the only way that political strikes can be prevented—and now I am addressing my remarks not only to my Honourable friend, Sir Frank Noyce, but the whole of the Treasury Benches—is by concessions being made to the demands made by the nation as a whole, in which the workers may certainly be involved, and from which they can never be prevented from taking their part. Now, Sir, I would like to state the position about the railway workers. Certain suggestions have been made by the Royal Commission on Labour with regard to the constitution of a conciliation machinery.

Sir, it is unfortunate in this country that Royal Commissions only come in when there is a great unrest in the country, and Royal Commissions go and after that Royal Commissioners come in again and the recommendations will then become Royal “omissions.” (Hear, hear.) As regards railway workers, the Royal Commission made specific recommendations with respect to the conciliation machinery at page 168 of their report. It is relevant that I should read a few lines from those recommendations and ask the Honourable Member-in-charge of Industries and Labour why this has not been incorporated in the Bill. Sir, they have stated as follows:—

“The Indian Railway Conference Association and the All-India Railwaymen’s Federation are bodies whereby a Joint Standing Central Board can be formed in the best interests of all concerned. We therefore recommend the introduction of machinery for dealing with industrial relations on railways which will provide for the constitution of a Joint Standing Central Board to which representatives of the Agents and of the workers should be elected in equal proportions. Taking existing organisations into account, we recommend that the representatives of the Agents should be elected by the Indian Railway Conference Association and those of the workers by the All-India Railwaymen’s Federation. . . . The Chairman and Vice-Chairman should be appointed by and from the members forming the Central Board, suitable arrangements being made for the carrying out of secretarial duties. . . . The functions of the proposed Joint

Standing Central Board should be to consider, and where possible, to effect a settlement of general questions common to all railways and of matters common to one or more grades of labour, where it has not been found possible to reach agreement in the Railway Councils of individual systems. Such differences would come up automatically before the Central Board, which would also receive and consider joint references from Railway Councils. Where a dispute is apprehended on any railway, if the matter is not capable of settlement by its Railway Council, it should be referred automatically to the Central Board, it being agreed that no stoppage of labour either by strike or lock-out should take place pending consideration by the Central Board or, in the event of failure to reach agreement, pending the decision of the Tribunal to be set up.

In the event of the Central Board failing to reach agreement, we recommend that, if either party so desires, the dispute should be referred to a Tribunal. We suggest that this Tribunal be composed of five representatives from each side of the Central Board, together with other five persons from outside, unconnected with railway administration or railway workers or their associations. Of the latter, two should be nominated by each side of the Central Board, and the fifth and last member should be selected by both sides of the Board to act as an independent Chairman: failing an agreed nomination, the Chairman should be appointed by the Government of India."

Sir, there were meetings between the Railwaymen's Federation and the Railway Board on this subject for nearly three years at their various half-yearly meetings and the Railwaymen's Federation agreed with the recommendations of the Royal Commission on Labour with certain modifications, but unfortunately we do not find any inkling of these suggestions having been accepted by the Government and incorporated in the Bill. I quite agree with the Honourable Mr. Clow—who made a very good speech recently in the Council of State—that in order to have a healthy organization of labour, it is necessary to understand the labour point of view and try to improve the trade union movement in this country; and I think it is better to read one or two lines from his speech, with which I entirely agree:—

"I am convinced that this need for collective expression is there and must be met. We must recognize that labour must state its case somehow, and we must recognize more than that; we must recognize that it is not merely a commodity hired for the purpose of carrying on an enterprise, but it is a living part of the enterprise and that it is contributing to that every bit as much as, some would say more than, the shareholders."

But as the Englishman would put it in a colloquial way, the proof of the pudding is in the eating and I am sorry to say that professions and practices did not agree up-to-date. Any way, I think very soon we shall be testing the *bona fides* of the Department of Labour and Industries whether their professions and practices agree in this matter. I need not tell the House now what we are going to do. I do not wish to take more time of the House nor do I wish to unnecessarily traverse over the points that have been raised by my Honourable friend, Mr. Joshi, who has analysed the various sections of this amending Bill.

The only points that I would like to put forward before I conclude my speech are these. I would like, in the first place, to say a word or two about the Conciliation Officers. Our experience on the Railways is very sad and disappointing. It may be that these welfare officers are the creatures of the railways in the sense that they are the servants of the railway, guided by the Agent and by the heads of departments. I do not object to the appointment of Conciliation Officers but their success depends on the men that you secure. Moreover, it must be remembered that these men must be absolutely independent of the industry and at the same time their integrity and sympathy for the cause of workers will be definite factors that will decide whether a Conciliation Officer would make a good officer. I quite agree with what the Royal Commission on Labour have said on page 347. They say:—

"There are frequent occasions when the tactful and experienced official can assist by bringing the parties together, or by putting before either party aspects of the other's case which may have been overlooked, or even by suggesting possible lines of compromise."

I am also glad that the discharged workmen are considered as workers or as workmen for the purpose of the Trade Disputes Act. In fact, in the case of the tinsplate strike that occurred in 1928 or the Model Mills strike at Nagpur that occurred in 1932, it was found that the employers dismissed all the workers and said that there was no dispute because there were no workmen. I am glad that in this amending Bill we find it remedied.

In conclusion, I would like to suggest the following points to be remembered by the Government in amending this Bill :—

- (1) A trade dispute should include any dispute between a registered trade union and an employer so that a trade union may be legally recognised as a party to the dispute.
- (2) Automatic reference to a Board or Court must be made on the request of either party to a dispute or apprehended dispute, provided, of course, it is proved *prima facie* that the preliminary conditions for a *bona fide* dispute are satisfied.

On the model of the Canadian legislation, an employer should not be empowered to alter the conditions of service without the agreement of the workers, without one month's notice and without reference to a conciliation machinery if so required by the workers or by their organisations. My view is that section 17 and also relevant portions of other sections should be omitted so that strikes for securing political rights or otherwise may not be penalised. Refusal to employ any person for being a member of a registered trade union or its office-bearer should be made illegal. I have no more to add but I do hope that the Honourable Member-in-charge of Industries and Labour will consider some of the aspects that have been raised by my Honourable friend, Mr. Joshi, and myself.

SEVERAL HONOURABLE MEMBERS : The question may now be put.

MR. PRESIDENT (The Honourable Sir Abdur Rahim): The question is that the question be now put.

The motion was adopted.

THE HONOURABLE SIR FRANK NOYCE : Sir, I propose to take the hint you gave to my Honourable friend, Mr. Joshi, just now, that this is not the time for detailed discussion of the clauses of this Bill. The House will have ample opportunity for such discussion at two later stages, when the Bill is before the Select Committee and when the report of the Select Committee comes up for consideration in this House. I, therefore, propose to confine myself only to a few points arising out of the discussion this afternoon. I was not surprised to hear from my Honourable friend, Mr. Joshi, that he regards this Bill as hostile to the interests of the working classes. My Honourable friend, Mr. Das, whose support for the principles of the Bill I should like gratefully to acknowledge, referred to me as the Labour Member. That description is, I think, perfectly correct. I would ask the House whether it is likely that towards the end of my term of office, which, as Mr. Joshi himself admits, has been marked by much legislation in favour of the working classes, I should be willing to put before this House a measure which is in any way hostile to their interests. I am at any rate grateful to my friend, Mr. Joshi, that he did not describe this Bill as "reactionary." I take it that all that he meant to convey in his usual fashion was that this Bill does not go nearly as far as he would like it to do. There is, however, one statement made by Mr. Joshi which I should like very strongly to repudiate. He said more than once in the course of his speech that Local Governments have tried to break strikes by all the powers that they possess instead of using the machinery provided by this Act. I repudiate that suggestion. He did not bring forward any concrete instances in support of it except the general strike in Bombay. To bring that as a wholesale accusation of that character against all Local Governments is, I submit, quite unjustified. I am not going to argue the merits of the Bombay case. I could say a good deal about it if time permitted. In any case, I would point out to my Honourable friend, Mr. Joshi, that after the 1st of April next Labour will be dealt with entirely by autonomous governments and I can only hope that, from his

point of view, that will prove more satisfactory than he thinks the Government of India have been.

One point that was raised both by him and by my Honourable friend, Mr. Giri, was that there have been a very large number of strikes and trade disputes in the course of the last few years and that in only three cases according to Mr. Joshi and in five cases according to Mr. Giri have Courts of Inquiry or Boards of Conciliation been appointed. My Honourable friend, Mr. Giri, entirely forgot to mention the number of cases in which such a Board or Court has been applied for. I cannot give him the figures off-hand, but I think it is very small indeed, well under twenty. I cannot see the justice of the charge against the Government of India or the Local Governments that the number of the Boards of Conciliation or the Courts of Inquiry should have been very much larger when the number of applications for them was so small. My Honourable friend compares the number of Courts or Boards appointed with the number of strikes, not with the number of applications. I submit that that is a very unfair method of comparison. My Honourable friend, Mr. Giri, would like the reference to Courts of Inquiry or Boards of Conciliation made automatic on the application of one party only to the dispute.

MR. V. V. GIRI : I said either party.

THE HONOURABLE SIR FRANK NOYCE : I admit he is perfectly fair there. I dealt with that point in my opening speech and I can only repeat that the object of these Courts of Inquiry or Boards of Conciliation is to secure a settlement of the dispute. It is not the least use appointing a Board or a Court unless you can be fairly sure that its award is going to be accepted because our machinery, as I explained, does not provide for the enforcement of the award. It is for that reason that the Act insists that the reference to the Board or a Court should only be compulsory if both parties apply and that it should be entirely optional if only one party applies. I would repeat that the object of the provisions regarding conciliation is to ensure the settlement of disputes as far as possible and the appointment of a tribunal must depend not so much on the intrinsic strength of the several parties as upon the likelihood that the award of the tribunal will be able to secure an end of the dispute. This is the reason why I am unable to accept Mr. Giri's contention that the reference to the Board or Court should be automatic.

My Honourable friend, Mr. Joshi, wasted—I should not perhaps have said wasted, I should have said spent—a great deal of sympathy on workers in public utility services. It would be interesting to know how many strikes there have been in such services during the last few years

MR. N. M. JOSHI : When you make strikes illegal how can there be strikes ?

THE HONOURABLE SIR FRANK NOYCE : My Honourable friend is suffering from a confusion of thought which I admit is not entirely unjustified. What is illegal under the existing Act is going on strike in a public utility service without a fortnight's notice. That is illegal. If my Honourable friend will look at the headings of the different parts of the present Act he will see that the heading of section 15 is "Special provision regarding Public Utility Services." The heading of section 16 is "Special provision for Illegal Strikes and Lock-outs." There is, I submit, an essential difference between the two. The mere fact that a man in a public utility service withdraws his services without a fortnight's notice does not make him an illegal striker. As I have said, my Honourable friend, Mr. Joshi, is suffering from a confusion of thought. The worker in a public utility service, under our new provisions, is in exactly the same position as the worker in ordinary employment as regards an illegal strike, though he still remains subject to a penalty if he withdraws his work without notice. Suppose there are a thousand people in a public utility service and they withdraw their services without a fortnight's notice, every one of them is liable to a penalty for an illegal act, but they are not guilty of an illegal strike. The strike does not become illegal until the Government have actually declared it so. My Honourable friend, Mr. Joshi, may shake his head, but I would assure him that that is the exact position. They are in no worse position under this Act than they are under the present Act.

MR. N. M. JOSHI : I did not say they are in worse position.

THE HONOURABLE SIR FRANK NOYCE : Put in another way, they are in a better position because if the Government declare their strike illegal, they have to appoint a Board to go into their grievances. The point which my Honourable friend was quite justified in bringing out is that we have not accepted the view of the Royal Commission on Labour in regard to public utility services. The Royal Commission on Labour, as he said, stated that the weakest point in the Indian condition was that, while it restricted the powers of workers in public utility services to coerce their employers, it gave in return no assurance that their grievances would receive a hearing. There is a certain amount of assurance now because obviously if a strike were on an extensive scale, the Government would declare it illegal and appoint a Court or a Board to go into grievances. We have not accepted the suggestion of the Royal Commission on Labour in this respect because we feel that the only restriction imposed by section 15 on employees lies in the requirement of fourteen days' notice and we do not consider this by itself can be regarded as warranting the conferment of the right to official investigation on any differences that may arise. The further safeguards suggested by the Commission are, as the Commission themselves recognise, unlikely to afford complete protection against the serious dangers to which they refer. That is the reason why we have not made a reference to a Board or to the Court obligatory in the case of public utility services. I hope it will be regarded as a sufficient reason. In regard to workers in public utility services, in spite of Mr. Joshi's view to the contrary, I would repeat that they are covered by clause 8 exactly to the same extent as the workers in the other services. My Honourable friend, Mr. Joshi, considers that the new clause 8 as drafted is too wide. That is a matter which can be gone into in the Select Committee. It is one on which we shall doubtless receive a volume of opinion,—I must candidly admit that it has been intentionally drawn wide in order to protect the interests of the community. In debates on protection in this House, we often hear complaints that the interests of the consumers are neglected. In just the same way in our debates on labour questions and in discussing the workmen's inherent right to create lightning strikes, there is a tendency to forget that workers, like those who benefit from protection, are only one section of the community, that other sections of the community are involved and that those sections, not unnaturally, have their inherent right to object to being held up to ransom.

My Honourable friend, Mr. Morgan, raised a few points of detail. I can assure him that these will be duly considered. I think there is considerable force in his view that the amendment suggested in clause 9 needs re-examination. I would assure him that there is no intention of altering the intention of section 17 to which he refers and that the object of the clause continues to be to get at the instigator and inciter. As regards publication, that is a very small point ; but I think he has overlooked the fact that section 19 of the present Act provides what he wants. Sub-clause (4) of the new clause 18-A provides that the powers, functions and procedure of conciliation officers shall be such as may be prescribed by rules made under section 19. If he will refer to section 19 (3) of the present Act he will see that all rules under this section shall be published in the *Gazette of India* or the local official *Gazette*, as the case may be. I trust that satisfies him on that head.

I am aware, Sir, that I have very inadequately covered the points raised in a valuable discussion on a very important measure, but I think I have detained the House quite sufficiently long. I have no doubt that the opinions and criticisms we receive will lead to a revision in some probably important respects of the measure placed before this House. I can assure the House that they will be received by Government with an open and sympathetic mind. Our object is, as I am sure is the object of the House, to ensure that this measure shall really be of value in promoting industrial peace. That, as I said, at the end of my opening speech, has been the sole object with which we have brought it forward. (Applause.)

MR. PRESIDENT (The Honourable Sir Abdur Rahim) : The question is :—

“ That the Bill further to amend the Trade Disputes Act, 1929, for certain purposes, be circulated for the purpose of eliciting opinion thereon.”

The motion was adopted.

Copy of letter No. 5374 179, dated the 22nd December 1936, from the Association to the Commissioner of Labour, Secretariat, Bombay.

I am directed to acknowledge the receipt of your letter No. 3961, dated the 7th December 1936, with which were enclosed copies of the Trade Disputes Act Amending Bill and extract from the Legislative Assembly Debates, dated the 13th October 1936, which set out the speeches made in the Assembly by the Hon'ble Sir Frank Noyce, Mr. N. M. Joshi, Mr. B. Das, Mr. V. V. Giri, and Mr. G. Morgan on the motion for circulation of the Bill. My Committee appreciate the opportunity provided to them for expressing their views on the Bill, and they have much pleasure in submitting below their considered views thereon.

At the outset, I am desired to say that the general principles enunciated in the Bill have my Committee's support, but they are disappointed that certain of the major suggestions made by the Association in their representations, dated the 27th September 1933 and 29th August 1934 (*vide* Enclosures I and II respectively*), have not been adopted, and I am directed to impress once more upon the Government of India the very great desirability of incorporating in the Bill provisions which would make picketing at or near a workman's place of residence a cognisable offence, and prohibit picketing altogether while conciliation is proceeding or after a Board of Conciliation or Court of Enquiry has been instituted. In this connection, my Committee would like to draw Government's particular attention to paragraph 8 of the Association's letter to you, No. 1460/113, dated the 27th September 1933, and also to the views expressed in paragraph 5 of the Association's letter to you, dated the 7th January 1929. (*Vide* Enclosure III*.)

Turning to the Bill itself, my Committee would like to suggest that clause 8 should be amended in such a way as to give Government the power to extend the period during which a strike might be considered illegal if the Court of Enquiry or Board of Conciliation appointed has not completed its investigation and submitted its report at the end of two months.

Another important provision of the Bill is set out in Clause 11. This Clause permits the Governor-General in Council in respect of industries, businesses and undertakings carried on by him or under his authority or by a railway company, and the Local Governments, in respect of other businesses, industries or undertakings within their respective Provinces, to appoint Conciliation Officers. This, in the view of the Association, is a step in the right direction provided that the Bombay system is followed. We should, however, like to point out that the success of the Bombay Trade Disputes Conciliation Act has been largely due to the appointment of Labour Officers by the Government of Bombay and by the Millowners' Association. The Government Labour Officer has been able, by opening "night offices" in the heart of the mill area, to establish very close contact with the workers, and through the medium of these night offices and very close collaboration with the Millowners' Labour Officer, has been able to investigate complaints and remedy grievances where they exist with the least possible delay. It is in the view of my Committee somewhat doubtful whether conciliation machineries similar to that provided in Bombay City for the Cotton Textile Industry would achieve similar results in other Provinces and we would, at any rate, recommend that conciliation machinery of the type provided in the Bombay Trade Disputes Conciliation Act should, in the first instance, be introduced in highly concentrated industrial areas.

With reference to Clause 2 (b) of the Bill, my Committee do not understand the reason why disputes between employers and employers should be brought within the purview of the Bill. The reasons given in the Notes on Clauses attached to the Bill are irrelevant and unconvincing, and we should like to ask whether it would be possible for the Government of Bombay to give my Association an example of the type of dispute between employers and employers which should in their view be investigated by a Court of Enquiry or Board of Conciliation. My Association is open to conviction on this point, but at the present moment can see no justification for the inclusion of disputes between employers and employers in the scope of the Bill.

Another amendment which requires some explanation is sub-clause (c) of Clause 2. This sub-clause defines the term "workman" for the purpose of the Act, and before agreeing to it, my Association would like an explanation as to its exact implications. This explanation might advisably be made to the Association's representative in the Assembly when the Bill is discussed.

The views briefly expressed in this letter will be elaborated by the Association's representative in the Assembly when the Bill comes up for discussion.

APPENDIX 13.

EXTENSION OF THE BOMBAY TRADE DISPUTES CONCILIATION ACT OF 1934.

Copy of letter No. 1290/34-B, dated 31st July 1936, from the Offg. Chief Secretary to the Government of Bombay, Political and Reforms Department, to the Association.

I am directed by the Governor-in-Council to state that the Bombay Trade Disputes Conciliation Act, 1934, applies in the first instance to textile industry in Bombay City and the Bombay Suburban District. Under the powers vested in Government under sub-section 3 of section 2 of the Act, the provisions of the Act may be extended to such other trade or industry and in such area as Government may specify in a notification. Recently there was a dispute of the workmen employed in the Raymond Woollen Mills, Thana. If the Conciliation Act had been applicable to Thana, and the Chief Conciliator and the Labour Officer, Bombay, had jurisdiction to intervene in the dispute as in Bombay City, they would probably have prevented the strike which was long drawn out. It has therefore been suggested to Government that the provisions of the Bombay Trade Disputes Conciliation Act may be extended to textile industry in Thana. I am accordingly to request that the views of the Mill-owners' Association, Bombay, on the suggestion to extend the provisions of the Act to the textile industry in Thana may be communicated to Government. I am further to request that Government may be informed of the exact area, i.e., the taluka or talukas in the Thana District to which the Association considers the Act should be extended.

Copy of letter No. 2520/160, dated 25th August 1936, from the Association to the Offg. Chief Secretary to the Government of Bombay, Political and Reforms Department.

I am directed to acknowledge the receipt of your letter No. 1290/34-B, dated the 31st July 1936, in which you request my Committee to express an opinion on the advisability of extending the provisions of the Bombay Trade Disputes Conciliation Act, 1934, to the District of Thana, and in reply to say that, while there may not be any great objection to extending the scope of the legislation in question as suggested by Government, my Committee consider it essential that its application should, for the present at any rate, continue to be strictly limited to the Textile Industry. One of the essential criteria for the successful working of this Act is that the Government Labour Officer should be dealing with a compact area and with one trade or industry, and it is considered that the work of the present Labour Officer should not be rendered less effective in so far as the textile industry of the City is concerned by a diffusion of his labours over different classes of industrial establishments. There may not, however, be the same objection to an extension of a more general application of the Act in so far as the work of the Chief Conciliator is concerned.

APPENDIX 14.

EMPLOYERS' DELEGATE TO THE XXIII SESSION OF THE INTERNATIONAL LABOUR CONFERENCE.

Copy of letter No. 3598, dated 26th October 1936, from the Commissioner of Labour, Bombay, to the Association.

I have the honour to forward herewith for the information of your Association a copy of the *Press Communiqué* issued by the Government of India in the Department of Industries and Labour on the above subject.

2. I should like to draw your attention to para 3 of the *communiqué* and to point out that all suggestions should be communicated to the Government of India direct and *not* to this office.

Copy of Government of India Press Communiqué dated Simla, the 15th October 1936.

In the normal course the 23rd Session of the International Labour Conference will be held at Geneva in June 1937. According to present information, the Conference will discuss:—

- (a) The reduction of hours in the printing trade and the textile and chemical industries.
- (b) Safety provisions for the building trades.
- (c) Organisation of Public Works in relation to employment.
- (d) The revision of Draft Conventions relating to the admission of children to industrial and non-industrial employment.

2. The delegates representing each Member State at the Conference include two Government Delegates, one Employers' Delegate and one Workers' Delegate. Advisers can be appointed for each group according to necessity and circumstances. The duty of nominating the personnel of the entire Indian Delegation rests with the Government of India who, under the terms of the Treaty of Versailles, have undertaken "to nominate non-Government Delegates and Advisers chosen in agreement with the industrial organisations if such organisations exist, which are most representative of employers or workpeople as the case may be." An association will be regarded as representative of employers only if it includes among its functions that of dealing with the interests of employers as such (e.g., regulating conditions of employment).

3. All suggestions relating to the nomination of non-Government Delegates and their Advisers should reach the Secretary to the Government of India in the Department of Industries and Labour as early as possible and, in any case, not later than the 31st December 1936.

4. Allowances (on a scale which can be ascertained by application to the Department of Industries and Labour) will be granted by Government to defray the expenses of the Delegates and any Advisers finally nominated.

Copy of letter No. 4685/203, dated 11th November 1936, from the Association to the Secretary to the Government of India, Department of Industries and Labour, New Delhi.

The attention of my Committee has been drawn to Government Press *Communiqué* dated the 15th October, 1935, inviting suggestions relating to the nomination of non-Government delegates to the next Session of the International Labour Conference. They

have examined the provisional agenda of the Conference, which includes matters of far-reaching importance to the Cotton Textile Industry and are strongly of the opinion that the view-point of the members of this Association on this matter should be adequately placed before the Conference. They, therefore, desire to suggest the appointment of Sir H. P. Mody, K.B.E. as the Indian employers' delegate to the next Conference.

Sir H. P. Mody's close connection with this Association, his very intimate knowledge of all matters relating to the commerce and industry of the country and his continuous association with the work of the Indian Legislative Assembly during the last seven years should, in the opinion of my Committee, make him an admirable selection, and my Committee trust that this nomination will meet with the approval of Government.

Extract from the "Gazette of India", dated the 1st May 1937.

PART I.

DEPARTMENT OF INDUSTRIES AND LABOUR.

RESOLUTIONS.

Labour.

The 29th April 1937.

No. L.—1537.—In pursuance of Article 389 of the Treaty of Versailles, the following persons are nominated to represent the Government of India, the employers and the workers, respectively, at the Twenty-third Session of the International Labour Conference which will open at Geneva on the 3rd June 1937 :—

Government Delegates.—Sir Firoz Khan Noon, Kt., Bar-at-Law, High Commissioner for India, London ; Sir Frank Noyce, K.C.S.I., C.B.E., I.C.S.

Advisers to the Government Delegates.—Mr. S. R. Zaman, I.C.S., Secretary to the High Commissioner for India, London ; Mr. A. F. Morley, India Office, London.

Employers' Delegate.—Sir Hormusji P. Mody, K.B.E., Bombay.

Adviser to the Employers' Delegate.—Mr. Gaganvihari L. Mehta, Calcutta.

Workers' Delegate.—Mr. Satis Chandra Sen, Calcutta.

Adviser to the Workers' Delegate.—Mr. W. V. R. Naidu, Jamshedpur.
Mr. Zaman will also act as Secretary to the delegation.

APPENDIX 15.

EMPLOYERS' DELEGATE TO THE SPECIAL MARITIME SESSION OF THE
INTERNATIONAL LABOUR CONFERENCE.

Copy of letter dated 11th June 1936, from the Employers' Federation of India to the Association.

A Special Maritime Session of the International Labour Conference is to be held at Geneva in October next when the following subjects will be on the agenda :—

1. Manning, in conjunction with hours of work on board the ship.
2. Holidays with pay for seamen.

3. Protection of seamen against sickness.
4. Promotion of seamen's welfare in ports.
4. Minimum requirement of professional capacity in the case of captains, navigating and engineer officers in charge of watches on board merchant ships.

The Government have, as usual, invited suggestions for the nomination of non-Government Delegates and Advisers. Mr. M. A. Master, General-Manager of the Scindia Steam Navigation Co., Ltd., has been suggested in various quarters for appointment as Delegate to this Conference. The President, after consideration of this proposal and consultation with certain persons, is of the opinion that the name might be accepted and Mr. Master be recommended to the Government of India for nomination as Delegate. The President will be glad if the members of the Federation will send their views in this matter as early as possible.

Copy of letter No. 1844/138, dated 24th June 1936, from the Association to the Employers' Federation of India, Bombay.

I am directed to acknowledge the receipt of your letter dated the 11th June 1936, and in reply, to inform you that my Committee approve of the proposed nomination of Mr. M. A. Master as the Indian Employers' Delegate to the Special Maritime Session of the International Labour Conference to be held at Geneva in October next.

APPENDIX 16.

COTTON GINNING AND PRESSING FACTORIES (AMENDMENT) ACT.

BOMBAY ACT NO. IV OF 1936.

(First published, after having received the assent of the Governor General, in the *Bombay Government Gazette* on the 16th March 1936.)

An Act to amend the Cotton Ginning and Pressing Factories Act, 1925, in its application to the Presidency of Bombay.

Whereas it is expedient to amend the Cotton Ginning and Pressing Factories Act, 1925, in its application to the Presidency of Bombay for the purposes hereinafter appearing ; And whereas the previous sanction of the Governor-General required under sub-section (3) of section 80A and the previous sanction of the Governor required under section 80C of the Government of India Act have been obtained for the passing of this Act ; It is hereby enacted as follows :—

1. *Short title, extent and commencement.*—(1) This Act may be called the Cotton Ginning and Pressing Factories (Bombay Amendment) Act, 1936.

(2) This Act shall extend in the first instance to the Province of Sind or such area in the said Province with effect from such date as the Local Government may by notification in the local official Gazette appoint. The Local Government may by notification in the local official Gazette extend the provisions of this Act to any other area with effect from such date as the Local Government may appoint in the said notification.

2. *Amendment of section 2 of Act XII of 1925.*—In section 2 of the Cotton Ginning and Pressing Factories Act, 1925, hereinafter called the said Act :—

- (1) after the word, comma and dash “ context,—” the following shall be inserted, namely :—

“ (aa) ‘ admixture of cotton ’ means a prescribed mixture of different varieties of cotton ; ” and

- (2) after clause (f) the following clause shall be inserted, namely :—

“ (ff) ‘ licence ’ means a licence granted under section 2A.”

- (3) after clause (h) the following clause shall be inserted, namely :—

“ (i) ‘ Season ’ means such period as may from time to time be prescribed.”

3. *Insertion of section 2A in Act XII of 1925.*—After section 2 of the said Act, the following section shall be inserted, namely :—

“ 2A. *Licence for working cotton ginning factory or cotton pressing factory.*—(1) No cotton ginning factory or cotton pressing factory shall be worked without a licence granted to the owner thereof by such authority, in such form, subject to such conditions and on payment of such fee, as may be prescribed.

(2) (a) A licence for which the prescribed fee has been paid shall be liable to be refused only on the ground that the owner or person in charge of a cotton ginning or cotton pressing factory in respect of which a licence is applied for has been convicted of an offence punishable under this Act.

(b) A licence shall be liable to be suspended, withdrawn or cancelled only on the ground that the owner or person in charge of the cotton ginning or cotton pressing factory in respect of which a licence was granted has been convicted of an offence punishable under this Act :—

Provided that no licence shall be suspended, withdrawn or cancelled under this clause until after the expiration of the season in which the said owner or person has been so convicted.

(3) If any person works a cotton ginning or cotton pressing factory in respect of which a licence has not been granted or has been suspended, withdrawn or cancelled, such person shall be punishable :—

(a) on a first conviction, with fine which may extend to five hundred rupees and, if the offence has continued for more than one day, with an additional fine which may extend to one hundred rupees for every day subsequent to the first day during which the offence has continued ; and

(b) on every subsequent conviction, with fine which may extend to fifteen hundred rupees and, if the offence has continued for more than one day, with an additional fine which may extend to two hundred rupees for every day subsequent to the first day during which the offence has continued.”

4. *Amendment of section 3 of Act XII of 1925.*—In sub-section (2) of section 3 of the said Act :—

- (1) the word ‘ and ’ shall be omitted, and

- (2) the following words shall be added at the end :—

“ and the prescribed particulars as supplied by such person of the cotton ginning factory where it has been ginned.”

5. *Insertion of new sections 3A, 3B and 3C in Act XII of 1925.*—After section 3 of the said Act, the following new sections shall be inserted, namely :—

“*3A. Prohibition against watering, etc., of cotton.*—(1) The Local Government may by notification in the local official Gazette declare that in any area specified in such notification and to which this Act has been extended, no cotton which is ginned or pressed in a cotton ginning or cotton pressing factory shall contain any admixture of cotton.

(2) Any owner of a cotton ginning or cotton pressing factory or any person in charge of such factory :—

(a) who knowing or having reason to believe that any cotton is watered or contains seed in excess of the prescribed proportion or contains any foreign substance, gins or presses or allows such cotton to be ginned or pressed in such factory, or

(b) who in any area specified in the notification under sub-section (1) gins or presses or allows to be ginned or pressed any cotton which he knows or has reason to believe to contain an admixture of cotton,

shall, on conviction, be punishable with fine which may extend to five thousand rupees.

(3) Any owner of cotton who knowingly waters any cotton which is ginned and which is being, or is intended to be, pressed in a cotton pressing factory, or mixes seed or foreign substance with such cotton, or in any area specified in sub-section (1) makes any admixture of cotton, or abets or knowingly allows or connives at any such watering, mixing or admixture of cotton, shall, on conviction, be punishable with fine which may extend to five thousand rupees.

Explanation.—For the purposes of this section, cotton shall not be deemed to be watered, unless such cotton contains moisture in excess of the normal quantity. The normal quantity of moisture in any given quantity of cotton is the amount of moisture that such cotton is reasonably expected to have, regard being had to the place or places at or to which, and the time or times of the year in which, such cotton has been picked, collected, stored, conveyed, left, ginned or pressed. A certificate given by the prescribed authority as to the normal quantity of moisture that a given quantity of such cotton should have and the quantity of moisture that it possesses shall be evidence of such matters, until the contrary is proved ; and if the latter quantity exceeds the former it shall be evidence, until the contrary is proved, that the cotton is watered.

3B.—Examination of cotton, packages or bales.—(1) The Local Government or any gazetted officer authorised by it in this behalf may on its or his own motion or on receipt of a complaint that there has been a contravention of the provisions of section 3A in respect of any cotton, package or of any bale and in the case of a complaint, on payment of the prescribed fee by the complainant, cause such cotton or the contents of such package or bale to be examined by the prescribed person or body.

(2) A certificate given by such person after examination of the contents of any bale under sub-section (1) shall be admissible in evidence and be presumptive proof of the facts mentioned therein until the contrary is proved.

3C. Entry and Inspection.—(1) The Local Government may authorise any gazetted officer to enter into and inspect, at any reasonable time, any cotton ginning or cotton pressing factory for the purpose of ascertaining whether there is any contravention therein of any of the provisions of this Act or of any rule made thereunder or of any of the conditions subject to which a licence has been granted in respect of such factory and to seize all things in respect of which an offence punishable under this Act appears to have been committed.

(2) The owner or the person in charge of every cotton ginning or cotton pressing factory shall give every reasonable assistance to the inspecting officer in the performance of his duties under sub-section (1).

(3) The owner or the person in charge of such factory shall, in every instance, be permitted to attend during the inspection and the things seized during such inspection shall be sealed in the prescribed manner."

6. *Amendment of section 5 of Act XII of 1925.*—For section 5 of the said Act, the following section shall be substituted, namely :—

"5. *Returns.*—(1) The owner of every cotton ginning factory shall submit to the prescribed authority, within such time and in such form, as may be prescribed, monthly returns showing the quantity of cotton ginned in the factory during the preceding month and from the commencement of the season to the end of that month.

(2) The Local Government shall compile from the monthly returns submitted under sub-section (1), and shall publish in such manner as the Governor-General-in-Council may direct, a statement showing the total quantity of cotton ginned in the province during the month and from the commencement of the season to the end of the month to which the returns relate ;

Provided that the quantity of cotton ginned in any individual factory shall not be published.

(3) The owner of every cotton pressing factory shall submit to the prescribed authority, within such time and in such form, as may be prescribed, weekly returns showing the total number of bales of cotton pressed during the preceding week and from the commencement of the season to the end of that week, and the approximate average net weight of the bales pressed in that week.

(4) The Local Government shall compile from the weekly returns submitted under sub-section (3), and shall publish in such manner as the Governor-General-in-Council may direct, a statement showing the total number of bales pressed in the province during the week and from the commencement of the season to the end of the week to which the returns relate :

Provided that the number of bales pressed in any individual factory shall not be published.

(5) If default is made in submitting any return as required by sub-section (1) or sub-section (3), the owner of the factory shall, on conviction, be punishable with fine which may extend to fifty rupees.

(6) Where the owner of a cotton ginning or cotton pressing factory has notified to the prescribed authority that the work of ginning cotton or pressing bales in that factory has been suspended, it shall not be necessary for the owner to submit returns under sub-section (1) or sub-section (3) until such work has been resumed."

7. *Amendment of section 6 of Act XII of 1925.*—In section 6 of the said Act, after the words "other than" the words and figures "the standard weights and measures, weighing and measuring instruments authorised under the Bombay Weights and Measures Act, 1932, in districts or areas in which Parts II, III, V and VI of that Act are in force or elsewhere other than" shall be inserted.

8. *Amendment of section 7 of Act XII of 1925.*—In sub-section (1) of section 7 of the said Act, after the words "for the purpose of sections" insert the figures and letters "3A, 3C."

9. *Insertion of new section 11A in Act XII of 1925.*—After section 11 of the said Act the following new section shall be inserted, namely :—

"11A. *Power of Magistrate to pass sentence.*—Notwithstanding anything contained in section 32 of the Code of Criminal Procedure, 1898, a Presidency Magistrate or a Magistrate

of the First Class may pass any sentence provided for any offence punishable under this Act and the provisions of the said Code shall be deemed to have been amended accordingly."

10. *Amendment of section 13 of Act XII of 1925.*—(1) In section 13 of the said Act, after clause (a), the following clauses shall be inserted, namely :—

- "(aa) what shall constitute an admixture of cotton ;
- (ab) the period which shall from time to time constitute a season ;
- (ac) the authority by whom, the form in which, the conditions subject to which and the fees on payment of which, a licence may be granted under sub-section (1) of section 2-A ;
- (ad) the particulars of the cotton ginning factory to be entered in the register maintained under sub-section (2) of section 3 ;
- (ae) the proportion of seed which may be contained in cotton ;
- (af) the person authorised to give a certificate regarding the quantity of moisture contained in any cotton and other matters specified in section 3-A ;
- (ag) the person authorised to examine bales under section 3-B ;
- (ah) the procedure for making a complaint and causing the contents of a bale to be examined and the fee for examination of the contents of a bale under sub-section (1) of section 3-B ;
- (ai) the manner in which the things seized shall be sealed under section 3-C."

(2) Section 13 of the said Act shall be renumbered as sub-section (1) of that section and after the sub-section so renumbered, the following sub-sections shall be added, namely :—

"(2) The rules to be made under sub-section (1) shall be subject to the condition of previous publication.

(3) Rules made under sub-section (1) shall as soon as they are made be laid upon the table of the Bombay Legislative Council for a period of one month and shall be liable to be modified or rescinded by a resolution tabled at the session thereof immediately following the expiry of the said period ; such rule shall, after notification in the local official *Gazette*, be deemed to have been modified or rescinded accordingly ;

Provided that when, in the opinion of the Local Government, such modification or rescission is likely to defeat or frustrate any of the purposes of this Act, the Local Government may, by notification in the local official *Gazette*, declare that the modification or rescission shall have no effect and thereupon the rule shall remain in force as if it had not been modified or rescinded."

11. *Addition of sections 16 and 17 in Act XII of 1925.*—After section 15 of the said Act, the following sections shall be added, namely :—

"16. *Penalty.*—Whoever contravenes any of the provisions of this Act or any rule made thereunder or any of the conditions subject to which a licence has been granted to him shall, on conviction, if no other penalty is already provided in this Act for such contravention, be punishable with fine which may extend to five hundred rupees or, if he has previously been convicted of an offence under this Act or any rule made thereunder, with fine which may extend to fifteen hundred rupees.

17. *Compounding offences, etc.*—(1) The District Magistrate may accept from any person whose licence is liable to be suspended, withdrawn or cancelled under this Act, or who

is reasonably suspected of having committed an offence under this Act, a sum of money in lieu of such suspension, withdrawal or cancellation or by way of composition for the offence which may have been committed, as the case may be.

(2) On payment by such person of such sum to the District Magistrate, such person if in custody shall be set at liberty and if criminal proceedings shall have been instituted against such person, the composition shall be held to amount to an acquittal."

12. *Amendment of sections 3, 4, 6, 7, 8 and 9 of Act XII of 1925.*—In sub-sections (5) and (6) of section 3, in sub-section (2) of section 4, in sub-section (2) of section 6, in sub-section (3) of section 7, in sub-section (2) of section 8 and in sub-section (3) of section 9 of the said Act for the words "shall be punished" the words "shall, on conviction, be punishable" shall be substituted.

APPENDIX 17.

BOMBAY COTTON CONTROL ACT.

BOMBAY ACT No. XXXV OF 1935.

(First published, after having received the assent of the Governor-General, in the *Bombay Government Gazette* on the 20th February 1936.)

An Act to provide for the prohibition of the cultivation of Goghari cotton and the mixing of such cotton with other cotton and for the prohibition or restriction of the possession or use of, or trade in, Goghari cotton or cotton mixed with Goghari cotton.

Whereas it is expedient in the best interests of the growers of cotton in certain areas in the Presidency of Bombay, the cotton trade and the economic prosperity of the said Presidency to maintain the quality and reputation of the cotton grown in those areas and for that purpose to prohibit the cultivation of Goghari cotton and the mixing of such cotton with other cotton and to prohibit or restrict the possession or use of, or trade in, Goghari cotton or cotton mixed with Goghari cotton ;

And whereas the previous sanction of the Governor-General required by sub-section (3) of section 80A of the Government of India Act and the previous sanction of the Governor required by section 80C of the said Act have been obtained for the passing of this Act ; It is hereby enacted as follows :—

1. *Short title and extent.*—(1) This Act may be called the Bombay Cotton Control Act, 1935.

(2) It extends to the whole of the Presidency of Bombay.

2. *Definitions.*—In this Act, unless there is anything repugnant in the subject or context :—

(a) "Cotton" includes cotton plant, ginned and unginned cotton, cotton waste and cotton seed ;

(b) "Director of Agriculture" means the officer appointed for the time being to be the Director of Agriculture ;

(c) "Goghari cotton" means the kind of cotton known as *Gossypium herbaceum* (*Variety Goghari*) ; and

(d) "Controlled area" means an area specified in a notification under section 3.

3. *Power to issue notification prohibiting the cultivation, etc., of Goghari cotton.*—The Local Government may, by notification in the *Bombay Government Gazette*, in such local area and for such period as may be specified in the notification :—

- (a) prohibit the cultivation of Goghari cotton ; or
- (b) prohibit the mixing of Goghari cotton with any other cotton ; or
- (c) prohibit or restrict the possession or use of, or trade in, Goghari cotton or any other cotton mixed with Goghari cotton.

4. *Penalty.*—Any person, who, knowingly in contravention of the provisions of this Act or of any notification issued under section 3 or rule made under section 14 :—

- (a) cultivates Goghari cotton shall, on conviction, be punishable with fine which may extend to rupees twenty for the first offence and to rupees fifty for every subsequent offence ;

- (b) (i) mixes or causes to be mixed Goghari cotton with any other cotton, or

- (ii) possesses, uses or trades in, Goghari cotton or any other cotton mixed with Goghari cotton,

shall, on conviction, be punishable with fine which may extend to rupees five hundred for the first offence and to rupees one thousand for every subsequent offence.

5. *Confiscation.*—Whenever an offence under this Act has been committed, all cotton in respect of which the offence has been committed and every box, receptacle, package or covering in which such cotton is contained shall be liable to confiscation.

6. *Procedure in confiscation.*—(1) When in any case tried by a criminal Court, the Court decides that anything is liable to confiscation under section 5, he may, after hearing the person, if any, claiming any right thereto and the evidence, if any, which he produces in support of his claim, order confiscation.

(2) When an offence under this Act has been committed and the offender is not known or cannot be found or when anything liable to confiscation under this Act is found and is not claimed by any person, the officer authorised by the Local Government in this behalf may hold an inquiry and may order confiscation :

Provided that no such order shall be made before the expiration of one month from the date of seizing the thing liable to confiscation or without hearing the person, if any, claiming any right thereto and the evidence, if any, which he produces in support of his claim.

7. *Compounding.*—(1) The officer authorised under sub-section (2) of section 6 may accept from any person who is reasonably suspected of having committed an offence under section 4, a sum of money as may be prescribed by rules made under section 14 by way of composition for such offence.

(2) On payment of such sum, such person, if in custody, shall be set at liberty and if proceedings in any criminal court have been instituted against such person in respect of such offence, the composition shall be deemed to amount to an acquittal and no further proceedings shall be taken against such person in respect of such offence.

(3) Notwithstanding anything contained in sub-section (2), it shall be lawful for the court or the officer authorised under sub-section (2) of section 6 to order confiscation of anything liable to confiscation under section 5.

8. *Power of entry and seizure.*—(1) Any officer authorised in this behalf by the Local Government may between the hours of 6 a.m. and 6 p.m. :—

- (a) enter upon any land in a controlled area in which he knows or has reason to believe that Goghari cotton has been or is being cultivated in contravention of a notification under section 3, uproot or cause to be uprooted such cotton, and seize the cotton so uprooted; or
 - (b) enter upon or into any land, building, ship, vessel, vehicle or place in a controlled area in which he knows or has reason to believe that Goghari cotton or any other cotton mixed with Goghari cotton is kept in contravention of a notification under section 3, and seize such cotton.
- (2) Every officer seizing any cotton under this section shall forthwith :—
- (a) make a report of such seizure to the nearest Magistrate of the First or Second Class having jurisdiction to try the offence committed in respect of such cotton, specifying in such report the particulars of such cotton, and furnish a copy of such particulars to the occupier, or person in charge of the land, building, ship, vessel, vehicle or place on or in which such seizure was made, and
 - (b) subject to rules made under section 14, forward such cotton to the nearest officer authorised by the Local Government to receive it, for examination and for report to the Director of Agriculture.

(3) The opinion of the officer authorised under sub-section (2) regarding such cotton recorded in any document signed by such officer shall be evidence as to the nature of such cotton in any inquiry, trial or proceeding under this Act.

9. *Duty of owner, occupier and person in charge to give facilities for inspection by authorised officer.*—(1) Every owner, occupier or person in charge, of any land, building, ship, vessel, vehicle or place shall give all reasonable facilities to the officer, authorised under sub-section (1) of section 8, to inspect such land, building, ship, vessel, vehicle or place.

(2) Any person who contravenes the provisions of sub-section (1), shall, on conviction, be punishable with fine which may extend to rupees twenty.

10. *Previous sanction and limitation for prosecution.*—No prosecution under this Act shall be instituted without the previous sanction of the Director of Agriculture.

11. *Cognizance of offences.*—No criminal court inferior to that of a Presidency Magistrate or a Magistrate of the Second Class shall try any offence under this Act.

12. *Protection for acts done under the Act.*—No suit, prosecution or other legal proceeding shall be instituted against any person for anything which is in good faith done or intended to be done under this Act.

13. *Officer acting under the Act to be public servant.*—Every officer acting or purporting to act in pursuance of the provisions of this Act shall be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code.

14. *Rules.*—(1) The Local Government may make rules not inconsistent with the provisions of this Act for the purpose of carrying into effect the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing provision, the Local Government may make rules for all or any of the following purposes, namely :—

- (a) to prescribe the sum of money to be paid by way of composition under section 7;
- (b) to prescribe the conditions subject to which cotton seized may be forwarded under section 8;
- (c) any other matter which is to be or may be prescribed.

(3) Any such rule may provide that a contravention thereof shall be punishable with fine which may extend to rupees fifty.

(4) The rules made under this section shall be subject to the condition of previous publication in the *Bombay Government Gazette*.

(5) Rules made under this section shall be laid upon the table of the Bombay Legislative Council at the session of the said Council next following and shall be liable to be modified or rescinded by a resolution of the said Council and such rule shall after notification of such resolution in the *Bombay Government Gazette* be deemed to have been modified or rescinded accordingly :

Provided that when in the opinion of the Governor-in-Council such modification or rescission is likely to defeat or frustrate any of the purposes of this Act, the Governor-in-Council may by notification in the *Bombay Government Gazette* declare that the modification or rescission shall have no effect and thereupon the rules shall remain in force as if they had not been modified or rescinded.

APPENDIX 18.

FALSE PACKED AMERICAN COTTON.

Copy of letter dated 19th June 1936, from the International Federation of Master Cotton Spinners' and Manufacturers' Associations to the Association.

We are forwarding you herewith a circular letter which has been sent out to the European Associations. It is obvious that Mr. Taylor cannot visit your country at present, but if you have any observations to make in regard to this question, we shall be very pleased to place them before the Department of Agriculture in Washington, through Mr. Taylor.

Copy of circular letter dated 19th June 1936, to all Members of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.

With reference to the resolution adopted on false packed American cotton at the Meeting of the International Cotton Committee held in Copenhagen, on the 28th April, 1936, Mr. Fred Taylor, who has been sent to Europe by the American Government Authorities, has already spent some time in Lancashire and visited about 50 cotton spinning mills, where he has examined approximately 200 false packed bales of American cotton.

Mr. Taylor is now on the point of visiting Germany, France, Holland, Belgium, Switzerland, Italy and Spain, in order to obtain more evidence of false packed American cotton. Unfortunately he is not able to visit your country at present, and under the circumstances has asked me whether it would be possible to obtain samples of cotton from false packed bales of American cotton delivered to your spinners. It is suggested that a circular be sent to your members asking them to forward such samples to this office; a half pound sample from each side of the bale and a half pound sample from the interior would be sufficient. At the same time, it might be useful for each mill sending in such samples to give an intimation as to the number of bales falsely packed which they have had delivered to them during the first six months of this year, and what percentage this is of their American consumption.

Mr. Taylor has been astounded at the number of false packed bales he has seen. Consequently he wishes to take back with him as much evidence as possible to show how widespread is this fraudulent practice and place it before the proper authorities in Washington.

May I stress the importance of sending in these samples? The American Government has gone to the trouble and expense of sending Mr. Taylor to Europe for six months, and unless we can prove to Mr. Taylor that our complaints have been entirely justified in the past, I question whether the American Government will feel justified in adopting legislation which will put an end to this fraudulent practice of false packing.

If there is any other question relating to American cotton which you desire to bring to Mr. Taylor's notice, a letter addressed to him at this office or the American Consulate, Manchester, will reach him.

Copy of letter No. 2357/158, dated 13th August 1936, from the Association to all Members of the Association.

I am directed to enclose herewith for your information copy of a circular letter dated the 19th June 1936 issued by the General Secretary of the International Federation of Master Cotton Spinners' and Manufacturers' Associations. It would appear that Mr. Taylor who has been deputed by the American Government Authorities to secure evidence in regard to false packed American cotton will not be able to visit India and the Association has, therefore, been asked to secure from member mills, samples of cotton from false packed bales of American cotton delivered to them. A half pound sample from each side of the bale and a half pound from the interior would be sufficient. At the same time it might be useful for each mill sending in such samples to give an indication as to the number of bales falsely packed which they have had delivered to them during the first 6 months of this year and what percentage this is of their American consumption. In cases where actual samples from false packed American bales are not available members might assist the American Authorities by furnishing them, if possible, with a statement outlining their experience in regard to American cotton purchased by them recently.

It is requested that all communications and samples should be forwarded to the General Secretary, International Federation of Master Cotton Spinners' and Manufacturers' Associations, Midland Bank House, 26, Cross Street, Manchester 2, with a request that the samples and the letter be forwarded to Mr. Fred Taylor.

APPENDIX 19.

REVISION OF HEDGE CONTRACTS.

Copy of letter dated the 4th August 1936 from Mr. J. R. Kay to the Association.

The findings of the Sub-Committee *re.* proposed alterations of the existing Hedge Contracts have been circulated to the Directors of the East Indian Cotton Association to-day. I give below these proposals, together with yours.

E. I. C. A.s' proposals.

Previous attitude of the Millowners' Association.

1. *F. G. M. G. Bengal Contract.*

U. P. Punjab, Rajputana, Sind and Mathias
basis Fully Good Punjab.
Trading Months. December, January, March
May, July and September 1st to 25th.
Average staple of the season, nothing below
half class off to be tenderable.
Mathia to be raised by one class.

Retain as at present. Grade—Good to
Fully Good. Staple—Not to be defined.

2. Fine M. G. Oomra Contract.

Khandeish
Muglals
Central India
Berars
C. P. I & II
Broach

Basis—Fine
Berars.

Contracts Fine M.G. Oomra and Fully Good Oomra should be amalgamated into one contract and a proviso added that only Fully Good to Fine to be tendered from the beginning of the year till the end of May and after that period only Good to Fully Good, this contract to include Northern Gaorane Cotton of the Nizam's State from the stations of Barsi and Jalna, and the cotton tendered to be not less than $\frac{1}{4}$ " in staple.

Broach Fine box to be lowered by one class, standard boxes of Muglals to be prepared in accordance with general ideas of the Trade with due regard to the desirability of encouraging good deliveries only.

The Special Sub-Committee of the East India Cotton Association suggest the abolition of Contract No. 4, Central Indian Cotton from Khandwa and other stations at present tenderable being made tenderable under Fine Oomra.

Trading months and Staple qualifications to be the same as for Contract No. 1.

Rejection Clause.—December/January to May $\frac{1}{4}$ class off. September one class off.

3. F. G. Broach Contract.

All Surti descriptions
Dhollera
Kadi/Viramgaum
Kalagin
Sindh/P/A.4F
Comptahs
Western and Northern Farm
Cambodia
Karunganni
Malwa
Verum
Ordinary Western
Bijapur/Bagalkot
Miraj
Tinnevelly

$\frac{7}{8}$ "
 $\frac{3}{4}$ "
 $\frac{3}{4}$ "
 $\frac{7}{8}$ "
 $\frac{3}{4}$ "
 $\frac{7}{8}$ "
 $\frac{7}{8}$ "
 $\frac{7}{8}$ "
 $\frac{7}{8}$ "
 $\frac{7}{8}$ "
 $\frac{7}{8}$ "
 $\frac{3}{4}$ "
 $\frac{3}{4}$ "
 $\frac{7}{8}$ "
 $\frac{3}{4}$ "

Basis—
Fully Good.
Punjab American.

The present Contracts No. 2 Broach and No. 5 Southern should be amalgamated into one Contract, the staple to be specifically fixed for each growth. No cotton less than $\frac{3}{4}$ " should be made tenderable against the new contract.

The present Fully Good boxes for Comptah, Ordinary Western/Northern, Bijapur/Bagalkot and Miraj to be the tender basis and the Fully Good boxes for Cambodia, Karunganni and Tinnevelly to be lowered by one grade. Standards to be prepared for Fully Good Malwa, Verum and Western-Northern Farm on the same lines as under Contract No. 2.

Trading Months.—Same as for Contracts Nos. 1 and 2. Nothing below one class off tenderable.

This matter will be up for discussion to-day

As regards the proposed survey system, I understood you to say that the Board of the East India Cotton Association had already more or less approved the proposals put forward. These proposals do not, however, by any means carry out the recommendations of the Wiles Committee, and my own view is that they must be only accepted as a temporary step, and that they should in any case be amended in so far as appeals are concerned, which should also be 'blind.' Would there be any objection to an appeal system consisting of a second blind survey and possibly a third blind survey? The matter has, of course, not been finally disposed of by my Committee and the papers will be brought up again for consideration at our next fortnightly meeting.

Text of the Resolution.

Read :—Note by Secretary regarding certain proposals for a revision of the Hedge Contracts submitted by a special Sub-Committee of the East India Cotton Association.

An interesting discussion took place, and it was finally resolved that the Association's representatives on the Board of the East India Cotton Association be instructed to support the three Hedge Contracts proposed subject to the modifications suggested by Mr. S. D. Saklatvala in respect of the Broach Contract and by Mr. J. R. Kay in respect of the Bengal Contract. It was also considered desirable as regards the staple length of the Broach Contract that U.S.A. Staple Standards should be demanded by the Association's representatives. As and when the production of long-staple cotton increased, the Committee were of the opinion that the Association's representatives on the Board of the East India Cotton Association should press for the adoption of three Hedge contracts of the types suggested in Mr. Saklatvala's minute.

APPENDIX 20.

FIXATION OF MINIMUM STAPLE LENGTH FOR EAST AFRICAN COTTON.

Copy of letter No. 155/A/75(a), dated 9th September 1936, from the East India Cotton Association, Limited, to the Association.

I am directed to forward herewith, for your information, a copy of Notice No. 732 of the 13th August 1936 issued by the Board recommending an average staple length for East African Cotton, for the year 1936-37 season crops.

Copy of Notice No. 732, dated 13th August 1936, issued by the Board of the East India Cotton Association, Limited.

It is hereby notified for the information of members of this Association, and especially those members who deal in East African Cotton that the Board of Directors on the recommendations made by the Special Appeal Committee on African Cotton, have decided that the following average staple length of East African Cotton be recommended to the Trade :—

“That the average staple length of East African Cotton shall not be less than 1-1/16” as ordinarily judged by the trade. However, if the Appeal Committee decides to have a Laboratory test performed on any sample of African Cotton for its own guidance, then the average staple length, as found by the Laboratory test, shall not be less than 1.03”, it being understood that the sample will be sent to the Laboratory under a key number and that the result shall be only for the guidance of the Appeal Committee subsequently.”

“That no separate standards be prepared for staple, which shall be judged, as at present, by visual examination and hand test.”

"That the staple length as prescribed above shall, in the first instance, be applicable for one year only i.e. for the 1936-37 season crops."

Members are therefore requested to adopt the above basis in entering into contracts for East African Cotton to be made subject to and in accordance with the By-laws of the East India Cotton Association for the 1936-37 season crops.

Copy of letter No. 3902/181, dated 23rd September 1936, from the Association to the East India Cotton Association, Limited.

I am directed to acknowledge the receipt of your letter No. 155/A/75(a) dated the 9th September 1936, with which was enclosed copy of a Notice issued by the Board of your Association recommending an average staple length for East African Cotton for the 1936-37 crop. The Committee of my Association have given the Notice their careful consideration and wish to suggest that the terms of the Notice should be amended by substituting the words "U.S.A. Staple Standards" for the words as "ordinarily judged by the trade" in the second paragraph of the notice, and amending the remaining portion of the paragraph accordingly. The main reason for this suggestion is that Buyers' and Sellers' ideas of a described staple length naturally differ. If it is not possible to adopt "U.S.A. Staple Standards" immediately, my Committee suggest that the trade might use U.S.A. Staple Standards as a guide during the coming season and that from 1937-38 season they might be adopted.

Copy of letter No. 643/A/75(a), dated 7th October 1936, from the East India Cotton Association, Limited, to the Association.

I am directed to acknowledge the receipt of your letter No. 3902/181 dated 23rd September 1936 and to say that the suggestion made therein was duly considered by the Board of Directors of my Association. The Board have decided that half a dozen U.S.A. Staple Standards each, ranging from $\frac{3}{4}$ " to 1-1/16" duly certified by the United States Government, be ordered out by the Association and that the same when received be placed before them for their inspection. In the meantime, they have resolved that no change be made in Notice No. 732 dated 13th August 1936 as suggested by you.

I am to add for your information that pursuant to the above resolution the U.S.A. Staple Standards have been ordered out.

APPENDIX 21.

PROCEDURE FOR DRAWING "PUCCA" SAMPLES IN RESPECT OF TENDERS AGAINST FORWARD CONTRACTS AND/OR FOR READY DELIVERY.

Copy of letter No. 2239/H/415, dated the 1st February 1936, from the East India Cotton Association, Limited, to the Association.

I am directed to inform you that the following suggestion has been made to the Board of Directors of this Association with regard to the drawing of samples for the purpose of final inspection and/or approval (pucca sampling) both in respect of tenders against forward contracts and/or for ready delivery :—

"That all pucca samples both in respect of tenders against forward contracts and/or for ready delivery shall be examined by the buyers only at Sewri and not outside the limits of the Cotton Green. Permits to meet exceptional cases may be obtained on

application by the seller and the buyer from the Bombay Cotton Merchants' and Muccadums' Association. Such permits to be endorsed by a representative of the East India Cotton Association."

I am to request you to communicate to me at an early date the views of your Association on the above proposal, for the information of the Board.

Copy of letter No. 547/S1, dated the 3rd March 1936, from the Association, to the East India Cotton Association, Limited.

I am directed to acknowledge the receipt of your letter No. 2239 H/415 dated the 1st February 1936, requesting the views of the Association upon a proposal made to the Board of the East India Cotton Association concerning the drawing of samples for the purpose of final inspection and/or approval both in respect of tenders against forward contracts and/or for ready delivery. The suggestion which has been made is that all pucca samples should be examined by the buyers at Sewri only, and that permits to meet exceptional cases should be obtained from the Bombay Cotton Merchants' and Muccadums' Association, endorsed by a representative of the East India Cotton Association.

The letter was circulated to my Committee, and I am now writing to inform you that it is the unanimous opinion of members of my Committee that the present practice must be allowed to continue and that the Board of the East India Cotton Association should reject the proposal set out in your letter under reference, withdrawing, as it would, a facility which has been greatly appreciated by all sections of the trade, and which has existed from the earliest days of the cotton trade in Bombay.

Copy of letter No. 4184/H/415, dated the 9th June 1936, from the East India Cotton Association Limited, to the Association.

Your letter No. 547/S1, dated the 3rd March re. restricting trading in ready cotton, especially examination of pucca samples, to the Cotton Exchange at Sewri was considered by my Board at their meeting held last month together with other replies received from several members of the Trade. The Board note the opinion of members of your Association that the present practice must be allowed to continue and that the Board of this Association should reject the proposal set out in my letter to you No. 2239/H/415 dated the 1st February last. My Board do not desire to force any resolution of the nature under consideration on the trade by a by-law unless the trade is fairly unanimous about it but they consider it their duty to draw the attention of your members to the valid reasons underlying the proposal under reference.

2. Your members must be aware that until the time the Cotton Green was shifted from Colaba to Sewri, pucca samples were examined at Colaba and the percentage of business done by examination of samples at Colaba is generally agreed to be somewhere near 80 per cent. of the total business in ready cotton. With the removal of the Cotton Green to Sewri this practice continued. During the last seven or eight years, the Board have perceived a tendency on the part of several buyers to buy ready cotton after examination of pucca samples at their offices in the Fort and not at the Cotton Exchange Building at Sewri. The principal disadvantage of this practice, about which the Board of this Association is concerned, is that the continuation of this last named change militates against the acknowledged desirability of having an open and concentrated market for sale and purchase of ready cotton at one centre. If ready cotton changes hands at Sewri, your members will recognise at once that they have an open market in which to buy, and every seller of cotton will have an open market for the sale of his cotton; with the practice of seeing pucca samples in offices in the Fort it is not difficult to realise that this very desirable open market at one centre deteriorates into a restricted market for sellers and buyers. Several members of my Board are aware

of the tendency of brokers and middlemen to take samples from their friends and other collaborators, thus preventing the holders of ready cotton at Sewri, from even the knowledge of there being a likely buyer of a variety of cotton on any particular date or dates. Obviously, the disadvantage of this is both to the buyer and seller and whilst the members of your Association who are buyers may well claim that they can look after their own interests, the Board of this Association feel it their duty to point out that this is not a practice which should receive encouragement or even toleration by the trade as a whole.

3. The first essence of any commodity market is to ensure for it as broad and free a market as possible and my Board cannot but view with grave apprehension and anxiety the tendency to contract the spot market for cotton in Bombay from a broad and open market. Business in spot cotton transacted anywhere but the Cotton Exchange at Sewri may without exaggeration be called hole and corner business carried on by brokers and other interested middlemen in offices of purchasers to which they have access. My Board feel that they need not dwell any further on this serious aspect of the question. If, however, an exception is taken to what is said above, my Board invite the Committee of your Association to further consider this point and I am to say that my Board are at their disposal if they can render any useful assistance in the goal which must be aimed at and which must be attained as early as possible for the sale of ready cotton.

4. Besides the very important issue dealt with above there is another, not insignificant, matter which must be considered in this connection. When the cotton trade was shifted from Colaba to Sewri, the present Exchange was put up at a cost of Rs. 20 lakhs under the guidance, advice, and leadership of Sir Cusrow Wadia for the principal purpose that buyers and sellers of ready cotton should be under one roof and be easily accessible to each other. You will realise that in negating the suggestion made in my letter of 1st February last, your Association is actually overlooking the very important issue involved in this broad and correct outlook of Sir Cusrow Wadia and the members of the Board and of the trade who assisted him to put up the present Cotton Exchange Building at Sewri.

5. One firm suggests that if the Muccadums' Association are unwilling to have their samples examined outside the precincts of Sewri, they can make this condition when offering their cotton for sale. The futility of such a suggestion is obvious, as cotton is to be sold in Bombay in competition with every other Muccadam or Commission House, and it will not be practical for any seller of cotton to try to dictate his own terms. In fact, my Board feel that if any individual seller dictates any unreasonable terms, the Board would be justified in examining such attitude. Similarly, my Board feel it their duty to ensure for all holders of ready cotton that there are at their disposal facilities which can, irrespective of their position and influence, enable them to show their cotton, to be judged on its merits, to a buyer. This is the minimum which is to be expected from any organized market and my Board trust that your members will realise the necessity of my Board pressing this aspect before the trade.

6. The same firm has pointed out that some big firms have a very large number of types to match and therefore they would like to compare pucca samples with their types in their own offices. One supposes that such firms had similar types when the Cotton Green was at Colaba and those types were in ordinary course matched with their pucca samples when available. The usual practice is to match hand samples with types and thereafter open pucca samples which are compared with the hand sample.

7. In conclusion, my Board feel that this question has not been taken up for any purpose other than the most genuine one of serving the best needs of the trade—both buyers and sellers and from that point of view they would like to suggest that this letter may be circulated to the members of your Association who may have expressed their opinion against the proposal.

My Board would be glad to hear from you in due course in reply to this.

Copy of letter No. 1860/81 dated the 25th June 1936, from the Association to the East India Cotton Association, Limited.

I am directed to acknowledge the receipt of your further letter No. 4184/H-415, dated 9th June, on the above subject.

The contents of your letter have received the very careful attention of my Committee and, in reply, I am to state that they see no reason to resile in any way from the viewpoint expressed in my letter of 3rd March 1936, and would most strongly oppose an alteration of the present system on the lines indicated in your letter of February 1st, 1936.

APPENDIX 22.

DUTIES ON COTTON PIECEGOODS AND YARNS IMPORTED FROM THE UNITED KINGDOM.

Copy of Resolution No. 341-T(10)/36, dated the 25th June 1936 of the Government of India, Department of Commerce.

The report of the Special Tariff Board which was appointed on 10th September 1935 to investigate the adequacy of the protective duties applicable to cotton and artificial silk fabrics and to cotton yarns of British manufacture is published to-day for general information. The Government of India are impressed with the fairness and impartiality with which the Board has approached a most difficult problem and they accept without qualification the findings of the Board, namely—

- (a) that the duty on plain grey cotton piecegoods should be reduced from 25 per cent. *ad valorem* or 4 $\frac{3}{8}$ annas per lb., whichever is higher, to 20 per cent. *ad valorem* or 3 $\frac{1}{2}$ annas per lb. whichever is higher ;
- (b) that the duty on bordered grey, bleached and coloured piecegoods (other than prints) should be reduced to 20 per cent. *ad valorem* ; and
- (c) that the duty on cotton yarns should remain unchanged.

They agree also with the Board that in the absence of evidence as to the nature and extent of competition between imports from the United Kingdom of printed cotton goods and artificial silk manufactures and the products of the Indian cotton mills, no finding as to the adequacy of the existing duties on such imports is possible and they do not propose therefore to disturb the level of these duties.

2. It had been hoped that it would be possible, in accordance with the statement made by the Hon'ble the Commerce Member in the course of the debate on the 1934 Textile Protection Bill, to give effect to the recommendations of the Board shortly after the expiry of the Mody-Clare Lees Agreement on which the existing duties were based. Unexpected difficulties, however, delayed the submission of the report and the Government of India have therefore decided to give immediate effect to the recommendations of the Board by a notification under Section 4(1) of the Indian Tariff Act which issues to-day.

3. In taking the decision outlined above the Government of India have given the fullest consideration to the possible reactions of the reduction of duties on customs revenue and the budgetary position. It has already become clear that with the continuance of the present uncertainty as to the future level of the cotton textile duties, the revenue from imports of British cotton piecegoods must fall far short of the amount included in the current estimates. The interests of the revenue required an early termination of this uncertainty and the Government of India are satisfied not only that the yield of the duties at the present

level will not be appreciably less in the current year than it would have been if the former duties had been continued but also that there is no reason to anticipate that in future years revenue will be deteriously affected.

Copy of Notification issued by Government of India, Department of Commerce, on 25th June 1936.

TARIFFS.

Whereas the articles specified in the first column of the table hereto annexed are chargeable under the First Schedule to the Indian Tariff Act, 1934 (XXXII of 1934), with a duty characterized in the third column thereof as protective :

And whereas in respect of the said articles, with the exception of printed cotton piecegoods and printed fabrics, the Governor-General is satisfied after inquiry that such duty has become excessive for the purpose of securing the protection intended to be afforded by it to similar articles manufactured in India :

Now, therefore, in exercise of the powers conferred by sub-section (1) of section 4 of the said Act the Governor-General-in-Council is pleased to reduce the duty chargeable on the said articles, with the exception of printed cotton piecegoods and printed fabrics, to the extent indicated in the said table.

TABLE.

Article, with number of entry in the First Schedule under which chargeable.	Present rate of duty chargeable under the Indian Tariff Act.	Reduced rate of duty.
48(3) Cotton fabrics, not otherwise specified, containing more than 90 per cent. of cotton.	....	....
(a) grey piecegoods (excluding bordered grey chaddars, dhoties, saris and scarves).	....	....
(1) of British manufacture	25 per cent. <i>ad valorem</i> or 4 $\frac{3}{8}$ annas per lb., whichever is higher.	20 per cent. <i>ad valorem</i> or 3 $\frac{1}{2}$ annas per lb., whichever is higher.
(b) cotton piecegoods and fabrics not otherwise specified.	....	....
(1) of British manufacture.	25 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i> .

APPENDIX 23.

INDO-BRITISH TRADE AGREEMENT.

Copy of circular No. 20-T (6)/36, dated the 22nd July 1936, from the Secretary to the Government of India, Department of Commerce, Simla, to all Chambers of Commerce and Trades Associations.

I am directed to state for the information of the Committee of your Chamber/Association that His Majesty's Government in the United Kingdom have announced their

willingness to enter upon discussions with the Government of India with a view to the conclusion of a trade agreement in replacement of that concluded at Ottawa in 1932, notice of denunciation of which was given on behalf of the Government of India on 13th May last.

2. The Government of India have had under consideration the method by which negotiations with His Majesty's Government can most conveniently be carried on and they are of opinion that, as a first step, preliminary proposals should be prepared by both parties to the discussions and thereafter should be exchanged. In the preparation of their preliminary proposals the Government of India will associate with themselves a panel of unofficial advisers representative of commerce, industry and agriculture in India. It is hoped that it will be possible to announce the names of the unofficial advisers in the near future.

3. When each party—in the case of India, the Government of India in consultation with their unofficial advisers—has had an opportunity of examining the proposals of the other in relation to its own, a stage will be reached when it will be possible to formulate with some precision the outstanding issues. It is then proposed that personal contacts should be established in London between representatives of the Government of India and their unofficial advisers, on the one hand, and the representatives of His Majesty's Government, on the other, and that the final stages of the discussion be there concluded.

4. In order that the Government of India may be in a position to formulate their preliminary proposals, I am directed to invite the views of the Committee of your Chamber/Association as to the lines on which it is considered desirable to conclude an agreement, regard being had both to the advantages which should be sought for India and the reciprocal concessions which may be given in return. It is suggested, as a matter of convenience with a view to the simplification of the work of co-ordination of the various opinions expressed, that the existing agreement be taken as a starting point and the views of the Committee of your Chamber/Association be expressed in the form of modifications thereof.

5. The Government of India are informed that His Majesty's Government will probably be in a position to put forward their preliminary proposals towards the end of August or the beginning of September, and I am to say that the Government of India would be grateful if the views of the Committee of your Chamber/Association were submitted not later than the 20th August in order to permit of simultaneous exchange of the preliminary proposals.

Copy of letter No. 2421/156, dated the 17th August 1936, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed to acknowledge the receipt of your letter No. 20-T (6)/36, dated the 22nd July 1936, in which it is intimated that His Majesty's Government in the United Kingdom have announced their willingness to enter upon discussions with the Government of India with a view to the conclusion of a trade agreement to replace that concluded at Ottawa in 1932; that it is intended to associate a panel of unofficial advisers with the Government in framing preliminary proposals; that when the Government of India in consultation with unofficial advisers have had an opportunity of examining the proposals of the other side in relation to its own proposals, personal contacts will be established in London; and that in order that the Government of India may be in a position to formulate their preliminary proposals, they desire this Association to express its views as to the lines on which it would be desirable to conclude an agreement. It is also suggested that as a matter of convenience the views of the Association should be expressed in terms of the modifications which the Association might consider it desirable to make in the existing agreement.

At the outset, my Committee desire to say that in their view the life of the present agreement has been too short taking into consideration the very disturbed political and economic conditions which have prevailed during the last few years, to enable any definite conclusions being arrived at as to the value to India on the one side and to the United Kingdom and the Empire on the other, of the preferences and other arrangements which have followed from the agreement. In these circumstances, they propose to confine themselves in this letter to enunciating what in their opinion should be the guiding principles in

the new agreement, which it will be necessary to enter into as a result of the denunciation of the original agreement and the Indo-British Trade Treaty of January 1935, which now forms part of the Ottawa Trade Agreement.

In the opinion of my Committee, the first essential of any new agreement which should be entered into is that it should in no way hamper the legitimate development of Indian Industry and Commerce. The recognition of this principle at once brings to the forefront the desirability of modifying certain of the articles in the Indo-British Trade Treaty of 1935. As regards Articles 1 and 2 of that Treaty, my Committee have no alterations to suggest. Turning, however, to Article 3 (1), they suggest that the reference to the resolution adopted by the Legislative Assembly in February 1923 should be deleted, and also that provision should be made which would enable the Government of India to protect or safeguard Indian industries after any such enquiry as they may consider desirable. The reasons underlying these suggestions are that experience has shown that the conditions governing the grant of protection laid down in the Fiscal Commission's Report are in some respects out of date, taking into consideration the present requirements of the country, and the fact that the somewhat elaborate and slow procedure of Tariff Board enquiries is unsuitable in the case of small industries. As pointed out by the Association's representative in the Assembly in a speech made on 17th March 1936 on the Indian Finance Bill, it is among other things inequitable to insist that in order to qualify for protection an industry's raw materials must be available in India.

As regards the suggestion that, in the case of small industries, an elaborate Tariff Board Enquiry is unnecessary and unsuitable, we would recommend for consideration the institution of a procedure similar to that followed in the United Kingdom, where the Import Duties Advisory Committee dealt with 310 applications during the first three years of its existence.

Article 3 (2).—As far as this Article is concerned, my Committee are inclined to agree with the principle enunciated in so far as established major industries are concerned, but in the case of new small-scale industries, it might be advisable to grant protection in a more generous measure in order to ensure India's industrial development.

Article 3 (3) and Article 3 (4).—My Committee would like to suggest the deletion of Article 3 (3) as in certain circumstances it might seriously hamper the Government of India's freedom of action, and the interests of United Kingdom producers are adequately safeguarded under Article 4. The differential margin of duty in favour of United Kingdom goods *vis-a-vis* foreign goods could be adequately protected by an addition to Article 3 (4) providing that the Government of India, in cases where they find it essential in the interests of revenue to impose an over-riding revenue duty on imported goods higher than the protective duties required, would raise the duties on United Kingdom and foreign goods by similar amounts.

Article 4.—As far as Article 4 is concerned, some modifications appear to be necessary in order to ensure that the substantive protection granted to an industry after such enquiry as the Government of India might consider desirable should not be reduced for a specific period sufficiently long to enable the industry concerned to reap some advantage from the protection accorded to it. On the other hand, the interests of the Indian Industry concerned must be safeguarded by providing that the Government of India shall at any time, in the event of radical changes detrimental to India, be free to order a further enquiry for the purpose of determining the additional protection warranted by the radical changes in conditions referred to. The reason for this distinction is that protection is usually only obtained by an industry after a long period of severe depression, and it would be unthinkable to reduce the degree of protection accorded to the industry as soon as conditions change to its advantage.

Article 5.—The terms of this Article as at present drafted would appear to limit the encouragement of the imports of raw materials and semi-manufactured goods to those types of goods on which differential protective duties are at present imposed. In other words, the Article appears to limit the encouragement of the use of raw materials to those types which when manufactured could be marketed in India owing to their being subject to a differential rate of duty. My Committee feel that His Majesty's Government in the United

Kingdom should be asked to agree to a more general clause providing for the encouragement of the imports of all Indian raw or semi-manufactured materials which are also imported into the United Kingdom from foreign countries. The words "In particular they invite the Government of India to take note of the steps that have already been taken in the United Kingdom in pursuance of Article 8 of the Ottawa Agreement with a view to the widening of the area of consumption of Indian cotton" appear to be unnecessary in a trade agreement of this character, but my Committee would, at the same time, like to place on record their sincere appreciation of the efforts made by the Lancashire Indian Cotton Committee and the cotton trade in the United Kingdom as a whole to popularise and increase the offtake of Indian cotton, as a result of which the takings of Indian cotton by Lancashire spinners and manufacturers have risen substantially.

Article 6.—We are not in a position to advise the Government of India in regard to this clause which appears to concern the Iron and Steel Industry alone.

Article 7.—We are in agreement with the principles underlying this clause.

Annexure to the Treaty.—Before leaving the Trade Treaty of 1935, my Committee would like to draw the attention of Government to the notes exchanged between the Right Hon'ble Walter Runciman and Sir B. N. Mitra, from which it would appear that the undertaking given by His Majesty's Government in the United Kingdom to invite the Governments of the Colonies and Protectorates to accord as favourable treatment to Indian goods of any description as may be proposed for similar United Kingdom cotton goods came to an end on the expiry of the Mody-Lees Pact. My Committee submit that such an undertaking should be incorporated in any new agreement entered into with the United Kingdom.

Ottawa Agreement of 1932.—In regard to the original agreement, the most important suggestions which my Committee have to offer are that the agreement should be based on the principle of reciprocity and that, as far as India is concerned, the agreement should not do more than specify the margins of preference to be granted to scheduled United Kingdom imports. Any departure from this principle would, in the opinion of my Committee, make it difficult for Indian industries to be assured of adequate protection against similar United Kingdom manufactures. Similarly, the right given to India as set out in the proviso to Article 14 of the 1932 Agreement to modify the "margin of preference" accorded to scheduled United Kingdom goods must be maintained.

If, as a result of the preliminary discussions with representatives of His Majesty's Government in the United Kingdom, the Government of India in concurrence with their unofficial advisers favour the conclusion of a trade agreement with the United Kingdom more or less on the lines of the existing agreement, my Committee may have certain suggestions to make for modification of the schedules attached to the existing 1932 agreement. At the present time, however, they consider it hardly necessary to submit their detailed proposals in this regard.

The views outlined in this letter will, if necessary, be further elaborated by the Association's representative in the Assembly, Sir Hormasji Mody.

Copy of letter No. 3670/66, dated the 3rd September 1936, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed to refer to a communication issued by the Government of India published in the Press two days ago reading as under :—

"The following gentlemen have accepted the invitation of the Government of India to act as unofficial advisers for purposes of the forthcoming negotiations between the Government of India and His Majesty's Government in the United Kingdom :—

Sir Edward Benthall, Mr. G. D. Birla, Sardar Datar Singh, Mr. Kasturbhai Lalbhai, Nawabzada Liaqatali Khan, Sir Purshotamdas Thakurdas and Dr. P. Subbaroyan."

My Association does not wish to criticise the discretion of the Government of India to make such appointments as they consider desirable for Delegations of this character; nor do they call into question the qualifications of the eminent gentlemen chosen to represent India's industrial, commercial and agricultural interests, but my Committee feel very strongly that a representative of this Association, which includes in its membership more than half of India's most important industry, should have been included in the non-official panel of advisers. An added reason for this is that the Association's views on Empire trade matters have always been dictated from a purely economic stand-point, and have been, if I am allowed to put it, always well-informed. In these circumstances, my Association cannot understand why the representation of its views has not been provided for in the nominations which have been made.

APPENDIX 24.

REVISION OF THE INDO-JAPANESE TRADE AGREEMENT.

Copy of letter No. 312-T(1)/36, dated the 6th February 1936, from the Secretary to the Government of India, Department of Commerce, New Delhi, to the Association.

I am directed to invite the attention of your Association to the fact that the Convention and Protocol regarding the commercial relations between India and Japan which were signed on the 12th of July 1934, will, subject to due notice of denunciation, cease to be effective after the 31st of March 1937, and to say that the Government of India have now under consideration the desirability of renewing the Convention and Protocol either as they stand, or in a modified form, or of negotiating an entirely new Agreement. They would, therefore, welcome the opinion of your Association in the light of experience of the existing Agreement, as to the lines on which modification or amendment appears desirable. I am to say that the Government of India would be greatly obliged if the reply of your Association were received before the end of March* 1936.

Copy of letter No. 1077/66, dated the 28th April 1936, from the Association, to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed to acknowledge the receipt of your letter No. 312-T(1)/36, dated the 6th February 1936, requesting my Association's opinion, in the light of experience of the existing agreement, as to the lines on which modification or amendment appears desirable.

2. Before outlining the changes which my Association consider it would be desirable to effect in the existing arrangements, my Committee would like to draw the Government of India's attention to a significant difference which exists between Article 6 of the Convention and Article 9 of the Protocol. In Article 6 of the Convention, it is stated that the Convention will remain in force until 31st March 1937, but in case neither of the High Contracting Parties have given notice before that date of his intention to terminate the Convention, it shall continue operative until the expiration of six months from the date on which either of the High Contracting Parties shall have given notice of termination to the other. On the other hand, Article 9 of the Protocol states that the Protocol shall come into force simultaneously with the Convention regarding the commercial relations between India and Japan and shall remain in force until the 31st March 1937. In other words, the Protocol will automatically come to an end in 1937, but the Convention would continue in operation after that date if notice of a desire to terminate it had not been given by India or Japan at the end of September 1936.

3. It is noteworthy that the Convention gives most-favoured-nation-treatment to Japan, a privilege which has been of inestimable benefit to her and one which has enabled her to build up a very valuable trade in manufactured goods with this country, often at the

* Subsequently extended to April.

expense and to the detriment of Indian industries. In addition, the grant of most-favoured-nation-treatment to Japan has made it extremely difficult in many instances to impose the rates of duty on Japanese imports justified by the price position owing to the fact that adequate rates of duty against Japan would necessarily mean the imposition of unduly high duties on similar goods imported from other foreign countries. Reference in this connection is directed to the protests understood to have been made by certain countries like Holland and Italy when, in order to save the indigenous textile industry from Japanese competition after Japan depreciated her currency, the rate of duty on all imported cotton piecegoods was raised to 75 per cent. *ad valorem* in 1933.

4. In these circumstances, it is extremely unlikely that Japan will denounce the Convention in September. If, on the other hand, the Government of India fail to give notice of their intention to terminate the Convention in September, her representatives will, in the opinion of my Committee, be at a distinct disadvantage during the forthcoming negotiations and might find themselves unable to get Japan to agree to a revision of the existing arrangements which would do justice to India's needs. The attention of the Government of India is drawn in this connection to the trade figures of the last ten years. Dividing this period into two equal parts, it will be seen that, whereas in the first five years of the decade the balance of trade was very much in India's favour, the opposite has been the case during the last five years. In simple language, India is now selling less to Japan than she buys from her, and unless a more satisfactory arrangement than that which now exists is made, the position as far as India is concerned is likely to deteriorate still further. We have already mentioned that the most-favoured-nation-treatment which India has granted to Japan has adversely affected many of India's infant industries, and we would urge that, where it can be proved that a particular Indian industry is being handicapped by excessively heavy or cheap imports from Japan, the continuance of most-favoured-nation-treatment in regard to tariff rates should be made dependent on Japan's acceptance of an appropriate quota for that particular class of goods. In all the circumstances of the case, my Committee have come to the conclusion that the Government of India would be well advised to give notice in September of their intention to terminate the Convention and at the same time indicate their desire to negotiate a new agreement.

5. Turning now to the major modifications which my Committee desire to see effected in the existing agreement, my Committee have the following suggestions to make:—

(i) That the minimum annual offtake of cotton by Japan should be fixed at a higher figure than one million bales. The present undertaking by Japan is of relatively little significance in view of the fact that only twice during the last 24 years, and never during the last 14 years, has Japan purchased less than one million bales of cotton from this country. In the last ten fiscal years, her average takings of cotton have amounted to over 1½ million bales per annum, and for this reason insistence on a minimum figure of more than one million bales per annum would be reasonable. An additional justification for a higher minimum figure is the favourable balance of trade which Japan now enjoys, and the absence of any quantitative limitations on a very large proportion of her exports to this country. Taking the trade figures for the first eleven months of the current financial year, we find that, out of more than Rs. 20 crores of exports to India, less than Rs. 6 crores consisted of quotaed goods, and that even amongst textiles the value of non-quotaed exports was greater than the value of exports included in the quota.

(ii) The *ad valorem* rates of duty on all classes of cotton piecegoods included within the quota should be increased and alternative specific duties at least as high as those recommended by the 1932 Tariff Board should be levied on Bordered Greys, Bleached and Coloured goods imported from Japan. Before the existing agreement was entered into, the *ad valorem* rate of duty on Japanese cotton piecegoods had been raised to 75 per cent. to meet the slump in Japanese prices which followed the further depreciation of the Yen after the interim Tariff Board report in August 1932. Even with a 75 per cent. duty Japanese sendings had been heavy and low in price, but it was confidently expected that, with quantitative limitation imposed on Japanese piecegoods imports by the existing agreement, the incentive to cut prices in order to obtain a larger share of the Indian trade would be removed, and that, despite the reduction in duty from 75 per cent. to 50 per cent., the selling prices of

Japanese goods would tend to rise, thus easing the position of the Indian Industry. This hope has not been fulfilled as will be seen from the summary of wholesale market prices of Japanese piecegoods enclosed with this letter. This statement gives the monthly average wholesale market prices of the leading lines of Japanese piecegoods imported into Bombay for the month preceding the agreement—December 1933, and for the first three months of 1936. Taking a typical example from this list—“ BOW & ARROW ” Grey Shirting : the average price of this cloth in December 1933 was Rs. 9-13-0 per piece, and the price of Broach cotton at that time was Rs. 176 per candy. In the first three months of this year, the average price of the same cloth was Rs. 8-6-0 per piece despite the fact that the average price of Broach cotton was round^d about Rs. 200 per candy.

(iii) Any quota which may be granted to Japan in cotton piecegoods should include re-exports over India's land frontiers. At the present time, India is gradually losing a valuable trade with Afghanistan and Nepal owing to the fact that a drawback of the duty paid on entry into British India is granted on Japanese goods which cross the land frontier. Another reason for inclusion of land re-exports in the quota is that many complaints have been received that increasing quantities of goods on which drawbacks have been paid are being smuggled back across the border into British Indian territory to the detriment of the trade in Indian piecegoods and also to the detriment of the trade in imported piecegoods on which the full rates of British Indian import duties have been paid (*vide* the Association's representation to Government, No. 745/92, dated the 24th March 1936).

(iv) The quota for piecegoods should include piecegoods made from artificial silk or staple fibre, and mixture fabrics of which the main constituents are cotton, artificial silk or staple fibre. The prices at which Japanese artificial silk piecegoods are at present being sold, and the quantities which are imported, are seriously affecting the offtake of many types of Indian made fancies. These imports of artificial silk goods are also materially affecting the prosperity of the Indian Handloom weavers of both cotton and silk goods. Artificial Silk Brocades, 26 inches wide, have recently been sold at the very low price of 1 anna 1 pie per yard C.I.F. Bombay.

(v) Fents of all descriptions should be included in the piecegoods quota. The Japanese fent duties have been the subject of a number of representations to the Government of India by this and other associations and commercial bodies, and my Committee are convinced that the existing rates of duty are entirely inadequate to prevent their continued importation in quantities large enough to injure the textile trade of this country. The importations of fents from Japan have been a comparatively recent development. This trade hardly existed before the present trade agreement was entered into, and the natural inference is that the bulk of the fents now imported are spurious fents. The import figures for the last four calendar years are quoted for ready reference :—

1932	..	..	..	..	332,888 yards.
1933	..	..	..	..	7,411,300 yards.
1934	..	..	..	..	25,630,214 yards.
1935	..	..	..	..	38,883,017 yards.

In this connection, reference is also directed to the representations made by the Association on this subject—*vide* No. 2031/119, dated the 11th October 1934, No. 750/98, dated the 3rd April 1935, and No. 1766/98, dated the 22nd July 1935.

(vi) To prevent the objects of a piecegoods quota being frustrated, my Committee maintain that it is very necessary to limit, within the margins of a reasonable quota based on previous import figures, the importation of towels, scarves, handkerchiefs and made-up goods such as cotton suits, shirts, pillow-cases, dresses, skirts, etc., made of cotton, artificial silk, staple fibre or artificial silk and cotton or staple fibre and cotton. This quota, it is suggested, should be on a square yardage basis (e.g. 1 shirt=3 square yards). The attention of the Government of India has already been drawn to the possibility of Japan preventing the objects for which the piecegoods quota was first imposed from being realized, by exporting

made-up garments instead of piecegoods; and while it appears that until recently imports of made-up goods had not seriously increased, it is significant that in Ceylon where Japanese piecegoods imports have been limited, action is being called for to reduce the rapidly growing imports of cheap made-up garments from Japan.

(vii) In view of the rapidly growing imports of certain types of yarn from Japan during the last few years, which have adversely affected the Indian Cotton Spinning Industry, my Committee are strongly of opinion that a separate quota for cotton yarns should be insisted upon in any agreement which may be entered into.

In the first eleven months of the current financial year, the value of Japan's cotton yarn exports to India amounted to the enormous figure of Rs. 163 lakhs against a figure of Rs. 87 lakhs in the corresponding period in 1933-34.

It is suggested that the basis of the yarn quota should be the average imports for the five years ending 1934-35 and that it be divided into counts below and over 50s in order to give the spinning mills in India a reasonable opportunity of expanding their production of fine count yarns.

(viii) The present piecegoods quota is divided up into four categories:—(a) Plain Greys, (b) Bordered Greys, (c) Bleached goods and (d) Coloured goods, the allotments for each category being:—(a) 45% (b) 13% (c) 8% (d) 34%. Experience of the last 2½ years has shown that the proportionately high sub-allotment for coloured goods, namely 34 per cent., in conjunction with the fact that artificial silk goods were not included in the quota, has severely affected India's capacity to diversify her production in the directions recommended by the Tariff Boards of 1926 and 1932, and my Committee suggest that the position should be remedied by including artificial silk goods and fents within the piecegoods quota and dividing it up in the following proportions:—

(a) Plain Greys	..	..	40 per cent.
(b) Bordered Greys	..	..	10 do.
(c) Bleached goods	..	..	10 do.
(d) Coloured goods	..	..	25 do.
(e) Art. Silk goods	..	..	10 do.
(f) Fents	..	..	5 do.

(ix) The system of regulating the quota should be changed. Quota certificates should be issued by an Indian Trade Commissioner or Indian Consular Official in Japan instead of by the Japanese Piecegoods Exporters' Association.

(x) The quota should be fixed on a square yardage basis in preference to a linear yardage basis, as it is reported that the average width of imported goods has increased to over 36 inches since the quota was introduced. Another advantage of a square yardage basis is that it would avoid any possibility of trouble regarding the importations of uncut splits to which reference has been made in a previous representation from the Association.

6. Having dealt in outline with the major modifications and amendments which my Association would like to see effected in the Agreement, it only remains for us to add that we should be pleased to supplement the information contained in this representation if the Government of India so desire, and to suggest that the Government of India should appoint non-official Advisers drawn from all the more important industrial and commercial organizations in the country, the Handloom Industry and Cotton Growers, in addition to at least two representatives of the Millowners' Association, Bombay, to assist Government at all stages during the negotiations with the Japanese plenipotentiaries.

7. My Committee would also like to suggest that the representatives of the Government of India and such unofficial Advisers as Government may appoint should meet in advance of the commencement of the actual negotiations with the Japanese delegation in order

that a concerted policy might be followed during the negotiations proper, and to ensure that the fullest information possible in respect of each and every interest affected by the new Trade Agreement might be available.

STATEMENT SHOWING THE WHOLESALE MARKET PRICES OF REPRESENTATIVE LINES
OF JAPANESE PIECEGOODS IMPORTED INTO BOMBAY.

Quality.	Dimen- sions.		Trade Mark or Number.	Per	December 1933.	January 1936.	February 1936.	March 1936.
	Ins.	Yds.			Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Grey Shirting	44	× 46	Bow and Arrow.	Piece.	9 13 0	8 8 0	8 6 0	8 5 0
"	36	× 40	Soldier	"	10 7 0	9 10 0	9 5 0	9 3 0
"	36	× 40	Peach	"	10 0 0	9 10 0	9 5 0	9 4 0
"	44	× 38	5151	"	7 4 0	6 4 0	6 2 0	6 2 0
"	44	× 38	3800	"	10 10 0	9 6 0	9 6 0	9 0 0
"	44	× 38	44000	"	6 7 0	6 0 0	5 14 0	5 13 0
Grey Drills	29	× 40	Elephant	"	13 2 0	12 4 0	12 4 0	12 2 0
Grey Dhoties	44	× 10	600	Pair	..	1 14 0	1 14 0	..
White Shirting	34	× 42	800	Piece.	12 8 0	10 5 0	10 4 0	10 14 0
"	43	× 40	45000	"	10 0 0	9 8 0	9 11 0	9 8 0
"	35½	× 42	500	"	12 12 0	11 6 0	11 6 0	11 6 0
"	35	× 40	9090	"	10 2 0	10 7 0	10 7 0	10 8 0
"	35	× 40	6020	"	8 2 0	7 12 0	7 12 0	7 12 0
"	33	× 20	5500	"	4 4 0	4 0 0	4 0 0	3 12 0
White Mulla	36	× 20	K.S.O.	"	No stock.	No stock.	No stock.	No stock.
"	42	× 20	K.S.O.	"	3 0 0	No stock.	No stock.	No stock.
"	44	× 20	88	"	4 7 0	4 6 0	4 6 0	4 3 0
White Nainsooks	25	× 18	1919	"	2 2 0	2 10 0	2 10 0	2 10 0
"	28	× 18	2929	"	2 5 0	2 14 0	2 14 0	2 13 0
"	36	× 18	3939	"	3 0 0	3 3 0	3 4 0	3 4 0
"	25	× 18	4417	"	1 10 0	1 15 0	No stock.	No stock.
Red Shirting	28	× 25	625	"	4 8 0	3 12 0	3 15 0	3 15 0
Striped Drills	26	× 30	505	"	..	4 8 0	No stock.	No stock.
Printed Shirting	26	× 40½	..	"	6 5 0	4 12 0	4 10 0	4 14 0
Printed Jeans	28	× 30	..	"	5 0 0	4 10 0	4 10 0	4 14 0
Dyed Flannel	28	× 47	..	Yard.	0 3 9	0 3 3	0 3 3	0 3 0
Printed Flannel	28	× 47	..	"	0 4 0	0 3 4	0 3 4	0 3 2
Art. Silk Taffetas	27	× 25	Doranga	"	0 4 9	0 4 6	0 4 6	0 4 6
"	27	× 30	Taffetas	"	0 5 0	0 4 0	0 4 0	0 4 3
"	44	× 30	"	"	0 8 6	0 6 9	0 6 6	0 7 6
Cotton Col. Voile	43/44"		Regente	"	0 4 10	0 5 2	0 5 3	0 5 2
Grey Yarn	40s.		5 Stars	lbs.	0 11 6	0 10 10½	0 10 7½	0 10 7½
"	2/42s.		"	"	0 12 6	0 11 3	0 11 1½	0 11 0
"	2/60s.		"	"	..	..	..	..
Bleached Yarn	2/42s.		Lion.	"	0 14 0	0 12 1½	0 11 10½	0 12 0
Mercerised Yarn	2/64s.		Nippon.	"	1 0 0	0 15 11	0 15 6	0 15 3½
"	2/84s.		"	"	1 5 6	1 2 8	1 2 2	1 2 4
Price of Broach (Nearest Contract) on dates as far as possible nearest to those for which quotations have been given for cloth					176 0 0	219 0 0	191 0 0	197 0 0
Yen/Rupee Exchange					80½	77½	77½	77½

Copy of letter No. 312-T(1)/36, dated the 23rd June 1936, from the Secretary to the Government of India, Department of Commerce, Simla, to the Association.

I am directed to communicate for the information of your Association that it is expected that discussions between representatives of the Government of India and of the Government of Japan in regard to the continuation or modification of the existing Trade Agreement between the two countries will commence shortly after the middle of July and to say that the Government of India would be glad if your Association would nominate 2 of its members to serve as unofficial advisers to Government during the course of the negotiations.

2. I am further to say that the Government of India would be glad to have a preliminary discussion of the problems likely to arise in the course of the negotiations before such negotiations commence, and I am to suggest that the unofficial advisers to Government should assemble in Simla on Monday, the 6th July. On receipt of information as to the

names of the advisers nominated by your Association, further details as to the time and place of meeting will be forwarded directly to the nominees.

Copy of letter No. 1888/66, dated the 27th June 1936, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed to acknowledge the receipt of your letter No. 312-T(1)/36, dated the 23rd June 1936, requesting the Association to nominate two of its members to serve as unofficial advisers to Government during the course of the negotiations for the revision of the Indo-Japanese Trade Treaty.

I have, in the first place, to confirm having wired to you as under :—

“Reference your letter twenty-third instant Association's Representatives at Preliminary Conference will be Sir Chunilal V. Mehta, K.C.S.I., Neville House, Ballard Estate, and T. Maloney, Millowners' Association. Letter follows.”

As the negotiations may extend in all over a period of some weeks, it may not be possible for Sir Chunilal V. Mehta and Mr. Maloney to remain in Simla continuously till their termination, and it is, therefore, suggested that the Association should, if necessary, be permitted to send alternative Advisers for the later conferences. Sir Chunilal V. Mehta and Mr. Maloney will definitely attend on behalf of the Association at the preliminary conference commencing on Monday, the 6th of July, and if Government agree to the suggestion made above, two delegates for the later conferences will be appointed from a panel consisting of :—

Mr. V. N. Chandavarkar (Chairman of the Association).
Sir Chunilal V. Mehta, K.C.S.I.,
Sir Hormasji Mody, K.B.E., M.L.A., and
Mr. T. Maloney.

Copy of letter No. 2455/66, dated the 19th August 1936, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed to refer you to this office letter No. 1077/66, dated the 28th April 1936. Since the representation was submitted, our special attention has been drawn to an oversight in para 5(vi). In that paragraph it is stated :—

“To prevent the objects of a piecegoods quota being frustrated, my Committee maintain that it is very necessary to limit, within the margins of a reasonable quota based on previous import figures, the importation of towels, scarves, handkerchiefs and made-up goods such as cotton suits, shirts, pillow-cases, dresses, skirts, etc., made of cotton, artificial silk, staple fibre or artificial silk and cotton or staple fibre and cotton.”

It was intended that the classes specified above should cover the main classes of cotton and artificial silk goods not ordinarily designated as “piecegoods.” This being the case, special mention should have been made of cotton blankets.

The importance of restricting the imports of cotton blankets from Japan is obvious from the import figures for the last few years. In 1931-32 the total imports of cotton blankets were 365,000 lbs. The corresponding figures for the last four years were :—

1932-33	..	..	..	..	..	584,000 lbs.
1933-34	..	..	..	..	..	233,000 ..
1934-35	..	..	..	..	..	1,084,000 ..
1935-36	..	..	..	..	..	2,052,000 ..

It might also be mentioned that up to the present no protective duty has been imposed on cotton blankets and the present rate of duty is 25 per cent. *ad valorem* irrespective of

the country of origin. This might be compared with the position in respect of cotton piece-goods where the rate of duty on goods of foreign origin is 50 per cent. *ad valorem*.

One of the most important markets for cotton blankets is Burma, and in respect of that market the local agent of one of our member mills has informed us that in the season August to December, of the last three calendar years, the imports of blankets from Japan into Rangoon have been 1,060 ; 2,850 and 6,532 bales. He goes on to say that many dealers including himself have received samples of Japanese blankets, and exporters in Kobe and Osaka appear to be concentrating on blankets as the cotton piecegoods quota until October has been finished. In these circumstances, he anticipates "with a good deal of certainty that our market will be flooded with Japanese blankets this year."

The unrestricted entry of Japanese cotton blankets into India at the existing rates of duty in the future would, in the opinion of my Committee, lead to the complete closure of a number of India's cotton blanket and waste plants, and my Committee strongly recommend that the Government of India should take steps during the present negotiations to ensure a satisfactory market for Indian cotton blankets by limiting the quantities importable and by raising the duty to the level of the duty imposed on foreign cotton piecegoods.

APPENDIX 25.

IMPORT DUTY ON FENTS.

Copy of letter No. 1046/98 dated 27th April 1936, from the Association to the Secretary, The Central Board of Revenue, Simla.

As you are probably aware, the growing importations into India of spurious artificial silk fents from Japan have been causing great concern to the Indian Cotton Manufacturing Industry during the last two years. Several representations have been made to the Government of India by this and other associations, and as a result, Government, during the last session of the Legislative Assembly, introduced a Bill under which the length of artificial silk fents was reduced from 4 yards to 2½ yards, and the rate of duty on foreign artificial silk fents was increased to 50 per cent. Unfortunately, the Select Committee amended the Government of India's original Bill, reducing the *ad valorem* rate of duty on foreign artificial silk fents to 35 per cent., and the Legislature accepted the recommendation of the Select Committee, with the result that the duty on foreign-artificial silk fents will, in future, be 35 per cent. *ad valorem* and not 50 per cent.

Even had the duty on foreign artificial silk fents been fixed at 50 per cent., my Committee had grave doubts as to whether the trade in spurious fents would have greatly diminished, since the 50 per cent. duty would mean roughly a duty of 9 pies a square yard as against the 4 annas per square yard duty payable on artificial silk piecegoods.

We are informed that, during the last six or eight months, a very large number of packages of spurious artificial silk fents were detected by the Bombay Customs and that they were eventually permitted to be imported on payment of the *ad valorem* duty instead of the 4 annas per square yard duty payable on artificial silk piecegoods.

We understand that the decision to admit these spurious fents at 50 per cent. *ad valorem* was taken by the Central Board of Revenue. If this information is correct, we would like to suggest that, whenever spurious artificial silk fents are detected in future, instead of permitting importation at the *ad valorem* rate of duty applicable to artificial silk piecegoods, the Central Board of Revenue might issue orders specifying that the specific duty of 4 annas per square yard should be charged. If such an order were issued, we are confident that the trade in spurious Japanese artificial silk fents would rapidly come to an end.

Copy of letter D.A. Dis. No. 645-Cus. 1/36, dated the 12th May 1936, from the Officiating First Secretary, Central Board of Revenue, Simla, to the Association.

I am directed to acknowledge receipt of your letter No. 1046/98 of 1936, dated the 27th April 1936.

2. The concession referred to in the penultimate paragraph of your letter was granted by the Government of India to meet the abnormal situation which had arisen in Bombay as a result of the accumulation of uncleared consignments of so-called fents, the declarations in respect of which were in dispute. It is highly improbable that a similar situation calling for remedial measures will again arise.

Copy of letter No. 1332/98, dated the 15th May 1936, from the Association to the Officiating First Secretary, Central Board of Revenue, Simla.

I am in receipt of your letter No. 645-Cus. I/36 dated the 12th May 1936, on the subject of the assessment of duty on spurious artificial silk fents.

We note from the second paragraph of your letter that the concession in regard to the duty payable on spurious artificial silk fents was granted by the Government of India to meet an abnormal situation and that it is highly improbable that a similar situation calling for remedial measures will again arise.

My Committee are, by no means, certain that the mere reduction in the length of artificial silk fents will put an end to the attempt to import spurious fents and would, therefore, like to be assured that, if any spurious artificial silk fents are detected in future by the Customs Authorities, the specific duty applicable to artificial silk piecegoods, namely, 4 annas per square yard, will be applied.

Copy of letter D.A. Dis. No. 645-Cus. 1/36, dated the 6th June 1936, from the Officiating First Secretary, Central Board of Revenue, Simla, to the Association.

With reference to your letter No. 1332/98 of 1936, dated the 15th May 1936, I am directed to say that if any spurious artificial silk fents are detected the appropriate rate of duty prescribed under the Indian Customs Tariff would be applied.

APPENDIX 26.

SMUGGLING OF JAPANESE PIECEGOODS ACROSS THE NEPAL FRONTIER.

Copy of letter No. 745/92, dated the 24th March, 1936, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

During the last twelve months, the Association has received numerous complaints from merchants in the north of the United Provinces that smuggling of Japanese cotton piecegoods into British India from Nepal was going on. During the last four months, the number of this type of complaints has increased, and from all accounts, trade in Indian mill-made piecegoods both to Nepal and to the border line districts of British India has seriously decreased. What apparently is happening is that Japanese cotton piecegoods are being imported through Calcutta. These goods are then being despatched to Khatmandu at which point certificates are obtained by the consigners, who then become entitled to full drawback of the duty paid on importation at Calcutta. If what is stated by the merchants, who have made complaints to us, is correct, these goods are then sent down from Khatmandu to towns

near the Indo-Nepalese frontier from whence they find their way back by mules, bullock carts and even human transport into British India. I discussed this matter with the Collector of Customs, Calcutta, sometime ago, and he held the view that it would hardly pay to send goods to Khatmandu and then bring them down from there to the frontier towns, as he understood the cost of transport was very heavy. Further information has, however, been received by the Association which goes to show that the cost of the double journey to and from the border to Khatmandu is very much less than the duty refunded to the importer in Calcutta. For example, it is possible to sell a piece of Japanese *Am Chap* Grey Shirting, costing Rs. 7-2 per piece duty paid in Calcutta, at Rs. 5-7-6 per piece at Birganj, which is two miles away from the British frontier, after paying double transportation charges to Khatmandu and back to Birganj. The same piece of cloth would cost Rs. 7-4-6 per piece at Raxaul in British territory, two or three miles away from Birganj.

The latest statistics of trade over the land frontier are for the month of December, 1935. These statistics show that during the last nine months approximately 60,000 maunds of foreign cotton piecegoods were despatched across the frontier, and these figures compare with 72,000 maunds exported during 1934-35 and 54,000 maunds exported during the year 1933-34. As these statistics only record the trade at certain definite stations, we are not certain that they represent the *total* trans-frontier trade in foreign piecegoods between British India and Nepal, and we are also inclined to think, judging by the complaints received, that the exports of foreign piecegoods to Nepal have greatly increased during the last three or four months.

I enclose for your consideration copy of a detailed statement which has been prepared by certain piecegoods merchants of Sitamarhi, and I suggest that the Government of India might give serious consideration to the alternate proposal set out in paragraph 17 of that statement. Unless effective action is taken, my Association fears that serious harm will be done to the valuable trade in Indian piecegoods, which indigenous mills have hitherto carried on with Nepal and the northern part of the United Provinces.

Summary of Complaints received from Cotton Piecegoods Merchants of Sitamarhi.

1. Several years ago, in accordance with the treaty entered into between the Government of India and the Government of Nepal, it was agreed that a full drawback on the duty paid on cotton piecegoods imported into India and subsequently re-exported to Nepal should be allowed.

2. At that time, the bulk of cotton piecegoods imported into India were manufactured in the United Kingdom, and it would also appear that certain restrictions were imposed by the Nepalese Government as regards the re-despatch of the goods on which a drawback had been allowed from Khatmandu to the plains of Nepal, with the result that the requirements of the Nepalese population in the plains were met from the adjoining British districts.

3. The position has since changed considerably, for the British cotton piecegoods which were mostly in evidence in Nepal have since been entirely replaced by cheap Japanese cotton piecegoods.

4. With the advent of the Japanese cotton piecegoods in Nepal, merchants in Khatmandu began, in spite of the restrictions which existed, to forward cotton piecegoods from Khatmandu to the plains, and when this was brought to the notice of the Nepalese Government, orders were issued to the effect that cloths in respect of which a rebate had been allowed might be taken to the plains, but not across the frontier to British India.

5. This was the first blow to the trade hitherto carried on by piecegoods merchants on the British Indian side of the frontier, as the requirements of the plains began to be met by merchants at Khatmandu. The drawback payable on cotton piecegoods on entry into Khatmandu provided such a margin for merchants there that within a year Nepal's takings of foreign cotton piecegoods showed a big increase.

6. Not being satisfied with these profits, these merchants have since started sending these goods across the frontier to British India. The goods are first taken to Khatmandu from Calcutta and the papers are produced before the British Consul for verification and certification for the purpose of obtaining a refund of the duty paid, and they are subsequently smuggled back to British India through different routes.

7. The operations of the smugglers have been greatly assisted by the inadequate system of watch and ward exercised at the frontier. It would appear, in the first instance, that the low-paid staff of the Nepalese Customs Department are susceptible to corruption and bribery, and, secondly, the staff maintained by them for the purpose is insufficient to secure strict vigilance on goods passing the frontier.

8. It has also been definitely stated that no form of control whatsoever is exercised at this frontier by the British-Indian Customs staff.

9. Various methods are resorted to by smugglers in transporting the goods to British territory from Nepal : for instance,

Coolies carrying on head 10 to 12 pieces of grey longcloth, or 12 to 15 pieces of longcloth in baskets ;

20 to 25 pieces of longcloth are carried on horse back or on bullocks.

Bullock carts carrying from 80 to 100 pieces, which amount to about 2 bales.

10. The comparative cheapness of the smuggled goods is sufficient attraction for the population of the neighbouring British districts, and it is said that people living miles away from the frontier patronize markets situated near the frontier for their purchases.

11. There used to be only three Commission Agents who exported cloths from Calcutta to Nepal, but at present, in view of the increasingly profitable nature of the business, about a score of firms are engaged in doing re-export business to Nepal from Calcutta, most of them being Nepalese firms.

12. Figures of re-exports over the land frontiers of India to Nepal, Sikkim, and Bhutan in the opinion of merchants prove that smuggling as a practical business proposition is thriving apace. Until a year or two ago only 100 to 150 bales per month of Japanese cloth went to Nepal but during the last three or four months the figure has increased to nearly 1,500 bales per month.

13. It has been said that goods on which a drawback of the duty has been paid are usually sealed, but these seals mean nothing, as they can either be removed or cut out, and in any case the lack of any satisfactory form of control at the frontier is sufficient to ensure that these marks serve no useful purpose.

14. British Indian firms who deal in British and Indian mill-made goods are at a disadvantage when competing with these smuggled goods, the advantage in favour of the latter directly varying with the C.I.F. price of the goods.

15. Taken on the whole, the smuggling has resulted in loss of trade to Indian mills. It also imposed a handicap on merchants on the British Indian side of the frontier who import goods on payment of the full duty inasmuch as they have to compete with what is practically the C. I. F. price at which Japanese piecegoods brought across the frontier are marketed.

A piece of Japanese Grey Shirting, 44" / 38 yds. / 8 lbs.—wholesale price at Calcutta, Rs. 7-2-0 per piece—can be taken to Khatmandu, and after defraying all incidental expenses and the 3½ per cent. duty charged by the Nepalese Government, be brought down to Birganj—only 2 miles away from the British Frontier—and sold at Rs. 5-7-6 per piece, whereas the same piece despatched direct from Calcutta to the nearest British Indian station, Raxaul,

(2 miles away from Birganj) would cost Rs. 7-4-6 per piece, the advantage in the case of the former being Rs. 1-13-0 per piece or nearly 3 annas 9 pies per pound. (*Vide* Annexure 'A').

16. Looked at from the point of view of revenue, there is no reason why the Government of India should lose the revenue which is legally due to it in respect of the goods re-despatched from Nepal into British India.

17. Under all the circumstances of the case, it is requested that early action should be taken by the authorities concerned. It would appear that the object in view could be achieved, if the system of granting a drawback in respect of goods re-exported to Nepal were stopped, or, if this were not feasible on account of the political relations between the Governments concerned, the Nepalese Government might revive the former restrictions regarding the movement of goods from the hills to the plains. If this too is not feasible, the Nepalese Government might be induced by the Government of India to levy a duty of at least 30 per cent. on *foreign* goods imported into that State through British India. The present duty is 3½ per cent. which provides sufficient attraction to the smuggler, but with a 30 per cent. duty it is reasonable to expect that the merchants will not cover the cost of bringing the goods from Nepal to British territories.

ANNEXURE "A."

The Japanese Grey Shirting referred to below is "AM" chap, 44" × 38 yds. × 8 lbs.

	Rs.	a.	p.	
Wholesale price per piece in Calcutta	7	2	0	
<i>Less</i> duty refundable on re-exports to Khatmandu	2	9	6	
	<hr/>			
Balance ..	Rs.	4	8	6
<i>Add</i> expenses incurred per piece in despatching the goods from Calcutta to Khatmandu and then returned to Birganj. (Full details regarding these expenses will be found in Statement No. 1 enclosed)		0	15	0
	<hr/>			
Total ..	Rs.	5	7	6

This is the cost at which the piece can be marketed at Birganj, which is only two miles from the British Frontier.

Cost of sending goods from Calcutta to Raxaul direct.

The Japanese Grey Shirting referred to below is "AM" chap, 44" × 38 yds. × 8 lbs.

	Rs.	a.	p.	
Wholesale price per piece in Calcutta	7	2	0	
<i>Add</i> expenses per piece from Calcutta to Raxaul. (Full details regarding these expenses will be found in Statement No. 2 enclosed)		0	2	6
	<hr/>			
Total ..	Rs.	7	4	6

This is the net cost price at Raxaul—in British Territory only two miles from Birganj.

Net difference in cost price—duty free and duty paid per piece of 44" × 38 yds.
"AM" chap, at Birganj (in Nepal Territory) and Raxaul (in British Territory) Rs. 1 13 0

Statement No. I.

Full description of maximum expenses incurred *per bale* of 50 pieces, 44" × 38 yds., "AM" chap in sending the same from Calcutta to Khatmandu and then returned down to Birganj.

	Rs. a. p.	Rs. a. p.
Expenses <i>per bale</i> from Calcutta to Khatmandu .. .. .	....	32 10 0
Made up as below :—		
Amount charged by Calcutta Commission Agents to cover their charges, mucedamage and other expenses at port	8 0 0	
Railway freight from Calcutta to Raxaul at the rate of Re. 1-6 per maund	6 14 0	
Railway freight from Raxaul to Amlikganj charged by the Nepal Government Railway at the rate of 8 annas per maund	2 8 0	
Motor charges in carrying the goods from Amlikganj to Dhursingh by motor at the rate of 5 annas per maund	1 5 0	
Rope line charges in carrying the goods from Dhursingh to Nepal	5 5 0	
Motor charges in carrying the goods in Khatmandu proper to the office of the British Consul	0 10 0	
Mucedamage charges for all the transactions at the rate of 2 annas per maund	0 10 0	
Duty charged by the Nepal Government at Rs. 3-8-0 per cent. on grey goods calculated on the rate ruling at that time at Khatmandu	9 4 0	
Interest at Rs. 6-12-0 per cent. per annum for one month on Rs. 375 being value of 50 pieces including duty and extra deposit of Rs. 10 per cent. of duty.	2 1 6	
Other additional charges, if any	1 10 0	
Total .. Rs.	38 3 6	
<i>Less</i> discount allowed to buyers at Calcutta of Re. 1-8 per cent.	5 9 6	
Net expenses from Calcutta to Khatmandu ..	32 10 0	
Expenses <i>per bale</i> incurred in returning the goods to Birganj from Khatmandu		14 4 0
Made up as below :—		
Commission Agents' charges at Nepal for obtaining certificate from the British Consul and getting pass from the Nepal Government for returning the goods downwards	2 12 0	
Motor charges from Khatmandu to Rope Line Station	0 10 0	
Rope Line charges for sending the goods to Dhursingh	5 5 0	
Motor charges from Dhursingh to Amlikganj	1 5 0	
Railway freight from Amlikganj to Birganj	2 3 0	
Interest for fifteen days' time taken in obtaining pass at Nepal and returning goods to Birganj	1 1 0	
Mucedamage and other expenses	1 0 0	
Net expenses from Nepal to Birganj	14 4 0	
Grand Total : Net expenses from Calcutta to Birganj via Nepal, <i>per bale</i> of 50 pieces		46 14 0
<i>i.e., 15 annas per piece.</i>		

Statement No. 2.

Particulars of expenses incurred *per bale* of 44" × 38 yds. "Am" *chap* Grey Shirting in carrying the same from Calcutta to Raxaul in British Territory, only two miles away from Birganj :—

	Rs. a. p.	Rs. a. p.
Expenses from Calcutta to Raxaul <i>per bale</i> of cloth		7 13 0
Made up as below :—		
Railway freight from Calcutta to Raxaul at the rate of Re. 1-6 per maund	6 14 0	
Commission Agents' and mucedamage charges, etc., at Calcutta	6 0 0	
Other expenses	0 8 6	
Total .. Rs.	13 6 6	
Less discount allowed to the buyers at Calcutta at Re. 1-8 per cent.		5 9 6
Total (balance) Rs.	7 13 0	

Or, 2 annas 6 pies *per piece*.

Copy of letter No. 1558/92, dated the 2nd June 1936, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

Further to my letter No. 745/92 dated the 24th March 1936, I have the honour to enclose herewith four cuttings of Japanese shirtings which have been sent to me from Sitamarhi. It will be noted that these cuttings bear a stamp which we are informed is the official stamp of the Nepalese Government. This appears to prove that the goods have actually been to Khatmandu in the first place, and afterwards found their way into British India.

It is suggested that, if a special investigation is being made, the possibility of buying these goods in British India and the prices at which they can be obtained in the border towns and villages should be inquired into. If such goods are obtainable in British India, the prices at which they are sold might be compared with the prices at which similar goods can be purchased in Calcutta.

Copy of notification issued by the Government of India, Finance Department (Central Revenues) on the 6th June 1936.

No. 37.—In exercise of the powers conferred by section 19 of the Sea Customs Act, 1878 (VIII of 1878), the Governor-General-in-Council is pleased to prohibit the bringing by land from Nepal into British India of any goods on which a rebate of customs duty has previously been paid.

No. 38.—In exercise of the powers conferred by section 19 of the Sea Customs Act, 1878 (VIII of 1878), the Governor-General-in-Council is pleased to prohibit the bringing by land from Nepal into British India of silk piecegoods, plain and mixed.

Copy of letter D.A. Dis. No. 488-Cus. II-36, dated the 16th June 1936, from the Under Secretary to the Government of India, Finance Department (Central Revenues) to the Association.

With reference to your letter No. 1558/92, dated the 2nd June 1936, to the address of the Commerce Department, I am directed to invite your attention to this Department's notification No. 37-Customs, dated the 6th June 1936, which prohibits the bringing by land from Nepal into British India of any goods on which a rebate of customs duty has previously been paid.

Copy of letter No. 1909 92, dated the 29th June 1936, from the Association to the Secretary to the Government of India, Finance Department (Central Revenues), Simla.

Further to the correspondence which has passed between the Association and Government on the subject of the smuggling of Japanese goods over the Nepalese land frontier into British India, I give below, for your information and such action as you may deem necessary, an extract from a letter recently received by one of the leading members of the Association from a prominent merchant at Sitamarhi :—

“I have received copies of Government of India Notification No. 37 and 38, for which I thank you.

I have, however, to inform you confidentially that these notifications are of no practical value as the Police authorities near the frontier have neither been instructed nor empowered to detect and deal with the crime and as customs goods these are quite insufficient to cope with the situation. I had interviews with the Police authorities and S.D.O. from whom I learnt that the Government have not given them any power to take direct cognizance of offences under their above notifications and there is no likelihood of the Governments taking any steps in this direction during 1936. As such the crime is going unabated as before.

I shall be glad if you please take further steps in the matter through the Millowners' Association.”

APPENDIX 27.

IMPORT DUTY ON DYE-STUFFS.

Copy of letter No. 266 56, dated the 27th January 1936, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed to draw Government's attention to the representation made by the Association on 19th January 1935. In the representation then submitted, we had asked for an assurance that, when the surcharges imposed in 1931 were removed, the duty on dye-stuffs would also be done away with. In addition, a case was also made out for a reduction in the duty on dye-stuffs for the reason that owing to the importation of larger quantities of higher class dye-stuffs, the annual revenue received from the duty on dye-stuffs by the Government of India was considerably in excess of the budget estimates and very much greater than the revenue which the Government of India expected to receive from the duty when it was imposed. The position in the first nine months of the year 1935-36 shows that the revenue received from the duty on dye-stuffs amounted to 24.31 lakhs. This figure closely corresponds with the figure for the first nine months of the previous year. In the remaining portion of the current year, it is expected that the revenue received by the Government of India will be abnormally high owing to the Italo-Abyssinian war. In these circumstances, my Association desire to submit once again their claim for a substantial reduction in the rate of duty if the general revenue position of the Government of India does not permit its entire removal along with the surcharges imposed in the supplementary budget of September 1931.

APPENDIX 28.

IMPORT DUTY ON SODIUM HYDROSULPHITE.

Copy of letter No. 242/56, dated the 24th January 1936, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am writing to supplement the information supplied to the Government of India in a representation submitted by the Association on 19th January 1935 regarding the import duties levied on Hydrosulphite.

From information recently placed at our disposal, it would appear that the total importations of Hydrosulphite during the last four calendar years have amounted to :

1932	..	..	..	..	..	..	..	1,008 tons
1933	..	..	..	..	..	..	..	1,140 „
1934	..	..	..	..	..	..	..	1,485 „
1935	..	..	..	..	..	..	..	1,810 „

and the revenue from the import duties to which it was liable in 1935 amounted to approximately Rs. 4 lakhs.

My Committee contend that the case for the entire remission of or a reduction in the duty as requested in our last representation has been strengthened by the general improvement in the Government of India's financial position, and we trust that the relief requested a year ago might now be safely granted. For ready reference, I enclose* herewith a copy of the representation referred to in the first paragraph of this letter.

APPENDIX 29.

IMPORT DUTY ON SODIUM PEROXIDE AND HYDROGEN PEROXIDE.

Copy of letter No. 3736/58A, dated the 10th September 1936, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

I am directed by the Committee of the Millowners' Association to place before Government certain matters concerning the assessment of Sodium Peroxide and Hydrogen Peroxide as "Chemicals, Drugs, Medicines, all sorts not otherwise specified," thus rendering them liable to duty at the rate of 20 per cent. or 30 per cent. *ad valorem* according to whether they are of British or foreign origin.

2. Both the articles are of considerable value to the Cotton Mill Industry as active bleaching agents, and their use in Indian Mills has increased in recent years as a result of developments which have taken place in the bleaching section of the Industry. Their use in combination with Bleaching Powder affords a very effective method of securing permanent whiteness in bleached goods, which is very difficult to attain with ordinary chlorine bleaching in this country, where climatic conditions promote a yellowish tint in bleached goods, unless extraordinary care and attention coupled with extensive washing and souring is also undertaken. In these circumstances, the use of Hydrogen and Sodium Peroxides confers on the Industry a definite advantage, and this constitutes one of the reasons why, in our view, they should be made as easily accessible and cheap as possible in India.

3. My Committee desire to point out that the benefits of the concession conferred upon the Industry by the removal of the import duty on Bleaching Paste and Bleaching Powder, since 1927, following on the recommendation of the Textile Tariff Board of 1926, cannot be fully realized so long as Hydrogen Peroxide and Sodium Peroxide, which are becoming indispensable adjuncts to bleaching, have to pay duties at the rates mentioned in paragraph 1 of this letter, and it is, therefore, suggested that they should be allowed to be imported free of duty.

4. My Committee have made certain enquiries regarding the other possible uses of Sodium and Hydrogen Peroxides, and they are informed that the former cannot be and is not being used for any purposes other than textile bleaching. Hydrogen Peroxide, however, appears to be used for medicinal purposes but in very much lower concentrations, and in any event, if it is considered inadvisable to extend the scope of the concession suggested to all users of Hydrogen Peroxide, it is thought that free importation could be

* Not printed.

restricted to Hydrogen Peroxide consumed by Cotton Mills which is of a quality of at least 30 per cent. volume, the quality used for medicinal purposes being about 12 per cent.

5. My Committee would once again like to emphasise that on account of climatic conditions, the Indian Textile Industry is at a disadvantage compared with its foreign competitors so far as bleaching is concerned. The Industry has been passing through a period of severe depression. On the recommendation of successive Tariff Boards, greater attention is now being paid by the Industry to the production of bleached goods, and as shown in paragraph 2 above, the use of Hydrogen and Sodium Peroxides would materially assist the Industry in respect of white goods. The removal of the import duty on mill stores and certain materials of the Industry was recommended by the Indian Fiscal Commission; it is in accordance with the principle of the resolution adopted by the Legislative Assembly on 16th February 1923 that the fiscal policy of the Government of India may legitimately be directed towards fostering the development of industries in India; and the Government of India have indicated their willingness to give effect to this principle, as revenue considerations permitted, by giving precedence to articles used chiefly by industries which are passing through a period of depression (vide Government Press *Communique* No. 341-T (27), dated the 7th June 1927). My Committee, therefore, venture to express the hope that the Government of India will consider the advisability of allowing these two articles to be imported free of duty into British India. This, it is submitted, could be done by amending item 28 (1) in Schedule I of the Indian Tariff Act of 1934, as under :—

“ Bleaching Powder, Hydrogen Peroxide 30 per cent. volume and more, and Sodium Peroxide..... free.”

Copy of letter No. 261-T (4), dated the 9th November 1936, from the Assistant Secretary to the Government of India, Department of Commerce, New Delhi, to the Association.

With reference to your letter No. 3736/56-A, dated the 10th September 1936, on the above subject, I am directed to say that the Government of India regret their inability to consider any extension of the free list of the Import Tariff Schedule till such time as revenue prospects have improved.

APPENDIX 30.

IMPORT DUTIES IN AUSTRALIA ON INDIAN COTTON PIECEGOODS AND YARN.

Copy of letter No. 3693/176, dated the 8th September 1936, from the Association to the Secretary to the Government of India, Department of Commerce, Simla.

The attention of my Committee has recently been drawn to certain changes made in the Australian Import Tariff Schedule in so far as cotton piecegoods are concerned. The Australian Tariff, as Government are aware, is a three-decker tariff consisting of a “ British Preferential Tariff,” an “ Intermediate Tariff ” and a “ General Tariff.” The lowest scale of duties are those specified under the head “ British Preferential Tariff,” and these are applicable to the manufactures of the United Kingdom, but may be extended either wholly or in part to any British non-self-governing Colony or Protectorate and certain territories under British Mandate, and it is understood that, by special trade agreements, they were extended also to the Dominions of Canada and New Zealand. So far as cotton piecegoods are concerned, there is very little, if any, difference in the scale of duties charged under the heads “ Intermediate Tariff ” and “ General Tariff,” but there is considerable difference between the duties prescribed under the head “ British Preferential Tariff ” and those charged under the other two heads. For example, in the case of cotton piecegoods, grey unbleached, the British Preferential Tariff rate is $\frac{1}{2}d.$ per square yard, or 5 per cent. *ad valorem*, whichever is less, whereas the General Tariff rate, which is the rate applicable to India, is understood to be $2\frac{1}{2}d.$ per square yard.

My Committee have not yet had an opportunity of sampling the Australian Market, but from the information at their disposal, it would appear that there is considerable scope for Indian Mills in this market. It is understood that Japan, during the last three years, supplied Australia with 55, 75 and 87 million square yards of cotton piecegoods and 21, 43 and 66 million square yards of artificial silk piecegoods. The United Kingdom, in the same period, sent 146, 142 and 118 million square yards of cotton piecegoods and 8, 10 and 7 million square yards of rayon fabrics. In view of the new duties recently imposed upon the imports of Japanese manufactures in Australia, the Japanese trade in cotton piecegoods is very likely to be curtailed considerably, and it is thought that an effort should now be made to secure for Indian Mills as large a share as possible of the trade which formerly belonged to Japan. It would appear, however, that the difference in the scale of duties applicable to the United Kingdom and Indian cotton manufactures respectively is a vital factor which operates to the disadvantage of the Indian Mills when competing with United Kingdom Mills. In these circumstances, my Committee would respectfully suggest for the immediate consideration of the Government of India the possibility of securing from His Majesty's Government of the Commonwealth of Australia the British Preferential rates of duty for Indian cotton manufactures. The exports of cotton piecegoods from India to Australia are at present negligible, but with the same rates of duty in operation, Indian mills might be in a position to supply certain lines to better advantage than the United Kingdom. My Committee would greatly appreciate it if Government would kindly keep them informed of any action which they might take in this connection.

Copy of letter No. 50-T(1)/33, dated the 7th November 1936, from the Assistant Secretary to the Government of India, Department of Commerce, New Delhi, to the Association.

I am directed to refer to your letter No. 3693/176, of 1936, dated the 8th September 1936, on the above subject, and to say that the Government of India have noted the views of the Bombay Millowners' Association for consideration when a suitable opportunity arises.

Copy of letter No. 5453/176, dated the 29th December 1936, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed to acknowledge the receipt of your letter No. 50-T(1)/33, dated the 7th November 1936, in which you point out that the views expressed in my letter No. 3693/176, dated the 8th September 1936 have been noted by Government for consideration when a suitable opportunity arises.

While my Committee are thankful for the assurance referred to, they feel that Government perhaps have not fully appreciated the possibilities of the situation. Very briefly, the position is that there is an opening in the Australian Market owing to the restrictions imposed on Japanese cotton piecegoods in that market, and from the evidence available to my Committee, certain types of Indian piecegoods would probably be saleable in Australia if admitted under the scale of duties applicable to United Kingdom cotton piecegoods. It was for this reason that Government were approached to use their good offices in securing for Indian cotton piecegoods from His Majesty's Government of the Commonwealth of Australia the rates of preferential duties which are at present applicable to the United Kingdom cotton piecegoods. Opportunities such as those which have arisen in Australia are unfortunately rare, and my Committee feel that the potentialities of the situation should be explored without delay. Even if negotiations were set on foot immediately, a good deal of time would necessarily elapse before decisions could be arrived at, as it would probably be necessary to discuss the reciprocal tariff concessions which India might reasonably offer to Commonwealth imports, and in these circumstances, I am instructed to request that the Government of India might revise the views expressed in their letter of November 7th to the extent of ascertaining without delay the reaction of the Commonwealth Government to the Association's general proposition.

In conclusion, I am to say that the Association's representative in the Assembly has been instructed to discuss this matter with the Commerce Department when he comes to Delhi for the next Legislative Assembly session.

Copy of letter No. 50-T(1) 33, dated the 21st January 1937, from the Assistant Secretary to the Government of India, Department of Commerce, New Delhi, to the Association.

With reference to your letter No. 5453-176, dated the 29th December 1936, regarding the above noted subject, I am directed to say that the Government of India will be pleased to discuss the question with your Association's representative when he arrives in New Delhi for the Legislative Assembly session.

APPENDIX 31.

DEVELOPMENT OF THE EXPORT TRADE WITH IRAQ.

Copy of circular No. 3856-180, dated the 21st September 1936, from the Association to all Members of the Association.

I enclose herewith for your information copy of a confidential communication which has been received by the Association from a very authoritative source. It is expected that further information will be received as to the exact nature of the restrictions to be imposed on Japanese piecegoods in Iraq, but, in the meantime, enquiries may be made by individual firms interested in the export trade with Iraq from their established connections in that country as to the exact possibilities of the market. The extent to which India has lost ground in Iraq during the last ten years is apparent from the enclosed tabular statement, from which it would also be noticed that India's trade in cotton piecegoods with Iraq consist mostly of coloured goods. It is, however, possible that there may be an opportunity for developing our trade in grey and bleached goods; in the former, the trade has, for a number of years, been entirely monopolised by Japan.

Extract.

"It is understood that owing to the restrictions imposed against imports of Japanese goods in Iraq, Japanese imports of piecegoods into that country are likely to be curtailed. This should afford Indian manufacturers an excellent opportunity to recover lost ground in this market if they can quote prices coming within 15 to 20 per cent. of Japanese prices for articles of about similar quality. It will be seen from the enclosed comparative statement of prices of imports of piecegoods as shown in Iraqi Customs returns that at present in the case of silk piecegoods the price of the Indian product is about double and in the case of artificial silk piecegoods it is about 4 times the price of those of Japanese manufacture. The margin is less in the case of cotton piecegoods and India appears even now to be able to compete on level terms with Japan.

I shall be glad if you will kindly bring the above facts to the notice of merchants and manufacturers interested in the trade with Iraq."

PRICES OF IMPORTED PIECEGOODS AS SHOWN IN IRAQI CUSTOMS RETURNS.

	Japan. Per Sq. Metre.	United Kingdom. Per Square Metre.	India. Per Sq. Metre.
	Fils.*	Fils.*	Fils.*
Silk Piecegoods	42	122	91
Art. Silk Piecegoods	15	88	62
Cotton Velvets	25	80	..
Cotton Piecegoods :—			
Unbleached (grey)	12	9	17
Bleached	12	23	10
Dyed in the Yarn	16	53	14
Dyed in the Piece	17	22	16
Printed	16	15	15

*1 Fil = 2.56 pies.

EXPORTS OF INDIAN COTTON PIECEGOODS AND YARN TO IRAQ.

Year.	Grey.	Bleached.	Coloured, Printed, or Dyed.	Cotton Yarn.
	Yards.	Yards.	Yards.	Lbs.
1926-27	883,000	81,000	37,371,000	1,036,000
1927-28	336,000	143,000	23,636,000	936,000
1928-29	94,000	59,000	18,521,000	1,587,000
1929-30	426,000	50,300	12,469,000	1,360,000
1930-31	131,000	11,000	8,757,000	1,136,000
1931-32	7,000	17,000	12,748,000	1,102,000
1932-33	111,000	28,000	4,927,000	1,099,000
1933-34	130,000	57,000	4,563,000	805,000
1934-35	67,000	3,000	2,321,000	740,000
1935-36	52,000	19,000	1,376,000	864,000

APPENDIX 32.

IMPORT DUTIES ON INDIAN COTTON PIECEGOODS IN AFGHANISTAN.

Copy of letter No. 432/47, dated the 17th February 1936, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

With further reference to my letter No. 85/140, dated the 9th January 1936, I have the honour to submit below my Committee's views on the import duties levied in Afghanistan, so far as they concern Indian cotton piecegoods.

In your letter of 18th July, 1935, the Association was informed that the import duty levied in Afghanistan on Indian cotton piecegoods was 35 per cent. *ad valorem*. Standard tariff values appear to have been fixed for different sorts of cloth, and the duty is estimated on these values. The tariff values at present in force in Afghanistan on which the duty is estimated at 35 per cent. are shown below :—

TABLE I.

Description.	Tariff value per <i>Ratl</i> (of 1.14 lbs.) (Afghan currency).		Tariff value <i>per lb.</i> converted into British Indian currency.
	Rs.	Puls.	Rs. s. p.
1. Bleached longcloth	4	68	1 2 3
2. Unbleached and coloured longcloth	3	80	0 14 10
3. Coloured twills, checks with square and parallel lines for lining, and other pieces manufactured and woven in India	3	50	0 13 8
4. Unbleached and coloured drill	3	20	0 12 6

In British Indian currency, the actual duties payable per lb. at 35 per cent. would work out as below :—

TABLE II.

Description.	Tariff Value per lb.	Duty at 35% per lb.
	Rs. a. p.	Rs. a. p.
1. Bleached longcloth	1 2 3	0 6 5
2. Unbleached and coloured longcloth	0 14 10	0 5 2
3. Coloured twills, checks, etc.	0 13 8	0 4 9
4. Unbleached and coloured drill	0 12 6	0 4 4½

The goods which were usually sent to Afghanistan from British India were mostly woven from coarse count yarn, the average prices of which in Bombay were approximately as below :—

TABLE III.

Description.	Price per lb.	
	Rs. a. p.	
1. Bleached longcloth	0 11 9	Average.
2. Unbleached and coloured longcloth :—		
Grey	Rs. a. p. 0 9 6	} 0 10 9 Average.
Coloured	0 12 0	
3. Coloured twills, checks, etc.	0 12 0	
4. Unbleached and coloured drills :—		
Unbleached drill	Rs. a. p. 0 8 6	} 0 9 9 Average.
Coloured drill	0 11 0	

Converting the duties given in Table II to a percentage of the *real* values given in Table III, it will be seen that the duties actually levied worked out at more than 35 per cent. *ad valorem*. For ready reference, the percentages are shown below :—

TABLE IV.

Description.	Duty payable as per Table II.	Real value as per Table III.	Column 2 expressed in terms of a percentage of Column 3.
I	2	3	4
	Rs. a. p.	Rs. a. p.	%
1. Bleached longcloth	0 6 5	0 11 9	55
2. Grey and coloured longcloth	0 5 2	0 10 9	48
3. Coloured twills, etc.	0 4 9	0 12 0	40
4. Grey and coloured drill	0 4 4½	0 9 9	45

Even providing for half an anna per lb. to cover freight from Bombay to Peshawar, the real values of the goods on the British Frontier will be much less than those fixed by the Afghan Authorities. My Committee are of opinion that it was not the intention of the Afghan Government that Indian piecegoods should be subject to such high *ad valorem* rates of duty. If it is not practicable to *fix separate tariff values for Indian-made cotton piecegoods*, then it is submitted that the best solution of the problem would be to assess Indian goods at the actual invoice prices. My Committee do not anticipate any insuperable difficulty in adopting this suggestion for the importer in Afghanistan or the exporter in India could without difficulty be made to produce before the Afghan Authorities the relative invoice and other documents relating to every consignment. My Committee trust that it will be possible for the Government of India to represent the position to the Afghan Government with a view to setting matters right.

Copy of letter No. 341-T (77)/34, dated the 22nd May 1936, from the Deputy Secretary to the Government of India, Department of Commerce, Simla, to the Association.

I am directed to refer to the correspondence resting with your letter No. 432/47, dated the 17th February 1936, on the above subject, and to say that, in reply to the representations made by the Government of India to the Government of Afghanistan, the latter have now stated that for the purpose of assessing to customs duty cotton piecegoods imported into Afghanistan the value of the goods is calculated at the market rate prevailing in the interior of Afghanistan and not at the purchase price in the country of origin.

They also observe that, as the matter is of public concern in Afghanistan, they do not find it possible to assess merchandise either at its face value or by any other method than that followed.

APPENDIX 33.

EGYPTIAN MARKET FOR INDIAN MILL-MADE GOODS.

Copy of circular No. 887/104, dated the 8th April 1936, from the Association to all Members of the Association.

It appears from information recently supplied to the Association that, since September 1935, a special *ad valorem* duty of 40 per cent. has been imposed by the Egyptian Government on cotton yarns, fabrics and clothing originating in or coming from Japan with the object of countervailing the difference in the rates of exchange. This duty is in addition to the ordinary duty which other countries have to pay on cotton piecegoods and yarns when they enter Egypt. The ordinary duties, as far as the information in the hands of the Association goes, are set out in the tabular statement enclosed. The additional duty has subsequently been made applicable to imports from China owing to the fear that the Japanese would send goods *via* China in order to avoid the existing high duties on her goods. Negotiations for the conclusion of a new Egypto-Japanese Commercial Treaty have been in progress since October last year, but no agreement has so far been reached.

The total extent of the Egyptian market for cotton piecegoods during the last eight years, and the shares held by the principal importing countries, are as shown in the following table:—

		(In million square yards.)			
		<i>United Kingdom.</i>	<i>Italy.</i>	<i>Japan.</i>	<i>Total.</i>
1928	.. ..	133.43	42.52	42.59	241.49
1929	.. ..	139.21	47.50	50.52	265.21
1930	.. ..	110.01	40.82	55.09	228.36
1931	.. ..	73.81	34.74	53.72	175.85
1932	.. ..	82.14	35.92	81.14	208.63
1933	.. ..	64.32	26.00	139.75	235.41
1934	.. ..	43.37	21.74	148.20	217.74
1935 (10 months)	..	28.00	13.90	156.80	203.50

It will be seen that Japan, the United Kingdom and Italy between them supply the bulk of the imports of cotton piecegoods into Egypt at the present time.

The additional duties now levied on Japanese goods, taken in conjunction with the economic sanctions which are in operation against Italy as a result of the Italo-Ethiopian conflict, appear to provide a very good opportunity for a concerted move on the part of Indian mills to expand their trade with Egypt.

CUSTOMS IMPORT TARIFF OF EGYPT.

Abbreviations: K.G.=Kilogram Gross; K.N.=Kilogram Net; n.e.s.=not elsewhere specified; n.e.s. or i.=not elsewhere specified or included; 1 kilog=2.2 lbs. avoirdupois. Monetary Unit: £E=100 Piastres tariff=1,000 millimes=£1-0-6d.

No.	Duty per 100 Kilogs. Gross. £E. M.
494	Yarns of pure cotton :—
A. Singles :—	
1. Unbleached :—	
(a) Not over No. 12	100 K.N. 1 800
(b) Over No. 12 and not over No. 24	2 000
(c) Over No. 24 and not over No. 36	2 200
(d) Over No. 36 and not over No. 48	2 200
(e) Over No. 48	2 200
2. Bleached	The same duty as on the corresponding unbleached, <i>plus</i> 100 mills. per 100 kilogs.
3. Dyed or chine	The same duty as on the corresponding unbleached yarns, <i>plus</i> 200 mills. per 100 kilogs.
4. Glazed or mercerised	The same duty as on the corresponding yarns, unbleached, bleached, dyed or chine, as the case may be, <i>plus</i> 100 mills. per 100 kilogs.
B. Folded, of two or more singles, in ordinary skeins :—	
1. Unbleached :—	
(a) Not over No. 12	100 K.N. 2 000
(b) Over No. 12 and not over No. 24	2 400
(c) Over No. 24 and not over No. 36	2 500
(d) Over No. 36 and not over No. 48	2 600
(e) Over No. 48	2 600
2. Bleached	The same duty as on the corresponding unbleached yarns, <i>plus</i> 100 mills. per 100 kilogs.
3. Dyed or chine	The same duty as on the corresponding unbleached yarns, <i>plus</i> 200 mills. per 100 kilogs.
4. Glazed or mercerised	The same duty as on the corresponding yarns, unbleached, bleached, dyed or chine, as the case may be, <i>plus</i> 100 mills. per 100 kilogs.

495	Thread of pure cotton, put up for retail sale, in balls, bobbins, small skeins, or in any other mercery form, irrespective of the number of strands, whether unbleached, bleached, dyed, glazed or mercerised	Value	15%.
496	Cotton Warps	The same duty as on cotton yarns of which the warps are composed, <i>plus</i> 200 mills. per 100 kilogs.	
497	Headles of twisted yarn (for weaving)	Value	8%.
	*	*	*
499	Articles made of Pure Cotton.	*	*

I. Other woven fabrics of pure cotton weighing per 100 square metres :—

		Duty per 100 Kilogs. Gross.	
		£E.	M.
1.	18 kilograms or more :—		
(a)	Unbleached	K.N.	0 025
(b)	Bleached in the piece or in the yarn	"	0 032
(c)	Dyed in the piece or in the yarn, or chine	"	0 040
(d)	Printed	"	0 041
2.	14 kilograms inclusively to 18 kilograms exclusively :—		
(a)	Unbleached	K.N.	0 025
(b)	Bleached or manufactured with bleached yarn	"	0 032
(c)	Dyed or chine (clouded) or manufactured with dyed yarn	"	0 040
(d)	Printed	"	0 041
3.	11 kilograms inclusively to 14 kilograms exclusively :—		
(a)	Unbleached	K.N.	0 028
(b)	Bleached in the piece or in the yarn	"	0 036
(c)	Dyed in the piece or in the yarn, or chine	"	0 044
(d)	Printed	"	0 045
4.	9 kilograms inclusively to 11 kilograms exclusively :—		
(a)	Unbleached	K.N.	0 030
(b)	Bleached in the piece or in the yarn	"	0 036
(c)	Dyed in the piece or in the yarn, or chine	"	0 062
(d)	Printed	"	0 065
5.	7 kilograms inclusively to 9 kilograms exclusively :—		
(a)	Unbleached	K.N.	0 030
(b)	Bleached in the piece or in the yarn	"	0 036
(c)	Dyed in the piece or in the yarn, or chine	"	0 065
(d)	Printed	"	0 073
6.	5 kilograms inclusively to 7 kilograms exclusively :—		
(a)	Unbleached	K.N.	0 030
(b)	Bleached in the piece or in the yarn	"	0 038
(c)	Dyed in the piece or in the yarn, or chine	"	0 072
(d)	Printed	"	0 092

7. 3 kilograms inclusively to 5 kilograms exclusively :—				
(a) Unbleached	.. .. .	.. .. .	K.N.	0 035
(b) Bleached in the piece or in the yarn	.. .. .	.. .. .	"	0 050
(c) Dyed in the piece or in the yarn, or chine	.. .. .	.. .. .	"	0 100
(d) Printed	.. .. .	.. .. .	"	0 150
8. Less than 3 kilograms :—				
(a) Unbleached	.. .. .	.. .. .	K.N.	0 042
(b) Bleached in the piece or in the yarn	.. .. .	.. .. .	"	0 070
(c) Dyed in the piece or in the yarn, or chine	.. .. .	.. .. .	"	0 105
(d) Printed	.. .. .	.. .. .	"	0 160
500 Articles and fabrics of cotton, mixed :—				
A. With silk (natural or artificial) or with floss silk, in a proportion of :—				
1. More than 15 per cent...	Dutiable as articles of pure silk or artificial silk according to kind.			
2. 15 per cent. or less ..	Dutiable as articles of pure cotton according to kind.			
B. With metallic threads ..	Dutiable as articles of pure cotton according to kind increased by 20 per cent.			
C. Other, the cotton predominating in weight ..	Dutiable as articles of pure cotton according to kind.			
500 bis Fents of pure cotton not exceeding 3 metres per piece ..				
Dutiable under No. 499 I (1).				

APPENDIX 34.

THE INDIAN COMPANIES AMENDMENT BILL.

Copy of letter No. 7164/2, dated the 6th May 1936, from the Offg. Deputy Secretary to the Government of Bombay, Finance Department, Bombay Castle, to the Association.

I am directed by the Governor-in-Council to forward herewith a copy of Government Resolution No. 7164* dated 6th May 1936, together with a copy of the Indian Companies (Amendment) Bill* and a copy of the report on the amendments of the Indian Companies Act, 1913, by Mr. Sushil C. Sen, and to request that Government may be favoured with the opinion of your Association on the provisions of the Bill as early as possible, and in any case before the 15th June 1936.

Copy of letter No. 1830/112, dated the 22nd June 1936, from the Association to the Offg. Deputy Secretary to the Government of Bombay, Finance Department, Bombay.

I am directed to acknowledge the receipt of your letter No. 7164/2 dated the 6th May 1936, with which were enclosed a copy of the Indian Companies Act (Amendment) Bill, 1936 and a copy of the report by Mr. S. C. Sen.

In the first place, I am to express regret that it was not found possible to forward the Association's views upon the Bill by the date specified in your letter owing to the complicated

* Not printed.

and extensive character of the Amending Bill and the necessity of consulting outside experts on certain Clauses of the Bill in which the Association is particularly interested. The criticisms of the Bill set out in this letter do not necessarily deal with every feature of the Amending Bill, nor do they necessarily represent the final views of my Association, and I am to state that they will be supplemented and/or amended, as may be necessary, by the Association's representative in the Assembly during the discussions on the Bill in the Select Committee and on the floor of the House.

Clause 7.—This Clause amends sub-Section (2) of Section 17 of the Act, and the only criticism which my Association desire to make is that the adoption of Regulation 107, of Table A should not be made compulsory. Under this Article, in any case where the whole of any item of expenditure is not wholly written off in one year, the reason for this will have to be stated. This is obviously unnecessary in items of expenditure like insurance premiums, telephone calls and a host of minor expenditure.

Clause 8.—The reason for the introduction of the additional Section 20A to Section 20 of the Act has not been made clear, but if good and sufficient reasons exist for the amendment, my Association would not object to its introduction.

Clause 13.—New sub-Section 34(1) appears to throw an added and unwarranted responsibility upon companies and boards of directors. It provides that where an application for a transfer of shares is made by the transferor, the transfer shall not be effected, unless the company gives notice of the application to the transferee. This type of application appears to postulate an incompleting instrument of transfer or a bogus instrument of transfer. The present procedure is that a company would refuse to register a transfer of shares unless a completed transfer form is presented. If the amendment were to be adopted, it would apparently be necessary for the company to ascertain the name and address of the transferee, and if the transfer form was incomplete, this could not be done. In any event, the new sub-Section would appear to impose an obligation on the company which should really be placed upon the transferor. The general position is that a transfer form is presented neither by the transferor nor by the transferee, but by a stock and share broker or by a stock and share broker's representative. There appears to be no reason for altering the present procedure which has, so far as is known, worked satisfactorily. If the object of the Clause is merely to protect persons against bogus transfers, then the transferees have already adequate remedies under Section 38 of the existing Act. If the amendment is at all necessary, then it can only be necessary in the case of partly paid up shares.

Clause 15.—This Clause amends sub-Section (2) of Section 36 of the Act and prescribes that, when any member or other person requires a copy of the register, or of any part thereof, or of the list and summary required by this Act, or any part thereof, the company shall cause the copy so required to be sent within a period of ten days from the receipt of the application. The period of ten days prescribed in the Clause is too short. It may happen that as many as five or six days out of the ten are holidays, and my Association is of opinion that the period should be extended to fifteen working days.

Clause 24.—This Clause amends Section 77 of the existing Act. New sub-Section 77(1), which specifies that a new company must, within a period of not less than one month nor more than three months from the date at which it is entitled to commence business, hold a general meeting of the members of the company, which shall be called the statutory meeting, is unsatisfactory. My Association is of opinion that the period specified in the sub-Section should be extended and that it should be as under :—

“, within a period of *not less than one month nor more than six months* from the date at which the company is entitled to commence business, etc. ”

This longer period would, it is thought, be to the advantage of all concerned, and particularly of the shareholders, since it would enable the promoters of the company to give a great deal more information than they would possibly be able to give in the shorter period laid down in Clause 24.

Clause 26.—This Clause amends Section 79 of the Act. In the amendment, reference is made to Table A, and at a later date the Association may have some suggestions to make for the amendment of Table A.

Clause 31.—This Clause amends Section 83B of the Act and prescribes that not more than one-third of the whole number of directors shall be appointed otherwise than by the members in general meeting. My Association assume that it was never intended to restrict the powers of the board of directors in regard to casual and temporary appointments amongst all classes of directors including shareholders' directors, and would suggest that this should be made clear in the amending Clause. As now worded, the power which boards of directors have to make casual or temporary appointments would appear to have been taken away. Government will, it is thought, agree that it would be undesirable that the delay, expense and trouble of calling a special general meeting should be gone through for the purpose of filling casual vacancies on the board, more particularly as the Act now lays down that two-thirds of the directors shall be appointed by the shareholders in general meeting.

Another defect in the Clause is that its non-retrospective character as agreed upon at the Simla conferences has not been made clear. A further defect is that it makes no exceptions in respect of special classes of directors, who now hold seats on the boards of directors of certain Public Utility and other companies, who are appointed by Local Governments, Municipalities, Local Boards, Chambers of Commerce, Trade Associations, etc. The Association maintain that special provision needs to be made for the appointment of these special directors without a general meeting sanction.

It should also be made clear in the amending Clause that the proportion of directors, who may be elected otherwise than by the members in general meeting, does not include special directors of the type referred to in the preceding paragraph, or debenture directors.

Clause 33.—This Clause amends Section 86 of the existing Act, and the only important objection which my Association desire to put forward concerns the new sub-Section 86E, which specifies that no director shall, without the consent of the company in general meeting, hold any office of profit under the company except that of a managing director or manager or a solicitor or a banker. Section 86E as now framed would, it is thought, increase the difficulty of obtaining the services of directors who might be most useful to the company owing to their special knowledge of some phase or other of the company's business. It is, in the opinion of my Association, essential to define very clearly and exactly what is meant by an "office of profit." Would the Section exclude the appointment as director, without the previous consent of the company in general meeting, of any person connected with any firm doing business with the company? For example, would A, a partner or employee in a firm of textile machinery merchants, be precluded from appointment on the board of a mill company, if that mill company regularly bought certain classes of machinery from the firm or company of which A was a partner or employee? My Association desire to recommend the entire deletion of Section 86E as it appears to be unnecessary in view of the provisions of sub-Section 86H which gives shareholders the right to remove any rotational directors.

As regards new Section 86A, the words "undischarged bankrupt" should be changed to "insolvent," and it should be made clear whether a man insolvent in another country would be precluded from becoming a director of a company in India.

In so far as new Section 86F is concerned, my Committee suggest that it is necessary to make it clear that this provision shall not have retrospective effect.

Clause 35.—Proposed new Section 87A(1), (2) and proviso.—In the first place, my Association wish to suggest the desirability of making it clear that the proviso to this Section applies to both sub-Section (1) and sub-Section (2) of Section 87A.

Sub-Section 87A(1) specifies that no managing agent shall, after the commencement of the Indian Companies (Amendment) Act, 1936, be appointed to hold office for a term of more than twenty years at a time. My Association are of opinion that this period should be extended to twenty-five years, for the reason that in certain classes of companies the initial

development may be spread over a long period of years during which time no profits, or very small profits, may be made. In such instances, it would be palpably unfair to limit the period of a managing agency agreement to 20 years only.

As regards the wording of the proviso, the Association wish to point out the necessity of providing that managing agents shall be absolved from all commitments on behalf of the company before their agency agreement is terminated. To give effect to this suggestion, it is proposed that the following words should be added to the proviso set out in the amending Bill:—

“and the managing agents have been relieved of any financial responsibilities undertaken by them on behalf of the Company.”

The Association also deem it necessary that Section 87A should clearly specify that a managing agent shall be eligible for reappointment on the expiry of his original appointment.

Clause 35.—New sub-Section 87B(a).—This sub-Section specifies that a company may, by resolution passed at a general meeting, remove a managing agent for fraud or breach of trust proved in a competent Court. The Association is of opinion that this sub-Section as framed will not carry out the real intentions of the Governmental Committee. In cases where a managing agent has been found guilty of fraud or breach of trust in connection with a company under his control, his removal from the managing agency of that company should, in the opinion of my Association, be automatic and not dependent on a resolution passed at a general meeting, since it is quite possible that the managing agency firm might hold a sufficient proportion of the share capital to prevent his removal from office.

Clause 35.—New sub-Section 87B(e). This sub-Section states that the appointment of a managing agent, the removal of a managing agent and any variation of a managing agent's contract of management shall not be valid unless approved by the company by a resolution passed at a general meeting of the company, notwithstanding anything to the contrary contained in the articles of the company. The Association wish that it should be made perfectly clear that the sub-Section refers only to new appointments and not to appointments made before the passage of the Amending Act, and I am, therefore, to suggest that the words “after the commencement of this Act” should precede the opening words of sub-Section 87B(e) as now drafted.

Clause 35.—New Section 87C.—This new Section specifies how managing agents shall be remunerated and how “net profits” shall be arrived at. While the application of this Section would not create any insuperable difficulties, as far as members of the Mill-owners' Association are concerned, it cannot fairly be urged that the only equitable system of remuneration is that specified in the Section. The Association understand that it would be difficult for each and every class of business to accept the profit percentage system of remuneration, and suggest that the Section might be made more elastic to suit the special requirements of such businesses.

Another defect in the Section as now drafted is that provision is only made for the payment of a minimum commission when there are no profits. This is obviously a drafting error. The minimum commission specified in an agency agreement should be payable as long as the percentage remuneration on net profits works out at a figure less than the minimum specified in the agency agreement.

Clause 35.—New Section 87G. This Section specifies that a managing agent shall not have the power to issue debentures or to invest the surplus funds of the company and that no delegation of any such power to a managing agent shall be valid. The Association is of opinion that managing agents should have the power to invest surplus funds without the previous sanction of the board of directors, but would have no objection to a provision specifying that investments from surplus funds made by managing agents should in all cases be brought to the notice of the board of directors at the earliest opportunity.

Clause 35.—New Section 87H.—In its present form, this Section is unfair and unworkable. The Section specifies that a managing agent shall not, whether directly or as managing agent for another person, engage in any business which is of the same nature as, or which is of such a nature that it directly competes with the business carried on by a company under the management of such managing agent. In its present form, the Section will make it illegal for a firm or individual to be the managing agent for two concerns doing the same type of business. This, in the opinion of my Association, was not the intention of the Governmental Committee nor of the Shareholders' Association, who must be aware that many firms of managing agents can and do efficiently control varying numbers of companies doing the same or a similar class of business. Take, for example, certain of the managing agency firms located in Calcutta, who in some cases manage as many as twenty tea companies. This Section would also appear to prevent a managing agency firm or company from owning one or more companies and, at the same time, managing other companies doing the same or similar class of business. Messrs. David Sassoon & Co., Ltd., who own the Union Mills, Bombay, would, according to the present wording of this Section, be prevented from acting as managing agents for the Sassoon Spg. and Wvg. Co., Ltd. In the same manner, the Section would appear to prevent a managing agency firm from dealing in imported piecegoods, if it is managing a cotton piecegoods manufacturing company. It might, it is thought, have been the intention of the Governmental Committee to prevent a managing agent of a cotton manufacturing company from having a share in the cloth selling agency of the same company, but while it might be desirable to discourage this sort of thing, it is extremely difficult to frame legislation which would effectively prevent it without, at the same time, creating hardships and disadvantages from the shareholders' point of view. It would, for instance, be absurd to prevent a firm dealing in textile machinery from becoming an agent of a cotton spinning and weaving mill, though it could be argued that there was a conflict of interests. In the opinion of my Association, Section 87H must be entirely recast or deleted.

Clause 35.—Section 87E.—This Section deals with loans to companies under the same management. The Association has no objection to raise to the new Section, provided it is made perfectly clear that it has no retrospective effect.

Clause 44.—This Clause adds two new Sections 105A and 105B to Section 105 of the Act. With regard to Section 105B, the Association is of opinion that it is defective in that it makes no provision for the redemption of preference shares from sales of fixed capital assets no longer required for purposes of the company's business.

Clause 53.—This Clause amends Section 130 of the existing Act. In sub-Section 130(3), it is specified that any director of a company who fails to take all reasonable steps to secure compliance by the company with the requirements of this Section, or has by his own wilful act been the cause of any default by the company thereunder, is liable to imprisonment for a term not exceeding six months or to a fine not exceeding two thousand rupees. The Association maintain that the responsibility for seeing that a company keeps proper books of account with respect to all sums of money received and expended, all sales and purchases of goods by the company and the assets and liabilities of the company, is not a responsibility that can be passed on to individual directors. In the case of companies controlled by managing agents, the responsibility for the keeping of proper books of account, etc., must devolve upon them and the auditors of the company, and not upon the directors. In a company managed by a board of directors, the liability of individual directors should, in the opinion of my Association, be more strictly circumscribed, as otherwise it will be extremely difficult to obtain the right type of directors.

The punishment provided in Section 130(3) is definitely too severe and might be compared with the penalty imposed by Clause 63 of the Amending Bill which amends Section 145 of the existing Act. An auditor, who makes a report which does not comply with the requirements of the Section, is punishable with a fine not exceeding a hundred rupees.

Clause 62.—This Clause, which amends Section 141 of the Act, provides that where an investigation of a Company's affairs has been ordered by the Local Government at the instance of the Registrar, the cost of that investigation shall be paid out of the assets of the

company. This, in the opinion of my Association, would be justifiable, if the company were eventually found guilty of malpractices of a serious character, but in the event of the result of the investigation being in favour of the company, it would certainly be unjust to make the company bear the expenses of the investigation, and the proviso to sub-Section (3) of Section 141 should be amended accordingly.

Clause 97.—This Clause amends Section 282 of the Act. New sub-Section 282B(2) specifies that where a provident fund has been constituted by a company for its employees or any class of its employees, such fund shall be a trust for the benefit of those employees, and that the monies of the fund shall be invested only in securities mentioned or referred to in clauses (a) to (e) of Section 20 of the Indian Trusts Act, 1882. As Government are aware, legislation dealing with Provident Funds has been included in Chapter IX (a) of the Indian Income Tax Act. The provisions were incorporated after they had received the full consideration of various commercial bodies, and my Association doubt the advisability of amending the provisions of that Act by a single Clause in the Indian Companies Act Amending Bill. The provisions of the Indian Income Tax Act do not make it compulsory to invest the funds of a Provident Fund which existed before the recognition of the fund in the investments authorized by the Indian Trusts Act, nor does the Act require the company's contributions after the date of recognition to be so invested. It is only the employees' contributions which require to be so invested. Apart from the fact that it may be inconvenient to withdraw from a company the assets of the Provident Fund, the amendment will necessitate the investment of all the assets of the fund in Government securities standing at a very high rate, and will also considerably reduce the income of the fund. The natural consequence will be that members of a provident fund run by a firm not subject to the provisions of the Indian Companies Act will be in a better position than members of a fund run by a limited company.

The sub-Section also appears to conflict with the provisions of the recently passed Payment of Wages Act, which apparently contemplates the recognition of provident funds approved by Local Governments of which the funds are not all invested in securities of the types referred to in Section 20 of the Indian Trusts Act.

My Association find it difficult to envisage why an amendment of such far-reaching importance, an amendment not of the Indian Companies Act but of another Act altogether, should be incorporated in this Bill, and must, in these circumstances, press for its deletion.

Clause 100.—This Clause amends Form F in the Third Schedule to the Act. Its effect will be to make Balance Sheets much more voluminous than they are at present, and in consequence it will be difficult to envisage the real position of the company at a glance. My Association consider that it will be more desirable to specify that certain of the new details called for by the amendments may be given in schedules attached to the Balance Sheet of which they form a part. This particularly applies to Block Accounts and investments, but in any case where a Balance Sheet is unduly lengthy, the use of explanatory schedules should be permitted.

As regards the individual amendments to the Balance Sheet, the Association have the following comments to make :—

Issued Capital.—This has to be allocated between shares issued otherwise than for cash and shares issued for cash. My Association would, however, point out that Issued Capital means Capital Offered for subscription, whether the shares have been taken up or whether they have not, whereas Subscribed Capital means Capital allotted, (Advocate-General's opinions No. 70 of 9th October 1916, and 74 of 16th October 1916, vide Companies Manual, page 301). The allocation to be shown under Issued Capital should, in the opinion of my Association, be shown under Subscribed Capital. In drafting the Bill, it seems to have been assumed that Issued Capital means Allotted Capital, as references are made elsewhere in the Bill to Issued Capital where the term Subscribed Capital should be used. The Association desire to point out that in the case of old companies some difficulty may be experienced in making the allocation required by the amendment.

Loans.—(b) Unsecured: (v) Interest Outstanding.—The Association consider that the words “Interest accruing but not due” should be inserted for the words “Interest Outstanding.” The reason is that interest outstanding may be included under items (i), (iii), (iv) and (vi).

Fixed Capital Expenditure.—The Association desire to suggest that a proviso should be added under this head to the effect that, where there has been a reduction in Capital, or re-valuation of Assets, the opening figure should be the amount at which the asset was re-valued and not the original cost.

Investments.—The amended form of Balance Sheet provides that the interest of any director or manager in any investment of the company is to be stated, but does not state what will be considered as an “interest” and this must be clearly defined. If the director or manager of the investing company is either a director or a manager of the company in whose shares the investment is made, would that be considered as an “interest”?

Advances.—The Association suggest that the words “including temporary advances made at any time during the year to directors or managers of the company or to any company in which a director or manager of the company holds the position of director or manager, stating the maximum amount outstanding at any one time during the year under this head” should be deleted and replaced by the words “loans including temporary advances to directors or managers of the company outstanding.” No useful purpose would be served by including in the *Balance Sheet* figures of loans made during the year to directors or managers of the company or to any company in which a director or manager of the company holds the position of director or manager which have been repaid during the year. A Balance Sheet is intended to show the position of the company as on the date at which it is drawn up, and unnecessary elaborations should be avoided.

Copy of letter No. 1969/112, dated the 3rd July 1936, from the Association to the Deputy Secretary to the Government of Bombay, Finance Department, Bombay.

In continuation of my letter No. 1830/112, dated the 22nd June 1936, my Committee desire to suggest that the attention of the Government of India be drawn to certain further criticisms which my Committee desire to make regarding the Indian Companies Act Amending Bill.

Clause 7.—Clause 7 appears to compel the inclusion in the Articles of Association of a Company certain regulations contained in Table “A” in the first Schedule of the Act. In view, however, of the provisions of Clause 26 of the Bill which amends Section 79, all reference to Regulation 56 which covers the procedure to be followed when a poll is demanded should be omitted from Clause 7.

As regards Regulations 78, 81 and 82, it is necessary to bear in mind that in many companies certain directors have been nominated by Managing Agents, Debenture Trustees, Government and public bodies such as Chambers of Commerce. These directors do not retire, and cannot stand for re-election, and these three Regulations are, therefore, inappropriate and must be so amended as to make it clear that nominated directors will not be required to retire by rotation.

Clauses 26 and 98.—In the opinion of my Committee a poll may reasonably be demanded by the Chairman or by five members or by a member or members holding not less than one-tenth of the subscribed share capital. The words “The Chairman or” should, therefore, be inserted before the word “five” in the first line of the Section, and the words “or a member or members holding not less than one-tenth of the subscribed share capital”

should be inserted between the words "members" and "present" in the same line. If these amendments were adopted, Section 79 (1) (c) would read as below :—

"79 (1) (c) :—The Chairman or five members or a member or members holding not less than one-tenth of the subscribed share capital present in person or by proxy shall be entitled to demand a poll....."

In Clause 98, the amendment of Regulation 56 of Table "A" in the first Schedule should read "By the Chairman or by at least five members or by a member or members holding not less than one-tenth of the subscribed share capital present in person or by proxy."

Clause 33.—Section 86 (h).—Article 86 of Table "A" needs to be amended in order to conform to the amendment which Clause 33 is intended to make.

Clause 35.—Section 87 (c).—In the new sub-section 87 (c), the method of remuneration of Managing Agents is set out and in the second sub-clause it is stated that for the purpose of this section "net profits" means "profits of the company calculated after allowing for all the usual working charges, interests on loans and advances, repairs and outgoings." My Committee wish to point out that it would be most unfair to Managing Agents to deduct interest on debentures issued or utilised for capital expenditure in arriving at the profits figure on which Managing Agents' commission shall be paid, since capital expenditure should really be financed from paid-up capital. If interest on this type of debentures had to be deducted before arriving at the figure of net profits, the Managing Agents would probably refuse to accept debentures for this purpose and insist on the issue of new capital. We are informed that in the case of the new Cement Merger, the shareholders themselves agreed that interest on debentures utilised for capital expenditure should not be deducted in arriving at the profits figure on which Managing Agency commission should be payable.

Speech delivered by Sir Hormasji Mody, K.B.E., M.L.A., in the Legislative Assembly on the 28th September 1936, during the course of the debate on an amendment moved by Pandit Govind Ballabh Pant to Clause 42 of the Indian Companies (Amendment) Bill, providing for the termination, by a resolution passed at a General Meeting of a Company, after 5 years of the coming into force of the amending legislation, of the term of office of the Managing Agent if he had completed 30 years since he first occupied such office.

SIR H. P. MODY (Bombay Millowners' Association: Indian Commerce) : Mr. President, my Honourable friend, Pandit Govind Ballabh Pant, in a speech which was listened to with great attention, and if I may say so, with respect, covered the whole field of the managing agency system. My own performance will be of a more modest character. Sir, during the last few months the whole of India has been ringing with the denunciation of managing agents. No epithet seems to be too severe for them, and they are held up as a sort of criminal tribe which has got to be reclaimed, with the severest possible measures that could be applied to their reclamation. Even poisoners, perjurers, dacoits and bigamists occasionally excite a little sympathy, but somehow or other a managing agent can only succeed in producing an atmosphere of bitter hostility.

AN HONOURABLE MEMBER:—Why is that so ?

SIR H. P. MODY: It is for my Honourable friend to answer that. If he prefers the other people, I have nothing further to say : it is a matter of choice.

MR. S. SATYAMURTHI (Madras City. Non-Muhammadan Urban) :—You do secretly what others do openly.

SIR H. P. MODY:—Then, the palm must be given to us for a little bit of cleverness. Sir, my idea is, when I get back to Bombay, to start "a society for the protection of managing agents." (Laughter) I have not yet decided who the President shall be, but so far the choice lies between my Honourable friend, Mr. Satyamurthi, and my Honourable friend, Mr. Joshi (Laughter) two very tried and trusted friends of industries. (Hear, hear.) Now, why this

hostility—I want to ask my Honourable friends? What have the managing agents done in the course of these last sixty years and more to incur so much odium at the hands of a certain section?

AN HONOURABLE MEMBER:—What have they not done?

SIR H. P. MODY.—I want my friends to remember that a handful of men in the face of public apathy, Government indifference, the lack of technical skill, and various other obstacles have built up in India an industrial development which has placed this country amongst the first dozen industrial countries of the world, though I recognise that there is a considerable leeway yet to make up and that India may still be regarded as in the infancy of her development. Take, for instance, the case of the textile industry. Who has promoted the textile industry? Who has established it? The textile industry was established by a few people in the sixties of the last century and for years together, I should say for nearly seventy years, not only did it not receive the slightest encouragement from Government, but it actually encountered every kind of difficulty that could be placed in its path. (Hear, hear.) Sir, the fashion amongst the Treasury Benches recently has been to say, “oh, the consumer is being bled, protection has become rampant and that some revision must take place in the tariff policy of Government.” I ask, how long has this tariff policy been in operation? Only for a miserable ten years, if even that; and so far as the textile industry is concerned, it received a most meagre measure of protection only as recently as 1930.

AN HONOURABLE MEMBER:—What about the Swadeshi movement?

SIR H. P. MODY.—I will come to every point, if you will have a little patience. I was saying that in spite of it all, the industry has prospered, has grown, until to-day it nearly produces three-thousand five hundred million yards of cloth as against a total consumption of between four-thousand five hundred and five thousand million yards—and it is not due to any protection, it is not due to any encouragement on the part of anybody, but it is due entirely almost, or if that is a little exaggeration, then very largely to the energy, the enterprise and the sacrifices of managing agents. (Voices: “Question, question.”) And Sir, those who talk of agricultural development, the burdens on the consumer, and the like, must realise what an enormously important part the textile industry plays in the agricultural economy of this country. Very nearly half the total cotton crop of this country is consumed by the indigenous industry, and those people who know anything about it should know that if there was no textile industry, something like 3 million bales would probably be not grown at all. There are no further world markets to capture. Then, take the case of the steel industry. Out of what was 30 years ago a jungle in every sense of the word, there has grown up a town of enormous importance, housing very nearly 1,00,000 people, a town which has become the second in the province, and an industry which employs 25,000 people and which pays crores of rupees every year in wages. I want to ask whether such development was at all possible without managing agents? The arguments that are advanced are: Very well, let us grant that managing agents have played their part in the past, but they are no longer wanted. In other words, they are going to be cast aside as a worn-out shoe. My answer is that it is because of the fact that managing agents have a very considerable interest in their concerns, and that it has been possible in times of depression to carry on companies in the hope of better times, and it is because of that that the industries of the country are to-day what they are. I assure my Honourable friends that there have been a dozen occasions during the last 25 years, on which, if the management had been left in the hands of directors, the necessary money would not have been forthcoming, the necessary sacrifices could not have been made, and the concerns would have gone to the wall. Now, Sir, my Honourable friend, Prof. Ranga, the other day attacked the managing agent as a dishonest fellow.

PROF. N. G. RANGA (Guntur *cum* Nellore : Non-Muhammadan Rural): You said that.

SIR H. P. MODY.—That is the last thing I will say.

MR. S. SATYAMURTI.—But the first you should do.

SIR H. P. MODY.—My Honourable friend, Prof. Ranga, is a bit of an enigma to me. From the way in which he continually prates about the peasant and the proletariat, I said

to myself that he must be at least a cultivator growing rice, or, if he was a little more prosperous, potatoes, mangoes and the like. Imagine my astonishment when I found that he was only a professor of economics. And, when as a professor of economics he talks about peasants and cultivators, much as if he was flesh of their flesh and bone of their bone, much as if he belonged to them and they belonged to him, all I can say is that he must be suffering very vicariously. And when he so suffers, he reminds me of the young husband who was very agitated when a certain happy event was about to take place in the family. The doctor said: "Compose yourself, my good man, I have brought hundreds of babies into this world and never lost a father yet." (Laughter) Now, Sir, my Honourable friend also talked of fat agents. Somehow or other, whenever managing agents or capitalists of any class are being spoken of, they are in the popular imagination associated with a lot of weight and fat. But, literally speaking, what are the facts? Can you, Sir, or anybody else imagine a more hungry looking specimen of a managing agent than my Honourable friend Mr. Mathuradas Vissanji. (Laughter) And, taking the other side of the picture, can anyone find a more prosperous consumer than the gentleman who adorns the bench opposite, and who is conspicuous by his absence, a man who looks every inch a consumer?

Now, Sir, I come to the amendment of my Honourable friend, Pandit Govind Ballabh Pant. What does it say? The amendment, in effect, seeks to whittle down the period of 20 years which has been fixed in the Bill. I want my Honourable friends to remember that even the period of 20 years is a violation of many existing contracts, and you want to still further reduce the period to five years.

PANDIT GOVIND BALLABH PANT.—Not necessarily to five years.

SIR H. P. MODY.—But in many cases it comes to five years, as I shall presently show. At the outset, I may say, I do not hold the extreme view about the sanctity of contracts. I do not say that they are in all circumstances inviolate and inviolable, but I do say and I submit it with great confidence that after all there are limits beyond which you cannot lay hands upon contracts between two parties, even in the public interest. My Honourable friend, the Law Member the other day recited a long list of restrictions which are being sought to be placed upon managing agents. I should have thought that would have been sufficient for the purpose of ensuring a fair deal for the investor in this country. But my Honourable friend, Pandit Govind Ballabh Pant, and those of his way of thinking want to go still further. I want to ask why are these contracts considered unconscionable? Were they effected between two parties, one of which was in a weak position and therefore susceptible to pressure, influence and intimidation? No, Sir. The contracts are between parties, both of which are at arm's length and if anyone suggests to me that the shareholders either individually or in the mass are a hopeless, impotent sort of people, I say no.

MR. N. M. JOSHI (Nominated Non-official): They are unorganised.

SIR H. P. MODY: They may be, but that is just what my Honourable friends have got to see about. There is another argument in support of my contention that these are not unconscionable bargains. It may be that in the past, when people were not organised, a number of contracts might have been of a character which could not bear to see the light of day. But what has been happening during the last two or three years, particularly in Bengal, where there have been so many recent flotations? There have been the same provisions about managing agency as in the older contracts. Sir, as I was saying the effect of this amendment would be that in a number of cases, the managing agencies would terminate automatically within five years.

PANDIT GOVIND BALLABH PANT (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Not automatically.

SIR H. P. MODY: Whether automatically or by the application of a little pressure, it comes to the same thing. If I am going to be executed, whether I am going to be executed automatically or by some round about process, does not interest me much.

AN HONOURABLE MEMBER: Are you a Managing Agent?

SIR H. P. MODY: Yes, of a sort. The effect of this amendment will be that managing agencies which have existed either in their present form, or through their predecessors, for a period of 30 years, will have only another five years to run. What is the magic about 30 years? Is it suggested that in these 30 years the managing agent has amassed a fortune, and therefore he should not complain if his managing agency agreement should be terminated and he should be compelled to approach his shareholders for a renewal of it? Suppose, I, a managing agent, have come on the scene during the last two or three years, and my predecessors have been in office for 30 or 40 years; the penal provisions of this amendment will apply to me who have only come on the scene very recently. That is the result: that I, who have probably invested in a particular company large sums of money, I, who have held myself responsible for loans from the banks, am pushed out, or am under the danger of being pushed out inside of five years. Then Sir, consider the anomalies and the injustices of this. Some managing agents may go out in five years, some in seven, some in ten, some in fifteen, and so on. A managing agent who has incurred the heaviest sacrifices may have to go out in five years. A managing agent who has fattened on the gains of a particular company may be in a position of continuing for 15 years or even 20. All these anomalies are inherent in the amendment of my Honourable friend.

Now, Sir, my Honourable friend's principal objection on the last occasion was that he did not believe in the principle of heredity. None of us believes altogether in the principle of heredity, but we do have some respect for heredity, and I submit that a managing agent, who has invested a great deal of his own money, and who is in many cases the largest single shareholder in his concern, has a right, so to speak, to expect that the concern will be carried on after him by his children. I do not know whether my Honourable friends realise that the whole of Ahmedabad industry or at least a good bit of it was built up on the principle of heredity. I am told, though I cannot vouch for it personally, that whenever a managing agent had a son born to him, he put up another mill, with the result that out of one mill grew two, three, four, half a dozen, and Ahmedabad to-day is one of the most prosperous and important centres of the industry. There is nothing wrong about the law of heredity. My Honourable friend, Pandit Pant, employed a personal argument, and said, supposing there was a managing agency agreement with Sir Homi Mody that he was to dance until he was 55 years old, and thereafter his son should dance, and so on. Well, Sir, if I have got the strength in me, I should certainly dance until I am 55, or even later, and when my son follows me, I am sure he will be able to dance a great deal better. To come back to the point, I ask my Honourable friends not to make things too difficult. They must bear in mind the sacrifices which have been made by the managing agents in the past. I shall give a very few figures to show what only in one centre of the textile industry, namely, the textile industry of Bombay, the managing agents have done in the course of the last ten years. Commission given up, 54 lakhs, interest given up, 110 lakhs, loans converted into capital—which is, of course, a much lesser security 278 lakhs, losses through guarantees, 75 lakhs, other losses, 19 lakhs, thus making a total of five crores of rupees inside of ten years. This is hard cash, and no humbug about it. I am asking my Honourable friends to bear in mind such sacrifices of managing agents. I am asking my Honourable friends to bear in mind the fact that India still is in the infancy of industrial development, and things must not be made too difficult for her. My Honourable friend, Pandit Govind Ballabh Pant, talked about the burden on the consumer and he read from a book certain figures which appeared very impressive because they dealt in crores. It is rather curious that my Honourable friend should find himself on this occasion in the Company of the Honourable the Finance Member, who argued in much the same way during the last Budget Session or in the one before that. It seems to me, Sir, that a bad case, like adversity, makes strange bed fellows.

Having said this, I want to welcome with both arms my Honourable friend, Pandit Govind Ballabh Pant's assurance that he would be the first to stand up for the industrial development of this country, he would be the first, under certain safeguards and conditions, to stand up for tariffs, he would be the first to try to make India as self-sufficient in respect of her essential requirements as it is possible to be in the modern world. I welcome that assurance, but I want him to act up to that assurance, and not be led away by a consideration of how certain people possessing a little power and authority may have misbehaved themselves. Questions of this importance are not to be disposed of by a consideration of the way in which some people may have behaved in the past. There are black sheep everywhere,

not confined merely to the class of managing agents. I could name a good few in probably every profession or calling, but I say that that is not a matter which ought really to obsess the view point of my Honourable friends. After all, the real safeguard lies not in a Bill like this, though the Bill is stringent enough, but in the vigilance of the investor. We have in Bombay, as I said on the last occasion, a very vigilant and efficient Shareholders' Association, and I expect Shareholders' Associations to spring up in other important centres of industries also, and it is with these bodies that the real safeguard of the investor must rest. Take my Honourable friends here; I would say with regard to the Congress Benches that Mr. Bhulabhai Desai, Pandit Govind Ballabh Pant and Mr. Satyamurti are the managing agents, and those gentlemen who sit behind them are the shareholders. The three gentlemen enjoy very large powers admittedly, we hear of their doings from time to time, but we know at the same time that in critical occasions, it is not these managing agents that decide the issue, but the shareholders behind them (Laughter.) In much the same way, Sir, the salvation of the man who invests his hard-earned earnings in the shares of a company lies not in provisions of the law, but in the vigilance which he can exercise, and the organization which he can help to build up for the purpose of making his voice felt. I repeat that this amendment is of a very penal character, of an expropriatory character, and the House ought not to support it. (Applause.)

Copy of letter No. 4318/112, dated the 20th October 1936, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed to confirm having wired to you to-day as under :—

“In view of radical changes made in Companies Act and consequent necessity for many companies to revise articles and change constitution of directorate and alter administrative practice in many directions, particularly regarding maintenance of accounts and profit loss statements, my Association strongly urge Government to postpone operation of new Act to first April.”

Copy of Notification by the Government of India, Department of Commerce, No. 24 (23)-Tr. (C.L.), dated New Delhi, 28th November 1936.

TREATIES—COMPANY LAW.

In pursuance of sub-section 2 of section 1 of the Indian Companies (Amendment) Act, 1936 (XXII of 1936), the Governor-General-in-Council is pleased to appoint the 15th January 1937, as the date on which the said Act shall come into force.

Copy of circular No. 5396/112, dated the 23rd December 1936, from the Association to all Members of the Association.

I enclose for your information copies of a reference recently made to the Association's Solicitors and their reply regarding the position of mills whose accounting year ends on 31st December 1936.

Copy of letter, dated the 21st December 1936, from the Association to Messrs. Craigie, Blunt & Caroe.

I am directed to request you to let the Association have your opinion as to whether a company, whose accounts are made up on 31st December 1936, but whose balance sheet and profit and loss account will not be signed till after the 15th January 1937, would be in order in submitting to its shareholders a profit and loss account and balance sheet for the year ended 31st December 1936 in a form which complies with the existing law. The point

is whether the provisions of the new Act could be made to apply to the balance sheet and profit and loss account of an accounting year which came to an end before the new Act came into force.

I should be glad if you could let me have your reply within the course of the next day or two.

*Copy of letter dated the 23rd December 1936, from Messrs. Craigie, Blunt and Caroe,
to the Association.*

We beg to acknowledge the receipt of your letter of the 21st instant.

We understand that we are desired to let you have our opinion, whether a company, whose accounts are made up to the 31st December 1936, but whose balance sheet and profit and loss account will not be signed till after the 15th January 1937, the date on which the above Act comes into force, will be in order in submitting to its shareholders a profit and loss account and balance sheet for the year ended 31st December 1936, in a form which complies with the existing law.

You state that the point is, whether the provisions of the new Act could be made to apply to the balance sheet and profit and loss account of an accounting year which came to an end before the new Act came into force.

We proceed to give you our opinion as desired:—

As you are no doubt aware, the Indian Companies (Amendment) Act 1936, is based to a great extent on the English Companies Act, 1929, but in amending the provisions of the Indian Companies Act 1913, relating to the preparation, signing and issuing of balance sheets and profit and loss accounts, the amending Act has not followed as clearly as might have been expected, the provisions of the English Companies Act 1929.

The Amending Act deletes Sub-section (1) of Section 131, of the Act of 1913 which provided that every company should, once at least in every year and at intervals of not more than 15 months cause the accounts of the company to be balanced and a balance sheet to be prepared and substitutes for it a new Sub-section (1).

This new Sub-section (1) provides that the directors of every company shall at some date not later than 18 months after the incorporation of the company, and subsequently once at least in every calendar year, lay before the company in general meeting a balance sheet and profit and loss account, in the case of the first account since the incorporation of the company, and in any other case, since the preceding account, made up to a date not earlier than the date of the meeting by more than nine months.

The Amending Act also adds after Section 131, a new Section 131-A, which requires the Directors to make out and attach to every balance sheet, a report with respect to the state of the Company's affairs, the amount, if any, which they recommend should be paid by way of dividend, and the amount, if any, which they propose to carry to reserve, etc.

The Amending Act also adds a new Sub-section (3) to Section 132, of the Act of 1913 which specifies the particulars to be inserted in the profit and loss account.

The Amending Act also deletes Sub-section (3) of Section 133, of the Act of 1913 and substitutes a new Sub-section (3) which imposes penalties for default in laying before the company, or in issuing a balance sheet and profit and loss account, as required by Section 131, or if any balance sheet and profit and loss account is issued, circulated or published, which does not comply with the requirements laid down by and under Section 131, Section 132, Section 132-A and Section 133 of the Act of 1913 as so amended.

There is nothing in these new provisions of the Amending Act which specifically answers your enquiry, but the answer is, we think, to be found in Section 123 of the English Companies Act 1929 upon which the Sections to which we have referred are presumably based.

Section 123 of the English Act is divided into three sub-sections, of which the first requires that the directors of every company shall at some date not later than 18 months after the incorporation of the company, and subsequently once at least in every calendar year, lay before the company in general meeting a profit and loss account, in the case of the first account, since the incorporation of the company, and, in any other case, since the preceding account, made up to a date not earlier than the date of the meeting by more than nine months.

The second Sub-section of Section 123 provides that the Directors shall cause to be made out in every calendar year, and to be laid before the company in general meeting, a balance sheet as at the date to which the profit and loss account is made up, and there shall be attached to every such balance sheet, a report by the directors with respect to the state of the company's affairs, the amount, if any, which they recommend should be paid by way of dividend, and the amount, if any, which they propose to carry to Reserve, etc.

Sub-section (3) of Section 123 imposes penalties for failure to comply with the provisions of the Section.

Under the English Act therefore, what is to be laid before the company in general meeting, in so far as a balance sheet is concerned, is a balance sheet as at the date to which the profit and loss account is made up.

If, therefore, in England, a profit and loss account is made up to the 31st December 1936, the balance sheet to be laid before the Company in general meeting will be a balance sheet as at 31st December 1936.

If the Amending Act had followed verbatim Section 123 of the English Companies Act, 1929, there could we think have been no question that the material date in regard to the balance sheet and profit and loss account of the company in the case stated by you would be the 31st December 1936, which date being anterior to the date on which the Amending Act comes into force, the balance sheet and profit and loss account would be prepared in accordance with the provisions of the Indian Companies Act 1913 in force on that date.

Notwithstanding the difference between the Amending Act and the English Act, we are of opinion that the material date under the Amending Act is the date to which the profit and loss account is made up, and that the date of the issue or publication of the balance sheet and profit and loss account, and the date of the holding of the meeting at which those documents are laid before the shareholders, are immaterial for the purpose of deciding whether a profit and loss account made up to the 31st December 1936, and the Balance Sheet based thereon should be prepared in accordance with the law in force on that date, or on the date of signing, issuing or publication of the balance sheet and profit and loss account.

Our answer, therefore to the question as submitted in the first part of your letter under reply is in the affirmative, and as submitted in the second part of your letter, in the negative

APPENDIX 35.

THE INDIAN MOTOR VEHICLES ACT AMENDMENT BILL.

*Copy of Government of India, Legislative Assembly Department Notification
Simla, dated the 20th August 1936.*

No. F. 134-I/36-A.—Under Rule 18 of the Indian Legislative Rules, the Governor-General has been pleased to order the publication in the *Guzette of India* of the following

Bill, together with the Statement of Objects and Reasons relating thereto, and the Bill and Statement of Objects and Reasons are accordingly published for general information :—

L. A. BILL No. 31* OF 1936.

A Bill further to amend the Indian Motor Vehicles Act, 1914, for certain purposes.

Whereas it is expedient further to amend the Indian Motor Vehicles Act, 1914, for the purposes hereinafter appearing ; It is hereby enacted as follows :—

1. *Short title and extent.*—(1) This Act may be called the Indian Motor Vehicles (Amendment) Act, 1936.

(2) It extends to all parts of British India in which the Indian Motor Vehicles Act, 1914, or any part thereof is now in force, except the United Provinces ; but the Local Government of the United Provinces may, by notification in the local official Gazette, extend this Act to that Province.

2. *Amendment of section 2, Act VIII of 1914.*—In section 2 of the Indian Motor Vehicles Act, 1914 (hereinafter referred to as the said Act) ,—

(a) in the definition of “ Motor vehicle,” for the word “ includes ” the word “ means ” shall be substituted, and to that definition the following words shall be added, namely :—

“ and includes a vehicle drawn by or attached to or adapted to be drawn by or attached to such vehicle, carriage or means of conveyance; ” and

(b) after the definition of the words “ public place ” the following definition shall be inserted, namely :—

‘ transport motor vehicle ’ means a motor vehicle used or normally used for the carriage for hire or reward of passengers or of passengers and goods, or a motor vehicle used or normally used for the carriage of goods whether for hire or reward or otherwise, and includes any motor vehicle having seating capacity for more than seven persons.”

3. *Insertion of new sections 10A and 10B in Act VIII of 1914.*—After section 10 of the said Act the following sections shall be inserted, namely :—

“ 10A. *Transport authorities and road service permits.*—(1) The Local Government may, by notification in the local official Gazette, constitute for the province and for specified areas or for special roads in the province, transport authorities to exercise and discharge throughout the province or such areas or roads respectively the powers and functions conferred by or under this Act on transport authorities, or such of those powers and functions as may be specified in the notification either in respect of all transport motor vehicles or in respect of specified classes of transport motor vehicles.

(2) Where any transport authority has been constituted by notification under subsection (1) no transport motor vehicle or no transport motor vehicle of a class specified in the notification as the case may be shall, save as otherwise provided under clause (b) of section 11A, be used in any public place except under and in accordance with the conditions of a road service permit issued or countersigned by the transport authority having jurisdiction in respect of such place.

* The Governor General has been pleased to accord the sanction required by section 67 (2) of the Government of India Act.

10B. *Powers of transport authorities.*—A transport authority may, subject to the provisions of any rules made under section 11A,—

- (a) limit the number of transport motor vehicles or the number of any specified class of transport motor vehicles in respect of which road service permits may be granted for a specified area or a specified route ;
- (b) issue road service permits in respect of particular vehicles or a service of vehicles for a specified area or a specified route ;
- (c) attach to road service permits any prescribed condition and any one or more of the following conditions, namely :—
 - (i) that the charges made for the carriage of passengers or goods in any vehicle covered by the permit shall be as fixed by, or within limits fixed by, the transport authority or other prescribed authority ;
 - (ii) that any vehicle covered by the permit or, in the case of a service of vehicles, the vehicles of that service shall adhere to a time-table to be approved by the transport authority or other prescribed authority ;
 - (iii) that time-tables and fare-tables shall be published to the satisfaction of the transport authority or other prescribed authority ;
- (d) modify any road service permit issued by it.”

4. *Amendment of section 11, Act VIII of 1914.*—In sub-section (2) of section 11 of the said Act,—

- (a) to clause (c) the following words shall be added, namely :—

“ and in the case of transport motor vehicles, providing for limiting the number of passengers carried in, or the maximum laden weight of, any such vehicle, and for the inspection of such vehicles or any class of such vehicles ” ;
- (b) clause (e) shall be omitted ;
- (c) after clause (f) the following clause shall be inserted, namely :—

“ (ff) providing for the establishment of authorised stations for the regular taking up or setting down of passengers and goods by transport motor vehicles of any specified class in any specified area, and for prohibiting the use for that purpose of any place not so authorised : ”
- (d) after clause (g) the following clause shall be inserted, namely :—

“ (gg) in the case of transport motor vehicles or any class thereof, regulating the conduct of passengers, drivers and conductors, prescribing the records to be maintained by drivers and conductors, and limiting the hours of work of drivers ; ”
- (e) in clause (h), before the word “ prohibiting ” the words “ restricting in respect of specified areas or roads the classes of motor vehicle that may be driven and ” shall be inserted, and the word “ and ” shall be omitted ;
- (f) after clause (h) the following clause shall be inserted, namely :—

“ (hh) requiring the owners of motor vehicles or any class of motor vehicles to effect policies of insurance against liabilities incurred through the death or bodily injury of any person caused by or arising out of the use of such vehicle in a public place, defining the provisions to be included in such policies, and specifying the companies with which such policies may be effected ; and.”

5. *Insertion of new section 11A in Act VIII of 1914.*—After section 11 of the said Act the following section shall be inserted, namely :—

“ 11A. *Further power of Local Government to make rules respecting transport authorities, and road service permits.*—The Local Government may, by notification in the local official Gazette, and subject to the condition of previous publication, make rules for all or any of the following purposes, namely :—

- (a) prescribing the form and the duration of road service permits, the fees (if any) payable in respect thereof, and the procedure to be followed in applying therefor ;
- (b) providing for the issue of special or temporary road service permits ;
- (c) prescribing the conditions that may be attached to road service permits ;
- (d) regulating the powers and functions of transport authorities ;
- (e) regulating the procedure of transport authorities ;
- (f) defining the considerations by which transport authorities shall be guided in granting or refusing to grant road service permits ;
- (g) providing for appeals from the orders of transport authorities ;
- (h) prescribing the conditions and limitations subject to which road service permits may be suspended or cancelled, and the authorities (other than the Local Government or a transport authority) which may suspend permits, and providing for appeals against the orders of any such authorities ;
- (i) prescribing the authorities (other than the transport authority) referred to in clause (c) of section 10B.”

6. *Amendment of section 18, Act VIII of 1914.*—In section 18 of the said Act,—

- (a) in clauses (i) and (ii) of sub-section (1), after the word “ licence ” the words “ or road service permit ” shall be inserted ;
- (b) after sub-section (1A) the following sub-section shall be inserted, namely :—

“ (1B) A transport authority may cancel or suspend a road service permit issued by it, and the prescribed authority may suspend any road service permit ” and

- (c) after sub-section (7) the following sub-section shall be inserted, namely :—

“ (8) The provisions of sub-sections (4), (5), (6) and (7) relating to licences shall apply in like manner to road service permits.”

7. *Saving of rules made under section 11.*—Notwithstanding the repeal by this Act of clause (e) of sub-section (2) of section 11 of the said Act, rules made under that clause and in force at the commencement of this Act shall continue to be in force and of effect until cancelled by the Local Government by notification in the local official *Gazette*.

STATEMENT OF OBJECTS AND REASONS.

The Indian Motor Vehicles Act, 1914, was framed to suit conditions prevailing at a very early stage in the development of motor transport in India. The rapid growth of that form of transport in twenty-two years makes it necessary to empower local authorities to exercise a closer control than the present Act permits in the interests alike of the development of a co-ordinated policy of roads and railways, and of the safety and convenience of the public.

The question of the co-ordination of road and railway, the elimination of wasteful and uneconomic competition between the two forms of transport and the methods by which these objects can be secured consistently with the public interest, has engaged the attention of the Government of India for some years past. In 1932-33, Messrs. Mitchell and Kirkness carried out, at the instance of the Government of India, an enquiry into these problems and their report, which was published in January 1933, emphasised the importance of early action. The Road-Rail Conference convened by the Government of India in April 1933 passed a resolution, *inter alia*, recommending control of public service and goods motor transport in the interests of public safety and convenience, and restriction of vehicles to prevent wasteful competition. Thereafter, in January 1935, the Transport Advisory Council, at its first meeting, made definite recommendations to the same effect. Amendments to the Act were drafted to give effect to the recommendations as far as possible and Local Governments were consulted. The latter were, on the whole, in favour of legislation but there were differences on points of detail. It is generally recognised that it will be necessary, before long, to undertake a general revision of the Act, but the Government of India consider that it is essential in the meantime to give powers to Local Governments to regulate transport motor vehicles, as well as trailers and other attachments, and to enforce where necessary regional and route control as recommended by the Transport Advisory Council. The Government of the United Provinces have already enacted a similar measure. The Bill now presented is the outcome of the discussions referred to and represents the final recommendations of the Transport Advisory Council at its last meeting in July 1936.

Simla, the 3rd August 1936.

F. NOYCE.

NOTES ON CLAUSES.

Clause 1 (1).—In order to avoid possible complications on the coming into force of the Government of India Act, 1935, it is proposed that the amendments take effect forthwith. Clause 7 ensures that there will be no embarrassment to Local Governments.

Clause 1 (2).—Since the local legislature of the United Provinces have recently passed an Act much on the lines of the Bill, it is proposed to exclude that Province from the immediate scope of the Bill, but provide that the Local Government may, by notification in the local Gazette, extend the amended Act to the United Provinces.

Clause 2 (a).—The widening of the definition of “motor vehicle” is intended to bring trailers and other attachments as such within the scope of the provisions of Part III of the 1914 Act. Suitable exemptions can be allowed under section 13 if Local Governments consider it unnecessary to require the registration of light trailers or other attachments.

Clause 2 (b).—The term “transport motor vehicle” has been used in preference to the more familiar “public service motor vehicle” or “public motor vehicle” as less likely to cause confusion with the British Acts and existing provincial rules. The term has been very widely defined so as to include not only vehicles *used* for the carriage for hire or reward of passenger or goods or both but vehicles *adapted for such use*. This must be borne in mind in considering the suitability of the provisions which follow.

Clause 3.—Proposed new section 10A.—(1) This sub-clause as drafted gives Local Governments very wide discretion as to the authorities to be appointed, the powers to be exercised by those authorities, and the classes of public transport motor vehicles to be controlled. In the opinion of the Government of India it is desirable to empower Local Governments to constitute, in each province, a provincial authority with power to supervise and co-ordinate, and “area” authorities exercising jurisdiction within specified areas.

(2) This sub-clause introduces no new principle, as motor vehicles which are let or plied for hire are already subject to special regulation. The word “countersigned” has been preferred to “endorsed,” in view of the special meaning attached to endorsements in section

Proposed new section 10B.—(a) This confers power to limit the number of public transport motor vehicles of any specified class to be used in any area or on any specified route. The absence of this power is one of the main defects in the Act as it now stands.

(b) "Road Service Permits" may be granted for an area or a route and not only for individual vehicles but for "services" or "fleets", e.g., an owner employing ten vehicles of which not more than 8 are in use at any one time would be able to obtain a permit covering the simultaneous use of eight vehicles of a stated capacity.

(c) It will be seen that power is given to fix the limits of the rates to be charged for goods. It is obviously desirable that the transport authority or other prescribed authority should have such power.

(d) The power to cancel or suspend is dealt with in clause 6.

Clause 4.—(a) Provision for inspection is clearly needed. Vehicles found on inspection to be unfit for use can be dealt with under rules made under section 11 (2) (i).

(b) In view of new sections 10B and 11A, section 11 (2) (e) is no longer required and it is proposed to repeal it subject to the safeguard provided in clause 7.

(c) Unauthorised bus stands have been found to be a source of confusion and have interfered with proper traffic regulation.

(e) It is considered that existing clauses (c), (h) and (i) of section 11 (2) are possibly insufficient to enable Local Governments to make rules regulating the classes of motor vehicles which may be used in specified areas or on specified routes, or where necessary prohibiting altogether the use of specified classes of motor vehicle.

(f) The first Transport Advisory Council which met in January 1935, recommended that provision should be made for insurance against passenger and third party risks, and the importance of having such a provision has been brought to notice in connection with several road accidents in recent months.

Clause 5.—The new section 11A confers rule making powers on Local Governments with special reference to transport motor vehicles, transport authorities and road service permits which will enable them to carry out the recommendations of the Transport Advisory Council.

Clause 6.—Local Governments are given full discretionary powers to cancel or suspend road service permits and to make disqualifications; transport authorities are given power to cancel or suspend road service permits issued by them, and other prescribed authorities the power to suspend road service permits.

Clause 7 is intended to remove any doubts that might exist as to the rules now in force.

Copy of letter No. 5403/185, dated the 23rd December 1936, from the Association to the Secretary to the Government of Bombay, Home Department.

The attention of my Committee has been drawn to the provisions of a Bill further to amend the Indian Motor Vehicles Act, 1914, published in Part V—page 187—of the *Government of India Gazette* dated the 22nd August 1936. It is understood that the Bill has since been discussed by the Legislative Assembly and it has been decided that it should be circulated for public opinion, and my Committee are taking this opportunity of submitting their considered views on the provisions of the Bill.

In the Statement of Objects and Reasons attached to the Bill, it is stated that the rapid growth of motor transport in the last twenty-two years has made it necessary to

empower local Governments to exercise a closer control than the present Act permits, in the interests alike of the development of a co-ordinated policy of roads and railways and of the safety and convenience of the public. It is further stated that the question of the co-ordination of road and railway, the elimination of wasteful and uneconomic competition between the two forms of transport and the methods by which these objects can be secured consistently with the public interest, has engaged the attention of the Government of India for some years past, and that as a result of their deliberations the Government of India consider it essential to give powers to local Governments to regulate transport motor vehicles, as well as trailers and other attachments, and to enforce where necessary regional and route control as recommended by the Transport Advisory Council. Finally, it is stated that the Bill is the outcome of the final recommendations of the Transport Advisory Council made at its last meeting in July 1936. My Committee have given the Bill their most careful consideration and regret they are unable to support it. They would, however, like to make it clear that they are in favour of all reasonable steps being taken to ensure the regulation of motor transport in the interests of safety and public convenience. They are also strongly in favour of compulsory insurance against third party risks of all motor vehicles, whether plying for hire or reward or otherwise, and would welcome an amendment of the Motor Vehicles Act with these objects in view.

The development of a co-ordinated policy of roads and railways is, however, in the opinion of my Committee, a matter which should be dealt with in a separate Bill. My Committee feel that the building up of an efficient and adequate transport system for the country as a whole, including air transport, inland water transport and possibly sea transport, from one Indian port to another is a matter of first class importance to the future economic welfare of the country as a whole, and that the importance of the issues involved necessitates a regulated planning for the development of the country's transport system. To achieve this, my Committee maintain that it would be advisable for the Government of India to appoint a committee composed of experts representing every form of transport and also containing a substantial proportion of representatives of Indian commerce and industry to investigate and report on the means which should be adopted to develop, and incidentally to co-ordinate, India's transport system. The recommendations of a body of this character would not be open to the suspicion that the interests of any particular section of the community were being sacrificed. Unfortunately, the present Bill has undoubtedly given the impression that the interests of motor transport owners and of the trade and industry of the country are to be subordinated to the interests of the railways. In the paragraphs which follow my Committee submit their views in respect of those Clauses which might advisably be incorporated in an Indian Motor Vehicles Act Amending Bill having for its object the safety and convenience of the public and not the "co-ordination" of road and rail transport.

Clause 1 (1).—My Committee have no comments to offer.

Clause 1 (2).—No objection to this Clause, but it is considered that it would be advisable for all parts of British India to be working under the same Act.

Clause 2.—My Committee have no objection to the proposed amendment of Section 2 of the Indian Motor Vehicles Act, provided special treatment and regulations will be made in respect of privately owned motor transport vehicles, which do not ply for hire or reward and are used solely for the purpose of the owners' trade or business.

Clause 3—Proposed Section 10A (1) and (2).—Bearing in mind the desirability of ensuring uniformity throughout India as far as possible, my Committee consider it desirable that the general constitution of all classes of transport authorities should be defined in the Act itself. As my Committee are opposed to the subject of co-ordination of road and rail transport being dealt with by a transport authority appointed under this Act, they would suggest that transport authorities should not ordinarily include railway officers, but they should in all cases include representatives from the general business community and from the particular trade and industries most common in the areas over which the transport committee concerned would have jurisdiction. My Committee also feel that a provision should be made in the Act for some form of appeal from the orders of each type of transport authority.

Clause 3.—Proposed Section 10B.—In regard to the functions of the transport authorities set out in this Section, my Committee have the following observations to make :—

This Clause appears to require amendment in order to ensure that no onerous restrictions are placed upon private motor transport, that is to say, motor transport used for purposes of the trade or business of an individual, firm or company, and not plying for hire or reward. It is felt that the issue of general permits to this class of transport should be a mere formality and that it should not be permissible for a transport authority to refuse a permit in the case of private motor vehicle owners unless the vehicle concerned is unsuited by reason of its weight, or size or condition for use on any particular road or route.

Subject to the above comments, my Committee have no remarks to offer in regard to Clause 3—new sub-Sections 10B (a) and 10B (b).

Clause 3—Proposed Section 10B(c) (i), (ii) and (iii).—My Committee are somewhat doubtful whether it would be advisable to give the transport authorities the power to fix minimum rates for the carriage of passengers and goods, but would have no objection to a suitable constituted authority laying down the maximum rates. If, however, the Government of India eventually decide that the power to fix both the maximum and minimum rates should be accorded to the transport authorities, then my Committee desire that the fullest possible safeguard should be introduced in the Act or in the Rules to ensure that the interests of the general public and the road transport owners are not sacrificed by the fixation of minimum rates at unduly high levels.

It should be obligatory for passenger transport vehicles to work to a time-table and to a fare-schedule, clearly set out in the language of the district and posted inside the vehicles themselves and it should also be obligatory for goods transport vehicles plying for hire to carry with them and adhere to a freight-rate schedule. The Act might also provide that the schedules above referred to and any changes made therein should be notified to the local transport authority and be certified by them before they become operative.

Clause 4.—My Committee have no comments to offer in regard to sub-Clauses 4 (a) and 4(b).

As regards sub-Clause 4(c), it is considered that this Clause needs drastic amendments. My Committee contend that no restrictions should be imposed on motor transport used solely for the purpose of conveying goods and merchandise, which would in any way hamper the continuance of door-to-door transport. One of the great advantages in the use of motor transport for the conveyance of goods is that it is possible to load merchandise at the factory or warehouse of the manufacturer or supplier and deliver those goods without any intermediate unloading at the residence or place of business of the purchaser, and it would, in the opinion of my Committee, be palpably unfair for this particular facility attaching to motor transport to be in any way reduced. In the case of passenger vehicles plying for hire, while it might be necessary and desirable to provide for the establishment of authorised stations for the regular taking up and setting down of passengers in congested areas in towns and villages, it is thought that no restrictions should be placed on this type of vehicles as regards taking up and setting down of passengers on routes outside such congested areas except at points where a halt would be definitely dangerous.

Sub-Clause 4(d).—My Committee have no objections to this sub-Clause, provided it is made applicable only to motor transport vehicles plying for hire or reward. They would also have no objection to restrictions being placed on the total number of hours worked per day by drivers of private owned motor transport vehicles not plying for hire or reward.

Sub-Clause 4(e).—As far as this sub-Clause is concerned, my Committee feel that, while it might be necessary to give transport authorities power to restrict the classes of motor vehicles which might be used in specified areas or roads, such restrictions should, except in special circumstances, apply only to public transport vehicles.

Clauses 5, 6 and 7.—My Committee have no comments to offer.

APPENDIX 36.

THE INDIAN RAILWAYS AMENDMENT BILL.

Copy of letter No. 427/36-Ry, dated the 9th June 1936, from the Deputy Secretary to the Government of Bombay, Public Works Department, Bombay Castle, to the Association.

I am directed by the Governor in Council to forward herewith a copy of the Indian Railways (Amendment) Bill, as introduced in the Legislative Assembly on 23rd March 1936, together with a copy of the statement of Objects and Reasons, and to request that Government may be favoured with an expression of your Committee's opinion on the provisions of the Bill by the 15th July 1936, at the latest.

[As introduced in the Legislative Assembly.]

A Bill Further to Amend the Indian Railways Act, 1890, for Certain Purposes.

Whereas it is expedient further to amend the Indian Railways Act, 1890, for the purposes hereinafter appearing; It is hereby enacted as follows :—

1. *Short title.*—This Act may be called the Indian Railways (Amendment) Act, 1936.

2. *Amendment of section 68, Act IX of 1890.*—Section 68 of the Indian Railways Act, 1890 (hereinafter referred to as the said Act), shall be re-numbered as sub-section (1) of that section and to the section as so re-numbered the following sub-section shall be added, namely :—

“(2) A railway servant when granting the permission referred to in sub-section (1) may, if empowered in this behalf by the railway administration, grant to the passenger a certificate that the passenger has been permitted to travel in such carriage upon condition that he subsequently pays the fare payable for the distance to be travelled.”

3. *Substitution of new section for section 112, Act IX of 1890.*—For section 112, of the said Act the following section shall be substituted, namely :—

“112. *Travelling or attempting to travel without proper pass or ticket.*—(1) If a person enters in contravention of section 68 any carriage on a railway, he shall, unless he satisfies the Court that he had no intention to defraud the railway administration, be punished with imprisonment which may extend to two months, or with fine which may extend to one hundred rupees in addition to the amount of the single fare for any distance he may have travelled.

(2) If a person uses or attempts to use a single pass or single ticket which has already been used on a previous journey, or, in the case of a return ticket, a half thereof which has already been so used, he shall be punished with imprisonment which may extend to two months, or with fine which may extend to one hundred rupees in addition to the amount of the single fare for any distance he may have travelled.

(3) Any railway servant authorised by the railway administration in this behalf or any other person whom such railway servant may call to his aid may remove from a carriage a person found travelling therein without having a proper pass or ticket with him, unless he then and there pays the fare and the excess charge which he is liable to pay under the provisions of section 113.”

4. *Amendment of section 113, Act IX of 1890.*—In section 113 of the said Act,—

(a) to sub-section (2) the following proviso shall be added, namely :—

“ Provided that the excess charge referred to in sub-section (1) and this sub-section shall not be payable if the passenger has with him a certificate issued under sub-section (2) of section 68.” and

(b) after sub-section (4) the following sub-section shall be added, namely,—

“ (5) An application made under sub-section (4) shall contain a statement, certified as correct by the railway servant, of the sum payable by the passenger, and such statement shall, unless the contrary is proved, be proof that the sum so stated is recoverable from the passenger.”

5. *Amendment of section 131, Act IX of 1890.*—In section 131 of the said Act,—

(a) in sub-section (1), after the figures “ 101 ” the figures “ 112 ” shall be inserted, and after the word, brackets and figure “ sub-section (1) ” the following words shall be inserted, namely :—

“ or if a person fails or refuses to pay any excess charge or other sum demanded under section 113 and there are reasonable grounds for believing that except by his arrest he cannot be placed before a Magistrate without undue delay, trouble or expense”; and

(b) to sub-section (2) the following words shall be added, namely :—

“ or, in the case of a person arrested on failure to satisfy a demand made under section 113, before the Magistrate to whom the application under sub-section (4) of section 113 is to be made.”

6. *Amendment of section 132, Act IX of 1890.*—In sub-section (1) of section 132 of the said Act the words “ or fails or refuses to pay any excess charge or other sum demanded under section 113 ” shall be omitted.

STATEMENT OF OBJECTS AND REASONS.

The Bill is intended to permit of more effective and deterrent action being taken than is possible under the existing law when persons are found travelling by railway without proper tickets. Although Railways have provided an elaborate and expensive organisation for the check of tickets both at stations and in trains, the number of cases detected of passengers travelling without proper tickets has tended to increase, and the amount recovered from them approximates to the amount spent on the organisation for check in trains. Experience has shown that any expenditure incurred on additional checks by the appointment of more travelling ticket checkers results in an increase of revenue proportionate to the increased expenditure. This indicates to some extent the seriousness of the evil which, it has been estimated, causes a loss of about 50 lakhs annually.

2. The sections of the Act under which action can be taken at present are 112 and 113. The former refers to cases in which there is intent to defraud a Railway and the latter to cases where there is no such intent. In cases in which action is taken under section 112 the onus of proving intent to defraud rests on the railway staff, the discharge of which is not always practicable. It is proposed, therefore, that the onus of proving that there was no intent to defraud should rest on the person found travelling without a proper ticket. The penalty of a fine extending to Rs. 100 prescribed under section 112 has proved, in practice, to be ineffective and the Bill therefore provides for a sentence of imprisonment to be inflicted.

3. Most cases in which passengers found travelling without proper tickets are, however, dealt with under section 113 under which a passenger is liable to pay in addition to the fare due an excess charge equal to the amount of the fare but not exceeding the maxima provided in section 113, sub-section (3). The maximum excess charge in the case of a third class passenger is one rupee when he is detected before he has notified his liability, and two annas otherwise. A passenger who declines to pay the amount demanded can, under the present law, only be asked to give his name and address. If these are disbelieved, arrangements have to be made to hand the man over to the police to be placed before a magistrate. In many cases, such passengers are found to have no assets and are discharged. Where a distress warrant is issued against any person, the results are usually quite incommensurate with the time, trouble and expense involved in court proceedings, etc., as the amount payable is frequently not realised. To deal effectively with such cases, it is necessary that railway servants should be empowered to arrest such persons as refuse to pay the charges due if there is reason to believe that it will not be possible to get them to appear before a magistrate without undue delay, trouble or expense. Provision for this has been made in the proposed amendment to section 131 of the Act.

New Delhi, the 18th March 1936.

ZAFRULLAH KHAN.

Copy of letter No. 1854/139, dated the 24th June 1936, from the Association to the Deputy Secretary to the Government of Bombay, Public Works Department.

I am directed to acknowledge the receipt of your letter No. 427/36-Ry., dated the 9th June 1936, requesting my Committee to express an opinion on the provisions of the Indian Railways (Amendment) Bill, which was introduced in the Legislative Assembly on the 23rd March 1936, and to say, in reply, that my Committee agree with the principle underlying the Bill.

Copy of letter No. 427/36-Ry., dated 13th October 1936, from the Deputy Secretary to the Government of Bombay, Public Works Department, to the Association.

With reference to the Debates of the Legislative Assembly of the 3rd September 1936, I am directed by the Governor-in-Council to forward herewith copies of the papers noted on the margin and to request that Government may be favoured with an expression of your Association's opinion on the provisions of the above Bill by the 30th November 1936, at the latest.

(1) Bill, as introduced, with Statement of Objects and Reasons.

(2) Extract from the Legislative Assembly Debates* dated the 31st August and 1st, 2nd and 3rd September 1936 regarding the Bill.

Copy of letter No. 4879/139, dated the 24th November 1936, from the Association to the Deputy Secretary to the Government of Bombay, Public Works Department.

I am directed to acknowledge the receipt of your letter No. 427/36-Ry., dated the 13th October 1936, in which you request my Committee to express an opinion on the above Bill. My Committee have carefully examined the provisions of the Bill in conjunction with the speeches made in the Assembly in connection therewith on the 31st August and 1st, 2nd and 3rd September 1936, and I am to say, as already expressed in my letter No. 1854/139, dated the 24th June 1936, they agree with the principle underlying the Bill. There is, however, one consideration of a practical character arising out of the detailed provisions of the Bill which my Committee desire to urge, namely, the desirability of the powers contemplated by the Bill being conferred only on such officers of Railways as might be depended upon to use them with discretion.

APPENDIX 37.

PROPOSED INCREASES IN RAILWAY FREIGHT RATES ON COTTON YARN AND PIECEGOODS AND MILL STORES.

Copy of letter No. 1944/35, dated the 1st July 1936, from the Association to the Secretary, Indian Railway Conference Association, Delhi.

Although not consulted officially, my Association has been informed that the Indian Railway Conference Association have recently made proposals to increase the freight rate on a variety of commodities with the object of increasing railway revenue. Among the commodities on which, it is understood, freight increases are contemplated are cotton piecegoods, cotton yarn and certain classes of cotton mill stores. In the absence of the exact proposals of the Railway Conference Association, it is not possible for my Association to submit its detailed views, but my Committee wish me to point out that the Indian Cotton Industry is already in a precarious financial situation, and is not in a position to bear any further increases in the freight charges on its manufactures or on the stores which it uses. My Committee feel that any increase in freight charges on cotton piecegoods and cotton yarn will tend to accelerate the transfer of freights from the railways to roads, river and sea transport.

Judged by the consistent fall in the prices realised for piecegoods and yarn in the last ten years, my Committee maintain that a reduction, and not an increase in freights, has become essential. It may be pertinent to state that the prices now being realised for Indian cotton piecegoods and yarns are very little, if any, higher than the prices realised in pre-war years despite the fact that the hours of work have been greatly reduced and wages have been increased by between 50/100 per cent.

My Committee also wish me to draw the attention of the Conference to the desirability of granting specially low freights for long lead traffic as a means of re-establishing the revenue position of the Railways.

APPENDIX 38.

PROPOSED ENHANCEMENT OF RAILWAY FREIGHT RATES ON COTTON PIECEGOODS.

Copy of letter No. 14559-M/742, dated the 5th November 1936, from the Agent, G. I. P. Railway, Bombay, to the Association.

The Railway Board have sanctioned the following enhancements in the maximum class rates chargeable for the above commodities :—

	Existing class rates.		New class rates.	
	Railway risk.	Owner's risk.	Railway risk.	Owner's risk.
Piecegoods, cotton, etc., press-packed.	4A	4	4B	4A
Sugar	2	—	2A	—
Tobacco, manufactured	4A	4	4B	4A
„ unmanufactured	4	—	4A	—
Kerosene oil	2B	2	2C	2A

2. As your Association are no doubt aware, with effect from 1st May 1936, the number of classes in the General Classification of Goods was increased from ten to sixteen. The following is a comparison of the old and existing class rates :—

Prior to 1st May 1936 (old).			From 1st May 1936 (existing).		
Class.	Pie per maund per mile.		Class.	Pie per maund per mile.	
1	..	.38	1	..	.38
2	..	.42	2	..	.42
			2A	..	.46 (new)
			2B	..	.50 (new)
			2C	..	.54 (new)
3	..	.58	3	..	.58
4	..	.62	4	..	.62
			4A	..	.67 (new)
			4B	..	.72 (new)
5	..	.77	5	..	.77
6	..	.83	6	..	.83
			6A	..	.89 (new)
7	..	0.96	7	..	.96
8	..	1.04	8	..	1.04
9	..	1.25	9	..	1.25
10	..	1.84	10	..	1.84

It will be observed that there has been no alteration in the basis of the old class rates, and that the alteration was confined to the interpolation of additional class rates between two old class rates where there was a large difference in the rates per maund per mile chargeable. Thus three new classes have been inserted between the old classes 2 and 3, two new classes between the old classes 4 and 5, and one new class between the old classes 6 and 7. In the past, railways have frequently experienced difficulty in allotting suitable class rates to various commodities owing to these large differences which have existed between certain of the old class rates. This difficulty is solved by the new arrangement of the class rates.

3. The enhanced class rates for the five commodities now under consideration in all cases make use of the new class rates. The actual percentage increase in the basis of charge for each of the commodities when carried at class rates and the additional cost to the public in pies for each hundred miles are shewn in the following table :—

	Percentage increase.	Additional charge per maund per 100 miles in pies.
Piecegoods	8	5
Sugar	9	4
Tobacco, manufactured	8	5
„ unmanufactured	8	5
Kerosene oil	9	4

It should be noted that this increase in the class rates does not necessarily involve an increase in rates for all movements of the above commodities by the amounts shewn in this table. It is not the present intention to increase reduced station-to-station rates which are now in force and had been introduced to meet the requirements of particular movements of traffic. Such rates will continue to be fixed on considerations relevant to the particular circumstances. In regard to another type of reduced station-to-station rates—those which have been quoted by reason of rates available on other railways or by other routes—the action to be taken by the G. I. P. Railway will depend upon what is done by other railways, and if any increases in such rates are decided upon, full notice of such changes will be given in Rates Circulars in the usual way. It can be stated that these enhancements in class rates will not affect a considerable volume of traffic. In regard to other rates which are not at present depressed on account of either of the circumstances mentioned above, the G. I. P.

Railway will always be prepared, as heretofore, to consider retaining rates at their existing level between particular points where it is shown that the increase would not be justified.

4. Your Association are aware that the present financial condition of Indian railways is a matter for concern. So far as is possible, railways are endeavouring to improve the position. Measures to reduce expenditure are under continuous examination, no less than measures to increase revenue. This letter is concerned with measures to increase revenue and while the G. I. P. Railway is aware that in certain quarters the view is held that the best way to achieve this object is by a general reduction in rates, this Railway believes, from examination and experience of traffic movements, that the proper course to pursue is to reduce or increase rates as particular circumstances warrant. Reductions in rates are continually being made and will continue to be effected where desirable. Similarly, certain enhancements in rates have already been effected and others may be brought into force from time to time where investigation shows that they can be justified.

5. Applying the above considerations to the five commodities which form the subject of this letter, it may be stated that it has been felt for some years that an increase in rates was justifiable and necessary. As already explained, however, the classification as it existed prior to 1st May 1936, contained no class into which these commodities could be transferred without involving very heavy increases in rates. As this defect has been removed, it is considered that the increases detailed in para 1, which do not affect the whole of the traffic in these commodities, should be no longer delayed. I give below a few notes on each of these commodities :—

(a) *Piecegoods*.—On the G. I. P. Section of the G. I. P. Railway (from Bombay to Jubbulpore, Bombay to Nagpur, Bombay to Raichur, and branches) piecegoods are already chargeable at "C" schedule, the basis of which is 1 pie per maund per mile, which is higher than classes 4B R.R. and 4A O.R. now proposed for general adoption. Traffic passing over the G. I. P. Railway to which "C" schedule is now applicable will not, therefore, be affected by the proposed increase in class rates. If other railways adopt the increased class rates for piecegoods, the competitive power of mills situated on the G. I. P. Railway may, therefore, be enhanced. Apart from this, however, the fact that the G. I. P. Railway is now carrying a substantial volume of traffic at "C" schedule rate indicates that traffic will be well able to bear class 4B R.R. and 4A O.R.

(b) *Sugar*.—During recent years the circumstances attending the transport of sugar have greatly changed. Owing to the protective policy adopted by the Government of India there has been a large increase in the production of indigenous sugar. This has resulted in a contraction of the volume of sugar which used to go from Bombay long distances up-country, and moved in the direction of the flow of empty wagons from Bombay. To some extent this traffic has been replaced by indigenous sugar to Bombay, but most of this has to be carried at low rates and in the direction of the flow of loaded wagons. Thus the alteration in the services required of this Railway in the transport of sugar warrants slight increase in rates. Moreover, at present both jagree and sugar are classified II class and it is only reasonable that sugar should be charged slightly more than jagree.

(c) and (d) *Tobacco, manufactured and unmanufactured*.—It cannot be denied that tobacco is an article of luxury, and in these circumstances the existing rates are undoubtedly low. It is significant that since 1929-30 traffic in these commodities has shown a steady increase although the opposite result might have been expected during most of this period of economic depression. There is no reason to suppose that the small increase in rates proposed will have any adverse effect on the movement of this traffic.

(e) *Kerosene oil*.—The increase proposed is 9 per cent., which is far less than the increases which have taken place in the selling prices of kerosene oil at various up-country places during the past three years, during which time there was no change in railway freight. The existing II class rate is considered too low for this traffic, especially in view of the special conditions attached to its carriage which cause expenses to railways not incurred in connection with the movement of general goods. Owing to the inflammable nature of the commodity special precautions have to be taken to avoid fire. After use for kerosene traffic,

wagons have to be specially cleaned to prevent damage to other goods. When traffic is conveyed in tank wagons the wagons have to be hauled back empty and earn no freight. The provision of tank wagons involves heavy capital expenditure on vehicles which cannot be used for general traffic. In these circumstances, the proposed class rates will, it is considered, still be extremely reasonable.

6. The G. I. P. Railway desires to adopt the enhanced class rates which have been sanctioned by the Railway Board for these commodities, but before notifying their adoption, I shall be glad to receive and give serious consideration to any observations your Association may offer, and request that these may be submitted by the 31st December 1936.

Copy of letter No. 5405/35, dated the 23rd December 1936, from the Association to the Agent, G. I. P. Railway, Bombay.

I am directed to acknowledge the receipt of your letter No. 14559-M/742, dated the 5/6th November 1936, in which the views of my Association are requested on enhancements in the maximum class rates chargeable on certain commodities, which have recently been sanctioned by the Railway Board and which the G. I. P. Railway propose to introduce.

At the outset, my Committee greatly appreciate your courtesy in inviting their views on the proposals before notifying their adoption. They also note that it is not your present intention to increase the existing station-to-station rates introduced to meet the requirements of particular movements of traffic. They further note that in regard to such station-to-station rates as are at present in force by reason of rates available on other railways or by other routes, the action to be taken by the G. I. P. Railway will depend upon what is done by other railways. You indicate that the proposed enhancements in class rates would not affect a considerable volume of traffic but that in regard to such rates which are not at present depressed on account of either of the circumstances mentioned above, the G. I. P. Railway would always be prepared to consider retaining rates at their existing level between particular points where it is shown that the increase would not be justified.

Among the five commodities which have been selected for the purpose of the proposed enhancements in class rates, my Association is directly concerned only with the first, namely, "Piecegoods, cotton, woollen or artificial silk, in bales, press-packed and bound with iron bands or steel wire or packed in boxes or cases," and the observations made below are, therefore, intended to apply primarily to the freight charges leviable on this class of traffic.

Briefly stated, it is proposed to raise the maximum class rate for cotton piecegoods, press-packed, from class 4 (0.62 ps.) O.R. and class 4A (0.67) R.R. to class 4A (0.67) O.R. and class 4B (0.72) R.R., or an increase in the effective class rates of 8 per cent. My Committee regret they are unable to share the view expressed in paragraph 5 of your letter that an increase in rates on cotton piecegoods is justifiable and necessary. They see no reason for the application of such an increase as is proposed on cotton piecegoods. On the other hand, they hold that the existing rates themselves are already much too high and bear very heavily on the Cotton Mill Industry of the country.

As you are probably aware, ever since the catastrophic world economic depression set in, the Cotton Textile Industry of the country has been called upon to shoulder additional or new taxation on a number of articles required in the processes of manufacture, imposed in order to balance the deficits of the Central and Provincial Government Budgets. The prices realised for piecegoods and yarn have, on the contrary, progressively deteriorated during the last fifteen years, and at present stand at levels lower than at any time before and far below what could be characterised as remunerative. The result is that the incidence of transport charges on the finished products of the industry has been steadily rising, and is now much heavier than at any time in the past. Taken in conjunction with the ruinous competition which the Industry has to meet from low-priced Japanese goods which are being flooded into the consuming markets of the country, my Committee cannot view with anything but very grave concern any increase in the existing high rates of freight charges as is proposed to be made.

In justification of the proposed enhancements, it is suggested in paragraph 5 (a) of your letter that the fact that the G. I. P. Railway is now carrying a substantial volume of traffic at the "C" schedule rate indicates that traffic will be well able to bear new class rates 4B (R.R.) and 4A (O.R.). My Committee submit that the G. I. P. Railway is the only major railway administration in the country which has found it necessary to apply the "C" schedule rate. This incidentally points to one direction in which mills situated on the G. I. P. Railway route, and particularly those situated in the City and Island of Bombay, have been subjected to special handicaps *vis-a-vis* mills situated in other parts of the country. If, as is suggested by you, the piecegoods traffic were able to bear the new increases in freight charges, then it could with reason be argued that all the other railway administrations in the country would have adopted higher rates similar to the "C" schedule rate for traffic in piecegoods passing over their respective lines. The fact that, even in the worst days of the depression, no increases in the general class rates on piecegoods were attempted by these railways provides, in the opinion of my Committee, an implied admission on their part of the inability of the traffic to bear any increased charges. Moreover, the existence, side by side with the "C" schedule rate generally prevalent over the G. I. P. Railway system, of special station-to-station rates to a very large number of stations in both local and through booking, affords, in my Committee's view, further corroborative evidence of the burdensome character of the "C" schedule rate. These special rates rather point to the need for a drastic revision of rates in a downward direction with the dual object of attracting a larger volume of traffic with the resulting higher total earnings for the railways, and ensuring the freer movement of goods in all directions in the interests of trade and industry generally.

As a means of accelerating the movement of goods with corresponding returns to the railways in the shape of increased gross earnings, my Committee would like to see a general extension of the system of special station-to-station rates for both local and through traffic. My Committee would, in this connection, also strongly stress the desirability of instituting a system of specially low rates for offers of long lead traffic, and special arrangements for the speedy transit of goods as a means of encouraging this type of traffic.

My Committee understand that an Expert Railway Committee appointed under the Chairmanship of Sir Ralph Wedgwood is at present conducting an enquiry into the financial condition of Indian Railways, and my Committee are strongly of opinion that the whole question of revision of rates should be considered after this Committee have submitted their report, and that, in the meantime, no increases in rates should be made.

APPENDIX 39.

CLASSIFICATION OF MAIZE AND WHEAT STARCH AND SYNTHETIC STAPLE FIBRE IN THE RAILWAY RATES SCHEDULE.

Copy of letter No. R5/531, dated the 14th April 1936, from the Buyers' and Shippers' Chamber, Karachi, to the Association.

I am directed by the Committee of the Chamber to invite your views on the two proposals contained in the accompanying papers in above connections, which would be discussed at the July (1936) meeting of the Commercial Committee of the Indian Railway Conference Association.

To enable my Committee to consider the subjects and express their opinion in time to the Indian Railway Conference Association, I am to request you kindly to treat this matter as urgent and to forward to the Chamber the views of your Association as early as possible.

Thanking you in anticipation.

Copy of letter No. RO. 427/24/96, dated the 20th December 1935, from the General Traffic Manager, B. B. & C. I. Railway, Bombay, to the General Secretary, I. R. C. A., Delhi.

MAIZE AND WHEAT STARCH.

Starch and Farina (sizing flour) are classified as follows :—

	R.R.	O.R.
Starch	4	—
Farina (sizing flour), in bags	4	2

Includes—

Arrowroot flour,
Potato flour,
Sago flour (in bags).

Maize starch and wheat starch are used for sizing purposes in textile mills and when these articles are packed in bags, they are charged as for "Farina (sizing flour) in bags" over this Railway. Maize starch in bags is also so charged over the E. I. and N. W. Railways.

In order to avoid exceptions being provided by the several Railways in the General Classification of Goods, I suggest that maize starch and wheat starch, in bags, be included in the list shewing the synonyms, trade names, etc., as chargeable under the head of "Farina."

The following draft resolution is submitted :—

"The Commercial Committee recommend that 'Maize starch' and 'Wheat starch,' in bags, be included in the list of synonyms, trade names, etc., chargeable as 'Farina (sizing flour) in bags'."

Copy of letter No. R. 88/35/7, dated the 26th March 1936, from the General Traffic Manager, B. B. & C. I. Railway, Bombay, to the General Secretary, I. R. C. A., Delhi.

SYNTHETIC STAPLE FIBRE.

A new staple fibre, popularly known as "fibro," manufactured in England by Messrs. Courtaulds, is being imported for use in Indian textile mills in place of cotton.

This staple fibre is made from wood-pulp and is produced by forcing viscose through minute holes to form filaments which are cut into short lengths or staples, not unlike raw cotton in appearance, for spinning by cotton machinery. The price of staple fibre is about Re. 0-10-0 per lb. as compared with Re. 0-10-6 and Re. 0-8-0 per lb. for artificial silk yarn and Egyptian raw cotton, respectively.

Staple fibre is not classified in the General Classification of Goods. A reference was made to other Railways for their views as to the head of the classification under which it should be charged and their replies are as follows :—

G. I. P.	..	..	..	..	..	As cotton, raw.
M. S. M.	..	..	..	..	..	Do.
N. W.	..	..	..	..	..	Do.
B. N.	..	..	..	..	..	As fibres, vegetables, N. O. C.

As synthetic staple fibre is used in place of raw cotton in textile mills, I consider it should be treated and charged as cotton (raw). I therefore propose the following draft resolution for consideration of the Commercial Committee at their next meeting :—

"The Commercial Committee recommend that 'synthetic staple fibre' or 'fibro' be included in the list of synonyms, trade names, etc., as chargeable as 'cotton, (raw)'."

Copy of letter No. 1213/114, dated the 6th May 1936, from the Association to the Honorary Secretary, the Buyers' and Shippers' Chamber, Karachi.

I beg to acknowledge the receipt of your letter No. R5/531, dated the 14th April 1936, in which you request the views of my Association on certain proposals which have been made for the Classification of Maize and Wheat Starch and Synthetic Staple Fibre for purposes of railway freight.

I have now had an opportunity of consulting some of the principal importers of these products and find that the classifications proposed by the Railways are in order. In the case of Maize Starch, however, it has been suggested that the list should actually include all the following :—

Wheat Flour (when used for sizing),
Potato Starch (commonly known as Farina),
Maize (Corn) Starch,
Sago Flour,
Arrowroot Flour,
Rice Starch,
All Dextrines.

It is contended that the practice of the trade whenever any one of the above products is railed from one point to another is to describe it in the Railway Receipt as "Sizing Flours." It will be noted that the first item has been named Wheat Flour and not Wheat Starch. This is because no Wheat Starch is actually made or used in India. Further, the term "Farina" as a general heading is a misnomer. Cassell's Concise English Dictionary defines Farina as: "Flour or Meal; any Powder; Pollen; Starch." Locally in the trade Farina is accepted as meaning Potato Starch. It is, therefore, suggested that, if the Railway Companies are seeking complete accuracy, the name "Farina" be deleted from the general heading which will then read simply as "Sizing Flour in Bags."

APPENDIX 40.

PACKING CONDITIONS FOR BALES OF PIECEGOODS.

Copy of letter No. T.97/XVII/20, dated the 1st June 1936, from the General Secretary, Indian Railway Conference Association to the Secretary, Indian Merchants' Chamber, Bombay.

In continuation of this office letter No. T.97/XVII/19, dated 30th May 1936, I am directed to forward for your information particulars of an additional subject which will be discussed at the July (1936) meeting of the Commercial Committee and request you to favour me with the views of your Chamber thereon before 20th June 1936.

Copy of letter No. CR/Mis. 1670A/BT., dated the 22nd May 1936, from the Chief Commercial Manager (G). E. I. Railway, to the General Secretary, I. R. C. A.

I am frequently confronted with disputes which arise at stations on this Railway in respect of the application of the higher or lower classification for consignments of piecegoods owing to differences of opinion in regard to the interpretation of the term "press-packed" used in connection with piecegoods to which the lower classification is applicable. The relevant entries in the I. R. C. A. Goods Tariff that bear on this question are as under :—

	R.R.	O.R.
Piecegoods, cotton, woollen or artificial silk, in bales, press-packed and bound with iron bands or steel wire or packed in boxes or cases. P/20	4A	4
Piecegoods, cotton, woollen or artificial silk, not press-packed or not packed in boxes or cases. P/20	6A	6

So far as this Railway is concerned, I have ruled that the term "piecegoods, press-packed" is, for purposes of determining the rate applicable, to be interpreted to mean a bale of piecegoods that is :—

(i) bound with iron bands or steel wire

and

(ii) is tightly compressed so as to form a solid compact package, the contents of which cannot be shifted without the removal of the bindings used for sustaining the pressure.

The existing definition however allows of more than one interpretation of the term "press-packed." The position thus created is unsatisfactory because the onus of determining rates is thrown on to the staff and there may always be room for a legitimate difference of opinion on a question of fact between sending and receiving stations and between sending and receiving railways. There is also the objection that scope for abuse on the part of merchants and staff exists and this will always be the case so long as the ultimate decision as to the rate applicable rests with the station staff.

We have gone as far as it is reasonable under the tariff regulations to provide a guide, but I think the time has come to provide not only a more complete and definite interpretation to the tariff terms applicable to such traffic but also to bring about a uniform policy in regard to this matter on all the railways. At present, while the B.B. & C.I., and G.I.P. Railways conform to our interpretation, the N.W., and R. & K. Railways, interpret the term "press-packed" as meaning "mill-packed" and that all bazaar packed goods are treated as non-press packed.

In the circumstances, it seems desirable that the term "press-packed" should be defined so as to leave no room for any doubt. Perhaps the best way of doing this would be by laying down a minimum weight per cubic foot for this purpose which may be determined after investigation by the various Railways and consultation of trading interests.

I shall be much obliged if the matter is put up for consideration by the Commercial Committee at their next meeting at Bangalore.

Copy of letter No. 1810/35, dated the 20th June 1936, from the Association to the Indian Merchants' Chamber, Bombay.

The other day, you sent me a copy of a letter which you received from the Indian Railway Conference Association on the subject of packing. I have consulted one or two members of my Committee and they are inclined to think that the definition of "press-packed" based on a minimum weight per cubic foot, as suggested in the Railway Conference Association's note, would be unworkable owing to different pressures adopted in packing varying classes of goods, as, speaking generally, the better classes of goods are less densely packed than plain grey goods.

Bazaar packed piecegoods should be allowed to be classified for rating purposes as "press-packed" goods if the bales are bound with iron hoops in both directions and the space between hoops does not exceed four inches square in any part of the covering of the bale. All mill-packed goods must be treated as "press-packed," and it should be made perfectly clear that all cased goods should be charged at the same rate as "press-packed" goods.

APPENDIX 41.

STOCK EXCHANGE ENQUIRY.

Copy of letter No. 2902 D, dated the 28th November 1936, from the Financial Secretary to the Government of Bombay, Finance Department, to the Association.

I am directed to invite the attention of your Association to resolution No. 2902, dated 24th November 1936, of which a copy is attached, and to request that any representation that your Association may wish to make to the Committee may kindly be sent as early as possible and in any case not later than the 23rd December.

Copy of Government of Bombay, Finance Department, Resolution No. 2902, dated 24th November 1936.

STOCK EXCHANGE ENQUIRY COMMITTEE—APPOINTMENT OF.

The Governor-in-Council is pleased to appoint a Committee to examine and report on the organization and methods of working of the Native Share and Stock Brokers' Association of Bombay, to consider whether any modifications are desirable in the interests of the investing public, and to make recommendations.

2. The Committee will be constituted as follows :—

- | | | |
|-----|------------------------------------|-------------------|
| (1) | Mr. W. B. Morison | <i>Chairman.</i> |
| (2) | Sir Sohrabji Pochkhanawala | } <i>Members.</i> |
| (3) | Sir Rahimtoola Chinoy | |
| | Mr. H. M. Patel, I.C.S. | <i>Secretary.</i> |

3. The Committee will assemble in Bombay at such place and time as will hereafter be notified.

4. Associations or persons wishing to make proposals for the reorganisation of the Bombay Stock Exchange or for improving its methods of working are invited to send their written representations to the Secretary, Stock Exchange Enquiry Committee, Finance Department, Secretariat, Bombay, as early as possible and not later than the 23rd of December 1936.

Copy of letter No. 5375/212, dated the 22nd December 1936, from the Association to the Secretary to the Government of Bombay, Finance Department.

I am directed to acknowledge the receipt of your letter No. 2902/D, dated the 28th November 1936, with which was enclosed copy of Government Resolution No. 2902, dated the 24th November 1936, intimating that a Committee of Enquiry has been appointed to examine and report on the organization and methods of working of the Native Share and Stock Brokers' Association of Bombay and to consider whether any modifications are desirable in the interests of the investing public. In the absence of a specific questionnaire, my Committee have necessarily to submit a representation of a general character, but if the Committee of Enquiry eventually issue a questionnaire, my Committee would be pleased to supplement this representation in respect of those matters which the Enquiry Committee consider it necessary to investigate in detail.

In 1923, my Committee submitted written and oral evidence before the Atlay Committee. The oral evidence of the Association's representative, however, was taken *in camera*, and it is not therefore possible to furnish the Committee of Enquiry with a copy of his evidence, but I enclose herewith a copy of our written evidence (*Vide* Enclosure I).*

In 1926, subsequent to the passage of the Bombay Securities Contracts Control Act, 1925, the Rules of the Bombay Native Share and Stock Brokers' Association were sent to us for criticism, and a copy of the views expressed by my Committee on the Rules is attached herewith (*Vide* Enclosure II).*

A further representation submitted to the Government of Bombay by the Association in August 1926, following the publication by Government of the Draft Rules and Regulations of the Native Share and Stock Brokers' Association is also enclosed (*Vide* Enclosure III).*

A perusal of these representations and the marginal notes which have now been inserted in Enclosure No. II, (in my Committee's letter dated the 23rd February 1926) reveals at once the small extent to which the criticisms advanced by this Association regarding the Rules, organization and method of working of the Native Share and Stock Brokers' Association have so far been met.

Dealing with the major issues mentioned in the previous representations made by this Association, we should like to stress the need for reforms in respect of:—

(a) *Publication of Daily Official List of Prices.*—While acknowledging that considerable improvements have been effected in regard to the publication of information by the Exchange Authorities in regard to the share prices, my Committee still feel that information available does not fully protect either the Buyers or the Sellers, and they are still forced to rely to a large extent upon the good faith of the Broker since no tickets or slips are issued stating the time at which particular transactions were made.

(b) *Holidays and Hours of Business.*—In regard to holidays and hours of business, the criticisms made in 1923 hold good in their entirety, and we maintain that the number of holidays should be drastically reduced and that the hours of business on the Exchange should at least be four per day.

(c) We should also like to draw the attention of the Enquiry Committee to the need for expediting the monthly clearing. At the present time it is understood that forward trading is suspended for at least four days, while the clearing is being effected. This compares unfavourably with other large Exchanges in other parts of the world.

(d) *Settlements.*—We would strongly urge the introduction of a system of fortnightly settlements with the object of curbing the activities of speculators and weak holders.

(e) My Committee consider that the brokerage charge on transactions is, in many cases, unduly high, and would refer to the proposals submitted by them in February 1926. (*Vide* Enclosure II).*

(f) We would also like the Enquiry Committee to consider the desirability of recommending an amendment of the Contract Note which would ensure the separate recording of the share price and the brokerage payable. In regard to the brokerage, it is understood that certain Brokers, in order to attract business from clients, are in the habit of waiving a portion of their brokerage and this practice should, it is thought, be done away with as it undoubtedly gives an incentive to other dubious practices.

(g) *Brokers.*—There appears to be an unwarrantably large number of sub-brokers trading in the Exchange. Many of these sub-brokers are merely touts and my Committee are strongly of opinion that the number of sub-brokers permitted to do business should be reduced to a reasonable proportion if it is not possible to abolish them altogether. If a

* Not printed.

broker defaults, my Committee strongly maintain that he should not be allowed to trade either in his own or any other name until and unless he has paid his creditors in full.

(h) *Transfers.*—The criticism submitted by the Association in 1923 still holds good. We should like the Enquiry Committee to investigate the possibility of introducing a system of stamping transfers similar to that used on the London Stock Exchange when shares are sold and before the scrip is handed over to the buyer's broker. As soon as a share is sold and the scrip is handed over to the broker by his seller, the transfer forms attached to it should be stamped with an embossed stamp showing the date and the amount of stamp duty paid to the Exchange Stamp Office, and companies should be entitled to refuse to accept any transfer which is not presented within a reasonable period from the date shown on the embossed stamp on the transfer form.

At the present time, blank transfers circulate from hand to hand for long periods at a time to the detriment of Governmental revenues. The practice also involves companies, sellers and buyers in difficulties and inconvenience. From a company point of view, difficulties arise from the fact that its Register of Shareholders is seldom if ever fully representative or accurate with the result that at the time of closing Transfer Books the shareholders' list which according to law has to be lodged with the Registrar, does not give the correct state of affairs owing to many shares not having been actually transferred to the owners with the result that dividends are paid to one party which have subsequently to be repaid to other parties, in some cases, a year or more after the shares have actually been sold and paid for.

A limitation of the effective life of a transfer form to two or at the most three months would go a long way to remedying this situation. The difficulty of dealing with scrip lodged with banks as collateral security could be dealt with as suggested in our 1923 representation.

If and when the effective life of transfer deeds are limited as we have suggested, the rate of stamp duty should be reduced. Even a considerably reduced stamp duty would mean increased revenues to Government.

(i) *Government Securities.*—My Committee strongly favour the prohibition of forward tradings in Government Securities.

(j) *Corners.*—As regards corners, the present system of fixing rates whenever the Stock Exchange Committee chooses to do so is, in our view, unsound and has undoubtedly caused considerable dissatisfaction. Both bulls and bears know fully well the risks they run when they enter into heavily speculative transactions and there seems to be no really valid reason why they should be protected. If the existing practice cannot be abolished altogether, then the power to take action under the corner rules and at times of serious political or economic crisis should, it is thought, be vested in a special tribunal consisting of the President of the Exchange, assisted by one senior member of the Committee, three or four bank managers and possibly one Government official.

Copy of letter No. 2902, (S.E.E.C.), dated the 6th January 1937, from the Secretary to the Stock Exchange Enquiry Committee, Finance Department, Bombay Castle, to the Association.

I enclose herewith a copy of the questionnaire,* which the Committee have decided to issue. I shall be glad if you would let me have the replies of your Association to the questionnaire at a very early date.

I am further to inform you that the Committee would like to examine representatives of your Association on the 22nd January. The examination will be conducted in the

* Not printed.

Committee Room of the Secretariat, at two sessions, from 10-30 a.m. to 1 p.m., and again from 3 p.m. to 4-30 p.m. I am to inquire if the date and times are convenient to your Association.

I enclose herewith a copy of the 'Directions to Witnesses.'*

Copy of letter No. 265/212, dated the 15th January 1937, from the Association to the Secretary, Stock Exchange Enquiry Committee, Bombay.

I am directed to acknowledge the receipt of your letter No. 2902 (S.E.E.C.), dated the 6th January 1937, with which was enclosed a Questionnaire issued by your Committee and a copy of the directions to witnesses. As regards the oral examination of the Association's representatives, which it is suggested should take place in the Committee Room of the Secretariat on Friday, the 22nd January 1937, from 10-30 a.m., (S.T.), to 1-00 p.m., and again from 3-00 p.m. to 4-30 p.m. I regret to say that Mr. F. F. Stileman and Sir H. P. Mody, who will give oral evidence on behalf of the Association, would not be able to attend for oral examination on Friday morning, but would place themselves at the disposal of the Enquiry Committee at the time suggested on Friday afternoon.

Mr. Stileman and Sir H. P. Mody desire to submit their oral evidence *in camera*.

In regard to the Questionnaire, many of the points raised have already been dealt with in the Association's letter No. 5375/212, dated the 22nd December 1936, addressed to the Secretary to the Government of Bombay, Finance Department, and in the enclosures to that letter, and reference has been directed where necessary to that letter in the answers to the Questionnaire attached hereto.

Answers to the Questionnaire.

Question 1.—Should forward trading be stopped completely? Or should it be allowed with restrictions? And, if so, with what restrictions? Do the conditions for putting a scrip on the forward list require any modification?

Answer.—My Committee do not favour the abolition of forward trading.

As regards the conditions now specified in Rule 254 which must be fulfilled before a scrip is put on the forward list, my Committee do not think it necessary to insist that companies should use the common form of transfer specified in sub-clause (1) if their form contains all the essential conditions specified in the transfer form prescribed by the Native Share and Stock Brokers' Association.

As regards sub-clause (2) of Rule 254, which prescribes that all shares accepted for forward dealings on the exchange should be fully paid up, my Committee feel that this condition need not always be insisted on.

The conditions specified in sub-clauses (3), (4) and (5) of Rule 254 appear to be satisfactory.

Question 2.—Have you any suggestions to offer as regards the control of sub-brokers, their status, position and responsibility?

Answer.—Reference is directed to the Association's letter No. 5375/212, dated the 22nd December 1936, addressed to the Secretary to the Government of Bombay, Finance Department. My Committee presume that all transactions of a sub-broker are fully guaranteed by the broker member responsible for putting through his transactions.

Question 3.—Is strict differentiation between jobbers, tarawniwalas and brokers advisable ?

Answer.—This question is one on which my Committee are unable to express an opinion. All that they wish to say is that there appears to be no jobbers, in the true sense of the term, operating in the Bombay Market. They all appear to combine the business of jobbing and broking.

Question 4.—Stock Exchange Building : Is present accommodation therein sufficient ? Are facilities, such as installation of electric boards for giving latest prices, necessary ?

Answer.—This question appears to be one which could be most usefully answered by the Stock Exchange authorities themselves.

Question 5.—Do you consider that the existing powers of the President and the Board of Directors require to be enlarged or modified in any way ? Should the Board be given power to prevent individual members of the Association, under certain circumstances, from speculating in forward scrips ? Should the Board have power to intervene in transactions between members ?

Answer.—This matter has already been dealt with in the Association's letter No. 5375/212, dated the 22nd December 1936, addressed to the Secretary to the Government of Bombay, Finance Department, and the views expressed therein will be elaborated, if necessary, when the Association's representatives give oral evidence.

Question 6.—Do you consider that the intervention of Government is necessary under any special circumstances ?

Answer.—Reference is directed to sub-paragraph (j) of the last paragraph of the Association's letter No. 5375/212, dated the 22nd December 1936, addressed to the Secretary to the Government of Bombay, Finance Department.

Question 7.—Holidays : Are they excessive at present ?

Question 8.—Hours of Business : Are any changes therein necessary or desirable ?

Answer.—These matters have been dealt with in my Association's letter No. 5375/212, dated the 22nd December 1936, addressed to the Secretary to the Government of Bombay, Finance Department, and my Committee are strongly of the opinion that holidays are excessive and that hours of business are unnecessarily short.

Question 9.—Brokerage : Should there be a fixed minimum scale of commissions ?

Answer.—My Committee are definitely of the opinion that the scale of brokerage should be fixed and that penalties should be imposed on brokers who fail to charge the prescribed brokerage.

Question 10.—Amendments to Contract Notes : Should it be compulsory for brokerage to be shown separately in an agency contract ?

Answer.—Reference is directed to the Association's letter No. 5375/212, dated the 22nd December 1936, addressed to the Secretary to the Government of Bombay, Finance Department.

Question 11.—Defaulters : Circumstances under which they should be reinstated. Should defaulters who have not paid their creditors in full be allowed to do business, say, as sub-brokers, and under what conditions ?

Answer.—Reference is directed to the Association's letter No. 5375/212, dated the 22nd December 1936, addressed to the Secretary to the Government of Bombay, Finance Department. My Committee are strongly of the opinion that in no circumstances should a

defaulter be permitted to do business as a member of the Exchange unless he has paid his creditors in full. As to whether a defaulter should be allowed to do business as a sub-broker, this would appear to be a matter which mainly concerns the principal or principals for whom the defaulter is acting as a sub-broker.

Question. 12.—Should restrictions imposed under Rule 7 of the Rules of the Native Share and Stock Brokers' Association on persons having connection with other trades be removed ?

Answer.—My Committee are inclined to think that the Rule should stand.

Question 13.—Clearing House : Should all dealings in shares, either cash or forward, be arranged through the Clearing House ? Should monthly clearing be expedited ? Should settlements be fortnightly ? Is it necessary to publish daily official price lists ?

Answer.—We see no reason why cash transactions should pass through the Clearing House. My Committee have already indicated in their letter that monthly clearing should be expedited and that settlements of forward transactions should be effected twice every month. It might, here, be pointed out that unless clearings are expedited, there will be some difficulty in introducing two settlements each month.

As regards the publication of official price lists, my Committee strongly favour this being done. They also desire to suggest that a system should be introduced under which the time and net price of every bargain put through should be recorded.

Question 14.—Member's card constitutes a security for the benefit of his fellow members. Should members be required to provide additional security for protecting their clients' interests ?

Answer.—My Committee feel that members of the Exchange should be required to provide additional security for the protection of their clients' interests, but they are not in a position to state exactly what this security should be. It has been suggested from one quarter that, in order to protect the public more adequately, every broker and sub-broker should deposit scrip to the value of Rs. 50,000 in the case of a broker or partner in a broker's firm and to the value of Rs. 10,000 in the case of a sub-broker for the purpose outlined in the second part of the question. The deposit would be personal and should not be shared by a syndicate.

Question 15.—Are any powers required for the investigation of broker's books of accounts and contracts in addition to those at present enjoyed by the Board of Directors ?

Answer.—My Committee have no views to express.

Question 16.—Should blank transfers of shares be allowed ? If so, should their currency be limited ?

Answer.—Reference is directed to the Association's letter No. 5375/212, dated the 22nd December 1936, addressed to the Secretary to the Government of Bombay, Finance Department.

Question 17.—Should Rule 335, dealing with corners, be revived ? Have you any suggestions for the improvement of the rules dealing with corners ?

Question 18.—Bear Raids : Should the present Rule 188 be continued ? Is it adequate for the purpose ? Does it require modification in any respect ?

Answer.—My Committee have nothing to add to the views expressed in their letter No. 5375/212, dated the 22nd December 1936, addressed to the Secretary to the Government of Bombay, Finance Department.

Question 19.—Should the scrip of a company not be allowed to be quoted for forward dealings where any partner interested in the managing agency of the company and holding a very large number of shares enters into speculative transactions in shares of his own company ?

Answer.—The attention of the Enquiry Committee is directed to Rule 255 of the Stock Exchange. Under this rule, the Board of the Stock Exchange appear to have adequate powers to deal effectively with cases of the type indicated in the question.

Question 20.—Margins : Whether brokers should be required to insist upon margins from their clients for putting through transactions on their behalf ? If so, how can such requirements be enforced on all the parties concerned ?

Answer.—My Committee consider that the principle of demanding margins from clients is a very sound one, but they do not see how the payment of margins can be enforced.

Question 21.—Listing Requirements : Are they adequate : Or should they be enlarged further with a view to safeguard the interests of the public ?

Answer.—My Committee do not understand the exact meaning of this question.

Question 22.—Should it be made compulsory to disclose the identity of a client in all circumstances in the broker's books ?

Answer.—My Committee consider that it should be made compulsory to disclose to the Board of the Exchange, if requested, the identity of a broker's client.

Question 23.—Whether it is necessary to prevent members from speculating on their own account ? If so, how ?

Answer.—My Committee agree that it would be advisable to prevent members of the Exchange from speculating on their own account, but are unable to say how this could be achieved.

Question 24.—Are you of the opinion that the Bombay Securities Contracts Control Act, 1925, requires any amendment ; and if so, in what manner ? Do you think it is desirable that Government should reserve to itself the power it has at present under the Act of sanctioning the rules of the recognised Association ?

Answer.—The legislation referred to in the question appears to be essentially sound, but my Committee are inclined to the view that it might be advisable to widen its scope in order to deal effectively with severe crises of a political or economic character. In this connection, reference is directed to the last sentence of the Association's letter No. 5375/212, dated the 22nd December 1936 addressed to the Secretary to the Government of Bombay, Finance Department, wherein it was suggested that in certain circumstances a Tribunal consisting of the President of the Exchange, assisted by one senior member of the Committee, three or four Bank Managers, and possibly one Government official should begin to function.

Question 25.—Are there any other factors in addition to the foregoing which, in your opinion, are responsible for over-trading and the periodical difficulties on the Stock Exchange ? What steps would you suggest to prevent these ?

Answer.—My Committee have already indicated in their letter No. 5375/212, dated the 22nd December 1936, addressed to the Secretary to the Government of Bombay, Finance Department, and in their answers to the foregoing questions, the measures which, in their view, should be taken to prevent over-trading and excessive speculation, and have no other suggestions of importance to make.

Copy of letter No. 2902-S.E.E.C., dated the 16th January 1937, from the Secretary, the Stock Exchange Enquiry Committee, to the Association.

With reference to your letter No. 265/212, dated 15th January 1937, I have the honour to state that the Committee will be glad to examine the representatives of your Association at 3 p.m. on Friday the 22nd January 1937.

APPENDIX 42.

CERTIFICATION OF SHARE TRANSFER FORMS BY JOINT STOCK COMPANIES.

Copy of letter No. 5117/178, dated the 8th December 1936, from the Association to all Bombay Members of the Association.

In connection with a requisition recently sent by the Native Share and Stock Brokers' Association, Bombay, to all Joint Stock Companies in Bombay for the certification by Companies of the signature on share transfer forms, the question as to whether mills should and, if so, to what extent comply with the procedure suggested was referred to the Association's Solicitors, and I enclose herewith for the information of members a copy of my letter dated the 22nd October 1936 addressed to the Association's Solicitors and of their reply thereto. The Solicitors' letter is self-explanatory. The point as to whether the Committee of the Association should issue a general circular to all members to comply with the requisition of the Native Share and Stock Brokers' Association was considered, but it was felt that full discretion in this matter should rest with individual mill companies.

If, however, you decide to accede to the request made by the Native Share and Stock Brokers' Association, you might adopt the forms suggested by the Association's Solicitors for certification.

Copy of letter No. 4353/178, dated the 22nd October 1936, from the Association to Messrs. Craigie, Blunt & Caroe.

The Committee of the Millowners' Association desire to be advised on the following matter :—

In the enclosures will be found a circular letter* addressed by the Native Share and Stock Brokers' Association to the Simplex Mills Co., Ltd., and presumably to other joint stock companies also in Bombay, whose shares are being dealt in in the Stock Exchange, requesting certain facilities in connection with share transfers. The nature and extent of the facilities asked for are fully set forth in the resolution adopted by the Board of Directors of the Share Brokers' Association. Briefly stated, the Stock and Share Brokers' Association desire companies certifying that :

- (a) The Transferor is, according to the Books of the Company, the registered owner of the Scrip which he proposes to transfer ; or
- (b) The Transferor has authority (in virtue of a power of attorney or succession certificate registered with the company) to transfer the share.

Before the matter was brought to the notice of the Committee, certain members had already decided to comply with the requisition of the Share and Stock Brokers' Association, and in enclosure " A " will be found the form of certificates drawn up by the Svadeshi Mills Co., Ltd. My Committee also understand that several other companies including Banks

* Not printed.

have since agreed to give certificates as desired by the Share and Stock Brokers' Association, and I enclose herewith* for your perusal copies of the correspondence between the Share and Stock Brokers' Association and the various parties.

You will also be interested to hear, in this connection, that one of our members, the Kohinoor Mills Co., Ltd. consulted their Solicitors on the requisition received from the Share and Stock Brokers' Association, but the views expressed by them unfortunately do not provide an answer on the very specific issues which my Committee have now before them, and they are, therefore, so far as this reference is concerned, of academic interest only.

Judging, however, from the views expressed by certain members of my Committee at the last meeting, it would appear that they would have no objection in complying with the requirements of the Share and Stock Brokers' Association, provided, of course, satisfactory safeguards could be devised, which would, in the first instance, fully protect the company in the event of a *bona fide* mistake being made in issuing the certificate, and secondly, will not take away from it the right to refuse to register the transfer deed if found irregular on any account whatsoever. Probably, you have other safeguards to suggest also. In any event, my Committee would greatly appreciate it if you could suggest a specimen form/forms of certificate which would meet with the requirements of the Share and Stock Brokers' Association and, at the same time, protect the interests of the companies.

I have since been informed by the Native Share and Stock Brokers' Association that their Solicitors would like to discuss this matter with you, to which my Chairman has no objection. My Chairman and I propose to see you later to discuss the points, if any, made by the Solicitors to the Native Share and Stock Brokers' Association before you submit a written reply to this communication.

Enclosure "A."

THE SVADESHI MILLS Co., LTD.

Power of attorney from.....
to.....has been
registered with the Company and notice of revocation has not been received to this day.

This certificate only affirms the registration of the document for what it is worth and the Company reserves the right to decline to register the transfer deed if found irregular on any account whatsoever.

.....19 .

for Agents.

THE SVADESHI MILLS Co., LTD.

Legal representation to the estate of the deceased.....
granted to.....
has been registered with the Company.

This certificate only affirms the registration of the document for what it is worth and the Company reserves the right to decline to register the transfer deed if found irregular on any account whatsoever.

.....19 .

for Agents.

* Not printed.

THE SWADESHI MILLS Co., LTD.

A certificate of the death of.....
has been
 registered with the Company.

This certificate only affirms the registration of the document for what it is worth and the Company reserves the right to decline to register the transfer deed if found irregular on any account whatsoever.

.....19 .

for Agents.

*Copy of letter dated 4th/6th November 1936, from Messrs. Craigie, Blunt & Caroe
 to the Association.*

We beg to refer to your letter No. 4353/178 of the 22nd ultimo and the papers which accompanied it.

With reference to the last paragraph of your letter we beg to inform you that we had an interview, as suggested, on the 27th ultimo with Mr. Tricumdas of Messrs. Kanga & Co., Solicitors for the Native Share and Stock Brokers' Association (hereinafter referred to as "the Association").

Mr. Tricumdas stated that the circular of the 1st September last issued by the Association to various companies in Bombay resulted from Rule 232 of the Rules and Regulations of the Association, which provides (*inter alia*) that the only obligation on the seller on the sale of shares is to tender delivery of the necessary certificates with a properly executed transfer.

Mr. Tricumdas contends, and, in our opinion rightly so, that a properly executed transfer can only mean a transfer executed by the registered holder of the shares, or a transfer executed by a party holding the authority of the registered holder to execute the transfer on his behalf.

In the latter case Mr. Tricumdas further contends, and again, in our opinion, rightly so, that where a transfer of shares is signed by a third party on behalf of the registered holder the buyer can only satisfy himself that the transfer is properly executed by inspection of the document under the authority of which such third party signed the transfer on behalf of the registered holder.

Such authority might be either a Power of Attorney, or a Probate of a Will, or a grant of Letters of Administration, or, in the case of joint holders of shares, where one has died, a death certificate of the deceased shareholder.

Mr. Tricumdas further stated that in many cases it may not be convenient or even possible for the seller's broker to obtain and produce for the inspection of the buyer's broker the authority under which a third party has signed the transfer on behalf of the registered holder of the shares.

We appreciate that this may be so, but if, as is presumably the case, the buyer desires to obtain delivery of the shares which he has agreed to purchase, his broker should not experience any difficulty, though possibly a certain amount of inconvenience, in obtaining inspection of the relative authority at the office of the party by whom the transfer has been signed on behalf of the registered holder of the shares.

The effect, therefore, of the suggestion of the Association would appear to be to relieve the Members of the Association of a certain amount of inconvenience, and to impose upon the Company, whose shares are the subject of the transfer, additional clerical work, and possibly also additional responsibility, without any corresponding benefit to the Company. This

does not appeal to us as a sufficient justification for requesting the members of the Millowners' Association to accede to the suggestion of the Association.

Mr. Tricumdas further expressed the opinion, with regard to the suggestion that the proposed practice might lead to blank transfers being kept longer in circulation, that this was unlikely, at any rate in a case in which the transfer is signed by a third party under a Power of Attorney from the registered holder, his reason for this opinion being that as the Company's certificate that the Power of Attorney had been lodged with it, would speak as at the date of the certificate, it would be in the interest of the buyer to register his transfer as soon as possible, in case, in the meantime, the Power of Attorney should be revoked. In any case Mr. Tricumdas did not think that the proposed practice would exaggerate the present practice in regard to the circulation of blank transfers. This may be so, but even if it be so, as to which we are not in a position to offer an opinion, we do not see any reason why a member of the Millowners' Association should be asked to undertake additional clerical work and possibly additional responsibility in an attempt to cure an admittedly bad practice at present existing amongst the Members of the Association.

We reported to you at our interview with you and the Chairman of your Association on the 3rd inst. the purport of our interview with Mr. Tricumdas as set out above, and we were informed that the Millowners' Association desired to oblige the Association by certifying share transfers in the manner suggested so long as the Companies concerned incurred no risk whatsoever, and we were desired to draw up such form of certificate as we thought fit, which would protect the companies concerned from liability on any grounds whatsoever if they adopted the suggestion of the Association.

Amongst the papers which accompanied your letter to us of the 22nd ultimo we find specimens of the certificates proposed to be given by the Svadeshi Mills Co., Ltd. In connection with the certificate to be given where a sole holder of shares has died, we find that the Svadeshi Mills Co., Ltd. purport to certify that "Legal representation" to the estate of the deceased has been registered with the Company.

The words "legal representation" would include a succession certificate and we would not advise any company to certify a transfer where a succession certificate has been produced to it as evidence of "legal representation."

These certificates are granted by District Judges and can also be obtained in Native States from the British Representative accredited to each State, and they only apply to the securities specifically mentioned in them.

A succession certificate may, and often does, limit the powers of the grantee to receive interest or dividends only on the securities specified therein. There are also several grounds on which a succession certificate may be revoked, such for instance that the proceedings to obtain it were defective, or that it was obtained fraudulently, or that it was obtained by means of an untrue allegation of a fact essential in point of law to justify the grant thereof, even though such allegation was made in ignorance or inadvertently.

It would, therefore, be dangerous, in our opinion, for a Company to certify a transfer after production of a succession certificate.

A Probate of a Will or a grant of Letters of Administration is on a different footing and we have confined the certificate in the case of a deceased sole holder, to Probate of a Will or Letters of Administration.

The circumstances which it is necessary to guard against in connection with a transfer of shares executed under a Power of Attorney are:—

First, that the Power of Attorney may have been revoked between the date of the certificate and the date when the transfer is lodged for registration.

Secondly, the Power may have been given for a specific period, which may have expired before the transfer is presented for registration.

Thirdly, the Power may have been declared to be operative only during the absence of the donor from British India, and would automatically expire on the return of the donor to India, which might occur between the date of the certificate and the date on which the transfer is presented for registration, and

Fourthly, notice of revocation of a power may have been given to the Company and have been overlooked by the clerical staff of the Company, and no note thereof made in the books of the Company, in which case the Company might by mistake certify a transfer of shares bearing a date subsequent to the date on which notice of the revocation of the Power of Attorney was received.

As instructed at our interview with you on the 3rd inst. we have prepared three certificates marked respectively A, B, and C, drafts of which we enclose for the approval of your Committee.

Form A will be used where the transfer is signed by a constituted Attorney of the registered holder.

Form B will be used where the transfer is signed by an Executor or Administrator of a deceased sole holder.

Form C will be used where the transfer is signed by the survivor or survivors of two or more joint holders.

In connection with these forms we may say that in the case of *Bishop v. Balkis Consolidated Company Limited* (25 Q.B.D. 512) where the effect of the certification of a transfer by the endorsement thereon by the Secretary of the Company of the words "certificate lodged" was under consideration, it was held that such a certification could only be taken to amount to a representation by the Company that a document had been lodged with the Company apparently in order, and showing *prima facie* that the transferor was entitled to the shares, but that such certification did not import a warranty of the transferor's title or of the validity of the document.

We have framed the above three forms in accordance with the decision in the above case.

We return the papers which accompanied your letter of the 22nd ultimo, receipt of which please acknowledge.

A.

Certified that a Power of Attorney dated () from () to () has been registered with the Company. This certificate does not import, and it is not intended to import, a warranty of the title of the Transferor, or of the validity or effect of the Power of Attorney.

.....193 . ()
For Agents.

B.

Certified that Probate of a Will/Letters of Administration to the estate of () granted by the High Court of Judicature at () on the () has been registered with the Company. This certificate does not import, and it is not intended to import, a warranty of the title of the Transferor, or of the validity of the above grant.

.....193 . ()
For Agents.

C.

Certified that a death certificate purporting to certify that () died on the () has been registered with the Company. This certificate of the Company does not import, and it is not intended to import, a warranty of the title of the Transferor, or of the validity of the death certificate.

.....193 .

()
For Agents.

APPENDIX 43.

TECHNOLOGICAL LABORATORY AT MATUNGA.

Copy of letter dated the 1st December 1936, from Mr. S. D. Saklatvala to the Chairman, Millowners' Association, Bombay.

At the last meeting of the Indian Central Cotton Committee, the question of reducing the expenditure at the Technological Laboratory at Matunga was taken up. During the course of the discussion, I pointed out that what was needed was closer co-operation between the Laboratory and the mills in Bombay. There was no doubt some useful work of a practical nature was done at the Laboratory, but this was not sufficiently pressed to the notice of mill-owners. I was asked if I had any practical suggestion to make so that the mills might take a greater interest in the work of the Laboratory to the mutual advantage of both. On the spur of the moment, the only suggestion I could make was that the Indian Central Cotton Committee should appoint a liaison officer who could discuss problems with mill managers and be in touch with prevalent mill practice. However, I pointed out that I had not obtained any instructions on the point from the Millowners' Association. I was then requested to bring this matter to the notice of the Committee of the Millowners' Association and bring up proposals at the next meeting.

With this end in view, I beg to place the following views before you so that concrete proposals may be made as to how to make the Matunga Laboratory more useful and at the same time to achieve full advantage from the valuable research work already done at the Laboratory. Perhaps, the Indian Central Cotton Committee have failed to do any real "follow-up" work, which is so essential in matters of this kind; in other words, you have got to force the persons or the industry you want to get at to take an interest in research. They will never do it of their own volition. This being the case, I would like to make the following suggestions :—

(1) Every cotton spinning mill in India should receive *several* copies of each bulletin. The persons really intimately concerned would be the Manager, the Spinning Master and the Carding Master. In the case of certain bulletins, the Weaving Master would also be interested, and should be supplied with a copy. It is not possible to send bulletins individually to the persons above-mentioned, but it should be made perfectly clear to the Managing Agents that copies should be supplied to the above-mentioned officers.

(2) On the front page of every bulletin, in prominent types, the recipients should be invited to submit their views in brief on the subjects dealt with in the bulletin together with the results of any similar test carried out by them. They might also be invited to make similar tests if they have not already done so and to submit the results obtained. This procedure would, of course, greatly increase the amount of correspondence and the printing bill of the Technological Laboratory, and it would probably be necessary to appoint a special officer to deal with the former.

(3) A further suggestion which I should like to make is that, as far as Bombay is concerned, each bulletin of special importance should be discussed by the Technological Laboratory experts and practical spinners and carders. I do not know whether it would be advisable to invite all spinners and carders to whom the bulletins were sent to attend these meetings, and am inclined to suggest that a dozen might be chosen for the discussions, and they should frame a report of the discussions for circulation to other spinners and carders in Bombay.

(4) At the joint meetings suggested above, suggestions should be invited as to the subjects for future tests, and where possible, these suggestions should be acted upon.

(5) Later on, if found necessary, a liaison officer should be appointed to discuss various problems with the managers and keep them informed as to the actual work in progress at the Laboratory.

Copy of letter No. 193/217, dated the 12th January 1937, from the Association to S. D. Saklatvala, Esq., M.L.C., Bombay.

I am directed to acknowledge the receipt of your letter, dated the 1st December 1936, addressed to the Chairman of the Association which contains certain suggestions for improving the utility of the Technological Laboratory at Matunga from the point of view of the Trade. The whole question has been carefully considered by my Committee who are in full agreement with the views expressed in a report dated 29th December 1936, submitted by a special Sub-Committee of my Association, a copy of which is enclosed herewith for ready reference. It is considered that you might, at a suitable opportunity, bring these recommendations to the notice of the Indian Central Cotton Committee.

Copy of the Report by the Special Sub-Committee of the Millowners' Association.

We were appointed at a meeting of the General Committee held on 7th December 1936 to consider what proposals, if any, might be put forward by Mr. S. D. Saklatvala, the Association's representative on the Indian Central Cotton Committee, to make the work done by the Indian Central Cotton Committee's Laboratory at Matunga more useful and enable the cotton trade as a whole to become more conversant with the valuable research work which is already being undertaken at the Laboratory. The basis of our discussion was a note which had been prepared by Mr. Saklatvala and a summary prepared by Dr. Nazir Ahmad of the trade tests which had been conducted at the Laboratory during the last two or three years. As a result of our discussions we have come to the conclusion that little modification is required in the work done by the Laboratory, but that steps should be taken to ensure that the results of all important tests are more fully studied and discussed by millowners and by the technical staffs of mills. To achieve this object, we should like our representative on the Indian Central Cotton Committee to suggest that every cotton spinning mill in India should receive several copies of each of the trade test Bulletins published by the Laboratory and that these should be distributed by the Mill Agent to the technical heads of departments like Spinning Masters, Carding Masters, and in certain instances Weaving Masters. The Bulletins issued to the mills might, it is thought, be on the American style, that is, written in simple language with the main conclusions clearly set out and free from unnecessary details and higher mathematics.

(b) On the front page of every Bulletin, in prominent types, a notification might be inserted inviting the recipient of the Bulletin to submit his views, in brief, on the subject dealt with in the Bulletin together with the results of any similar test carried out by him.

(c) Copies of the Bulletins should also be sent to technical associations like the Bombay European Textile Association and the Bombay Textile and Engineering Association who might be invited to discuss them at their meetings and to submit their considered views on the results and make suggestions for further tests.

(d) As far as Bombay is concerned, we should like to suggest that every Bulletin of special importance should be discussed by an expert or experts from the Technological Laboratory with practical spinners and carders. Meetings for this purpose might be held at the Technological Laboratory itself, and invitations might be sent to all spinners and carders to whom copies of the Bulletin had been supplied, to attend this meeting, or if this is not feasible, a dozen or so technical men from the trade might be invited to meet the Laboratory experts and frame a report of the discussions for circulation to other carders and spinners. At any such joint meetings, suggestions might be invited as to the subjects for future tests, and where possible, these suggestions should be acted upon.

(e) Our representative might also recommend the appointment of a Liaison Officer by the Indian Central Cotton Committee to carry out the extra work necessary if effect was given to the foregoing proposals, and to disseminate information concerning trade tests to all sections of the trade.

(f) We also think that the Indian Central Cotton Committee might once again consider the advisability of establishing a Testing House which would undertake tests similar to those now undertaken by the Chamber of Commerce Testing House at Manchester. Such a Testing House would undoubtedly keep the Technological Laboratory at Matunga in closer touch with the trade and, in particular, with the technical men in the trade and should be capable of paying its way from the charges levied for such tests as it is in a position to undertake. A reference is, in this connection, invited to the proposals for a Testing House submitted by the Association in 1931. The scheme then mooted was too ambitious, and failed to fructify for want of financial support from trade associations, but if a more modest scheme, supported financially by the Indian Central Cotton Committee, could be devised, a Testing House might, it is thought, be successfully established.

APPENDIX 44.

BOMBAY UNIVERSITY—DEPARTMENT OF CHEMICAL TECHNOLOGY.

Copy of circular No. 765/93, dated the 26th March 1936, from the Association to the Agents of all Mills in Bombay.

In his address at the Annual General Meeting of the Association held on Monday last, the outgoing Chairman, Sir Joseph Kay, suggested that mills should endeavour to make full use of the new Department of Chemical Technology of the Bombay University, and send to that institution for solution practical problems and difficulties which mills meet with from time to time in the production of printed, dyed, mercerised and finished goods. The Association has since made enquiries from Prof. Forster, who is the Head of the Department referred to, as to the type of problems with which he would be able to deal.

Prof. Forster states that the Department of Chemical Technology is prepared to carry out any investigations connected with the scouring, bleaching, dyeing and finishing of yarn and cloth. The Department is also in a position to deal with the printing of cloths up to 36" wide in three colours. Refrigerator equipment is at present being added to the hank mercerising machinery, and when this is completed, the Department will also be able to investigate problems such as the suitability of any particular yarn for mercerising.

The activities of the Department are not limited to cotton. It can also deal with other fibres such as wool, silk and viscose. On the chemical side, the Department has well equipped laboratories and is in a position to undertake investigations of dyed fabrics and the examination and evaluation of dyes, auxiliaries and other products used in the textile industry.

Prof. Forster makes it clear that the object of the Department is not to compete with private chemical analysts, and suggests that work of a strictly routine character should not ordinarily be submitted to the Department of Chemical Technology. If, however, no other facilities exist for getting tests of this nature carried out, the Department is prepared to undertake even routine tests or to act as referee should occasion arise. The Department is not equipped and does not propose to undertake any problems in connection with spinning and weaving, as research in this type of problems is already provided for by the Indian Central Cotton Committee's Technological Laboratory at Matunga.

If the mills under your agency send any research problems to the Department, I shall be glad if you will keep the Association informed as to the nature of the problems submitted and of the results obtained.

APPENDIX 45.

REGISTRATION OF PENDING SUITS RELATING TO IMMOVABLE PROPERTY.

PROPOSED AMENDMENT OF THE TRANSFER OF PROPERTY ACT.

Copy of letter No. 8236/3, dated the 2nd October 1936, from the Secretary to the Government of Bombay, Home Department, to the Association.

I am directed to forward herewith a copy of a letter from the Government of India in the Home Department, No. F. 550/36-Judicial, dated the 8th September 1936, and of its accompaniments, regarding the desirability of undertaking legislation to provide for compulsory registration of *lis pendens*, and to request that you will be so good as to favour Government with the opinion of your Association. I am also to request your Association to consider whether the desired object cannot be achieved otherwise than by compulsory registration of all *lis pendens*.

Copy of letter No. F. 550/36-Judicial, dated the 8th September 1936, from the Joint Secretary to the Government of India, Home Department, Simla, to the Secretary to the Government of Bombay.

I am directed to forward for the information of the Governor-in-Council, a copy of the papers noted in the annexed list* containing representations from certain commercial bodies on the desirability of undertaking legislation to provide for compulsory registration of *lis pendens*.

2. The suggestion is justified on the ground that section 52 of the Transfer of Property Act, 1882, which deals with the transfer of property pending suit relating thereto is defective in that it does not sufficiently safeguard persons who have in good faith taken transfer of property, with the result that they are liable to be defrauded by transferors who conceal the fact that pending litigation affects that property.

3. The suggestion now put forward received the attention of the Government of India in 1929 when the last revision of the Transfer of Property Act was undertaken. It was then urged on the one hand that the Government of India, following the English law on the subject under which a transferee is not affected by a pending action unless it is registered and re-registered every 5 years—*vide* sections II, IV and VII of the Judgments Act, 1839 (2 & 3 Vict., Cap. 11)—should adopt a provision on the same lines. On the other hand, it was argued that (1) few people in India ever seek to register their decrees, (2) that the

adoption of the suggestion would mean more cost to parties and (3) that it would require development of the registration system in the country. These objections prevailed and the matter was not pursued further.

4. In view of the representations now received by the Government of India they have considered the question afresh and attach some weight to the apprehensions felt by these commercial bodies. The difficulties complained of are likely to be felt especially in important commercial centres.

Copy of letter No. 00367, dated the 16th April 1935, from the Indian Chamber of Commerce, Calcutta, to the Government of India, Legislative Department.

I am directed by the Committee of the Indian Chamber of Commerce, Calcutta, to invite your attention to the necessity of registration of *lis pendens*.

The first part of Section 52 of the Transfer of Property Act (Act 4 of 1882), as amended by Act 20 of 1929 and Act 5 of 1930, runs as follows :—

“ During the pendency in any court having authority in British India, or established beyond the limits of British India by the Governor-General in Council, of any suit or proceeding which is not collusive and in which any right to immovable property is directly and specifically in question the property cannot be transferred or otherwise dealt with by any party to the suit or proceeding so as to affect the rights of any other party thereto under any decree or order which may be made therein, except under the authority of the Court, and on such terms as it may impose.”

The Committee of the Chamber desire to point out that the effect of the above section is that a transferee of an immovable property during the pendency of a suit (under the conditions mentioned in the above Section) does not acquire any interest in the property so as to affect the rights of the parties to the suit however *bona fide* he may have acted and whether he had notice of the pending suit or not. While the consequences resulting from the provisions of the above section are so serious, there is no method whereby a person intending to acquire an interest in an immovable property can ordinarily know by searches whether any suit affecting the property is pending in any court or not. An analysis of the large number of decisions under the provisions of Section 52 of the T. P. Act will show that a large number of *bona fide* transferees for value without notice of the pending action have been victims at the hands of unscrupulous transferors who managed to transfer their property concealing the fact of the pending action. Section 52 of the Transfer of Property Act is based on the English doctrine of *lis pendens*.

In England a transferee is not affected by a pending action unless it is registered and re-registered every five years under the provisions of Judgments Act, 1839 (2 & Victorian c. 11, Section 4 & 7). While the doctrine of *lis pendens* was borrowed from the English law it is unintelligible why provisions similar or analogous to those contained in the aforesaid English Act should not be introduced in the Indian Registration Act. It is eminently desirable that the provisions should be made by the Legislature so as to make Section 52 of the Transfer of Property Act operative only upon Registration of the Action. Suits relating to land both under the C. P. Code (Act 5 of 1908) and under the various Charters the several High Courts having Original Side may be instituted in any Court in whose jurisdiction the land or a part thereof is situated. In these circumstances a *lis pendens* should for the purpose of registration be treated on the same basis as other documents relating to land. Sections 28, 30, 66 and 67 of the Indian Registration Act being Act 16 of 1908 should be made applicable to such registration.

Registration of pending actions is necessary from another point of view also so far as persons governed by the Mitakshara School of Hindu Law are concerned. Institution of a Partition suit affects a severance of the joint status of the members of a joint Hindu family. In a recent case (*Dhanabati Bibi vs. Pratapmull Agarwalla & Another*) the Calcutta High Court has held that institution of a suit even affects partition and the right of the

female members of a family (where such female members are entitled to a share) accrues from the date of the institution of a suit. At any rate the result is that the Karta cannot act as such and for the protection of persons dealing with the Karta regarding immovable properties of the joint family it is necessary to provide by legislation that strangers will be affected by such proceedings only if the action is registered.

The Committee trust that the Government of India will give the matter their immediate attention.

Copy of letter No. 1165, dated the 15th May 1935, from the Indian Merchants' Chamber, Bombay, to the Government of India, Legislative Department.

The Committee of this Chamber have been considering the question of registration of *Lis Pendens* and have directed me to send their views to you hereby regarding the same.

My Committee desire to point out that the effect of Section 52 of the Transfer of Property Act, as amended by Act 20 of 1929 and Act 5 of 1930, is that a transferee of an immovable property during the pendency of a suit does not acquire any interest in the property so as to affect the rights of the parties to the suit although such a transferee may be a *bona fide* transferee for value without notice. In Bombay where there are large transactions in immovable properties, a person, firm or corporation advancing moneys on immovable properties will not be safe if the same is the subject matter of a litigation in any court of British India.

Questions are particularly put to the transferor as to whether the property is subject of *Lis Pendens* or any litigation and it is only on the faith of answers to such questions that a *bona fide* transferee completes the transaction. But if the transferor gives false answers to such questions, the transferee loses his security and has no remedy in law against the transferor except that he might be prosecuted for cheating.

In order, therefore, to safeguard rights and interests of *bona fide* transferees for value without notice, it is necessary that Government should maintain a register in which all pending litigations affecting immovable properties should be registered and re-registered every five years. My Committee find a similar provision in England where such a register is maintained under the provisions of Judgments Act, 1839.

My Committee are of the opinion that in case where immovable properties are owned by Joint Hindu families several suits are sometimes filed for partition of these properties, which may not come to the knowledge of *bona fide* transferees.

My Committee, therefore, submit that the Government of India should introduce a Bill amending Section 52 of the Transfer of Property Act on the lines suggested above.

Copy of letter No. 1603-1935, dated the 29th May 1935, from the Bengal Chamber of Commerce, Calcutta, to the Government of India, Legislative Department.

The Committee of the Bengal Chamber of Commerce have had the advantage of reading a copy of a letter dated the 16th April which the Indian Chamber of Commerce, Calcutta, have addressed to the Government of India with regard to the necessity for the registration of *lis pendens*. The Bengal Chamber Committee have been impressed with the arguments put forward by the Indian Chamber of Commerce and they fully endorse the view expressed by them that an Act should be passed providing for the registration of pending suits relating to land so as to relieve the hardship sometimes caused to an innocent transferee who may purchase land without notice of the existence of a suit affecting the title to the land. The Chamber Committee understand that the doctrine of *lis pendens* in this country is based on the English law, and they are advised that there is no reason why registration of the filing of suits affecting the title to immovable property should not be made compulsory, as it is in England. If this is done, and the public are given facilities to inspect the register, the

difficulties arising from the application of the doctrine of *lis pendens* will be avoided and a statutory protection afforded to *bona fide* purchasers. In these circumstances the Committee of this Chamber venture to hope that the Government of India will see their way favourably to consider the proposal put forward by the Indian Chamber of Commerce.

Copy of letter No. G. 745, dated the 4th July 1935, from the Southern India Chamber of Commerce, Madras, to the Government of India, Legislative Department.

My Committee have considered at the instance of the Indian Chamber of Commerce, Calcutta, who have already addressed you in the matter, the question of registering pending suits on immovable property under the Indian Registration Act so that purchases of such property might not be made during the pendency of such legal proceedings. They fully concur in that Chamber's views, and will be glad if Government will be pleased to introduce an amendment of the Transfer of Property Act for the purpose.

Copy of letter No. F. 629, dated the 1st May 1936, from the Federation of Indian Chambers of Commerce and Industry, Calcutta, to the Government of India, Legislative Department.

I am directed to enclose a copy of the Resolutions adopted by the Federation at its Ninth Annual Session held in Delhi on 4th and 5th April, 1936, and to invite the attention of the Government of India to Resolution 18 on the above subject.

Copy of an extract of Resolution No. 18.

Registration of Lis Pendens.

The Federation urges upon the Government of India the desirability of undertaking legislation with a view to make the Registration of *Lis Pendens* compulsory.

Adopted with one representative dissenting.

Copy of letter No. 4681/208, dated the 10th November 1936, from the Association to the Secretary to the Government of Bombay, Home Department.

I am directed to acknowledge the receipt of your letter No. 8236/3, dated the 2nd October 1936, in which you request my Committee to express an opinion on the desirability of undertaking legislation to provide for the compulsory registration of all pending suits relating to immovable property. My Committee have carefully considered this matter and are inclined to support the introduction of a system of compulsory registration of pending suits. They are, however, anxious to avoid indigent transferors being mulcted in heavy registration charges, and, therefore, urge that the cost of registration should be kept as low as possible.

APPENDIX 46.

BILL TO AMEND THE CITY OF BOMBAY MUNICIPAL ACT, 1888.

Copy of letter No. S. 108/10215-A, dated the 22nd July 1936, from the Secretary to the Government of Bombay, General Department, to the Association.

I am directed by the Government of Bombay (Transferred Departments) to forward herewith copies of a letter from the Mayor of Bombay, No. 3067, dated the 16th July 1936,

and accompaniments, and to request that you will be so good as to favour Government with the opinion of your Association on the draft amendments proposed by the Corporation to the City of Bombay Municipal Act, 1888.

Copy of letter No. 3067, dated the 16th/17th July 1936, from the Mayor, Municipal Corporation, Bombay, to the Secretary to the Government of Bombay, General Department.

I have the honour, by desire of the Municipal Corporation of Bombay, to address Government as follows in the matter of amending sections 15, 30 (1) and 31(1) of the Municipal Act with a view to revising the procedure laid down for the election of councillors by the Fellows of the Bombay University Senate and by a chamber or association mentioned in sub-section (1) of section 5 of the Act.

In a letter to the Corporation No. El. 2174, dated the 27th May 1936 (copy attached), the Municipal Commissioner stated that the authorities of the Bombay University have brought to his notice that the procedure laid down under section 30 (1) of the Municipal Act for the election of a councillor by the Fellows is anomalous and defective inasmuch as the election necessitates a special meeting of the whole Senate while under section 15 of the Act only those Fellows who are residents of the City on the day of the meeting have the right to vote at the election. It is therefore suggested by them that the procedure for holding the election should be left to be determined by the Senate and further that in lieu of the vague provision about residence some minimum residential qualification may also be prescribed.

The Municipal Commissioner agrees that the Act should be amended on the lines indicated in regard to the election of representatives to the Corporation by the University and also by the two Chambers of Commerce and by the Millowners' Association. He has accordingly submitted for the approval of the Corporation draft amendments to sections 15, 30 (1) and 31 (1) of the Act which govern the procedure, etc., of elections of councillors by these constituencies together with the Statement of Objects and Reasons therefor and has requested that Government might be moved to amend the Municipal Act accordingly.

The draft amendments and the Statement of Objects and Reasons have been carefully scrutinized by the Law, Revenue and General Purposes Committee of the Corporation and on their recommendation the Corporation have approved of them. I am now desired to request Government that they will be pleased to undertake legislation for the amendment of the Municipal Act accordingly simultaneously with the amendments suggested in my predecessor's letter to Government No. 2749, dated the 23rd July 1935.

Copy of letter from the Municipal Commissioner for the City of Bombay, No. El. 2174, dated the 27th May 1936.

I have the honour to state that section 30 (1) of the Municipal Act provides that an election of a Councillor by fellows shall be made, subject to the provisions of section 15, in such manner as shall from time to time be determined, at a meeting of the Senate of the University of Bombay convened in accordance with the rules at the time in force in this behalf; provided that no vote shall be received from any person who is not on the day of the meeting a fellow and resident in the City. The Registrar of the University, at the instance of the Senate, has brought to my notice that the procedure prescribed in the section is anomalous and defective, in that it necessitates a special meeting of the whole Senate although only those members who are residents of the City on the day of the meeting have the right to vote. He points out that in actual practice no such meeting is called and the election is held according to statutes framed by the Senate. He therefore suggests that the procedure for holding the election should be left to be determined by the Senate in accordance with statutes. It is also urged that the right of voting at such election should be restricted to those fellows who have been residents of the City for at least six months immediately preceding the date of the election, as the present provisions in this behalf are vague and do not stipulate the minimum residential qualification as in the case of a voter at ward election.

2. There is considerable force in what the University authorities suggest, and I have accordingly had draft amendments to section 30 (1), and consequentially to section 15, of the Municipal Act prepared and submit them herewith. As section 31 (1) of the Municipal Act which governs the procedure of elections by the Chamber of Commerce, the Indian Merchants Chamber and the Millowners' Association is parallel to section 30 (1), an amendment of this section also has been proposed on the same lines. I now request that the draft amendments be approved and Government be approached for necessary legislation.

3. I may add that amendments to the Bombay University Act, 1928, and the City of Bombay Municipal Act, 1888, with regard to a member of the Corporation elected as a fellow of the University and *vice versa* continuing in that position only so long as they continue to be members of the parent body (*vide* Corporation resolution No. 192 of 24th June 1935) are now before Government, and it is therefore desirable that the accompanying amendments should reach Government in time to enable them to undertake legislation simultaneously.

DRAFT AMENDMENTS TO SECTIONS 15, 30 (1) AND 31 (1) OF THE MUNICIPAL ACT.

(1) In section 15 of the Municipal Act, for the words "he resides in the City" substitute the following:—

"he has been a resident in the City for at least six months preceding the date of the election."

(2) In section 30(1) omit the words "at a meeting of" and substitute the word "by." Delete the word "convened" in the fifth line. Omit the word "rules" and substitute the word "statutes." Omit the words "vote shall be received from any person who is not on the day of the meeting a Fellow and resident in the City" and substitute the following:—

"Fellow who has not been a resident in the City for six months preceding the date of the election, shall be entitled to vote at such election."

(3) In section 31(1) omit the words "at a meeting of" and substitute the word "by." Delete the word "convened."

STATEMENT OF OBJECTS AND REASONS.

Section 30 (1) of the City of Bombay Municipal Act, 1888, provides that an election of a Councillor by Fellows shall be made, subject to the provisions of section 15, in such manner as shall from time to time be determined at a meeting of the Senate of the University of Bombay convened in accordance with the rules at the time in force in that behalf; provided that no vote shall be received from any person who is not on the day of the meeting a Fellow and resident in the City. It is urged on behalf of the University of Bombay that it is not feasible under the University Act and statutes to hold a meeting of the Senate consisting only of the members resident in the City and entitled to vote at the election. It is therefore suggested that the convening of a meeting of the Senate for the purpose be dispensed with and that the election be held in a manner to be determined by the Senate in accordance with the statutes in force. It is also urged that the right of voting at such elections should be restricted to those Fellows only who are resident in Bombay for at least six months preceding the date of election as a similar qualification exists in the case of voters at ward elections. The proposed amendment of section 30 (1) is therefore framed to give effect to these suggestions. A corresponding residential qualification is also called for in the case of candidates standing for the Fellows election, and with that view amendment to section 15 is proposed. It is also proposed to amend on the same lines section 31(1) of the Municipal Act which provides for election of a Councillor by a chamber or association mentioned in sub-section 1 of section 5 of the Municipal Act.

Copy of letter No. 2382/154, dated the 14th August 1936, from the Association to the Secretary to the Government of Bombay, General Department.

I am directed to acknowledge receipt of your letter No. S.108/10215-A dated the 22nd July 1936 requesting the Association to express an opinion on certain amendments to the City of Bombay Municipal Act. In reply I am to point out that my Committee are in agreement with the principle underlying the amendment to section 31(1), which appears to be the only section with which we are concerned. I am, however, desired to state that the section as re-worded by the amendment is not altogether free from ambiguity, as it is not clear from the last few words of the new section whether the "rules" referred to therein are the rules framed by the Association or Chamber or rules framed by the Municipality. My Committee, therefore, suggest the deletion of all words following the word and letter "section 15" in the existing Section 31(1) and substituting instead the words "in accordance with rules made by the said chamber or association from time to time in this behalf."

If my Committee's suggestion is adopted, section 31 (1) as amended will read as below:—

Section 31 (1) :—Elections of councillors 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, subject to the provisions of section 15, in accordance with rules made by the said chamber or association from time to time in this behalf.

APPENDIX 47.

BILL TO AMEND THE CITY OF BOMBAY MUNICIPAL ACT, 1888, AND THE BOMBAY UNIVERSITY ACT, 1928.

Published in the *Bombay Government Gazette*, dated the 4th August 1936, under rule 18 of the Bombay Legislative Council Rules.

BILL No. XIII OF 1936.

A Bill to amend the City of Bombay Municipal Act, 1888, and the Bombay University Act, 1928.

Whereas it is expedient to amend the City of Bombay Municipal Act, 1888, and the Bombay University Act, 1928, for the purposes hereinafter appearing; It is hereby enacted as follows :—

1. *Short title.*—This Act may be called the City of Bombay Municipal and the Bombay University (Amendment) Act, 1936.

2. *Amendment of section 17 of Bombay III of 1888.*—In section 17 of the City of Bombay Municipal Act, 1888, after clause (b), the word "or" and the following new clause shall be inserted namely :—

" (c) being elected by fellows, ceases to be a fellow."

3. *Amendment of section 13 of Bombay IV of 1928.*—In Part (A) under the heading II Ordinary, of sub-section (1) of section 13 of the Bombay University Act, 1928,

(a) in proviso (1) after the brackets and figures "(iii)" the following shall be inserted, namely :—

" or under any of the clauses (a), (b), (c), (d) and (e) of entry (iv) " and

(b) after proviso (2) the following new proviso shall be inserted, namely :—

" (3) The councillor of the Municipal Corporation of the City of Bombay elected by fellows shall not be eligible to be elected as a fellow by the said body."

STATEMENT OF OBJECTS AND REASONS.

A councillor of the Municipal Corporation of the City of Bombay elected by fellows of the Bombay University continues, under section 7 of the City of Bombay Municipal Act, to be a councillor until the day for retirement, although in the meanwhile he may have ceased to be a fellow. Under section 16 of the Bombay University Act, 1928, ordinary fellows, save as otherwise provided in that Act, hold office for five years. Accordingly, a fellow elected by the Corporation under section 13 of the Act continues to be a fellow even though in the meantime he may have ceased to be a councillor. The Corporation of Bombay has suggested that these two Acts should be amended in order to remove these anomalies. Similar anomalous position also exists in the case of elections of fellows by the Indian Merchants' Chamber, the Chamber of Commerce and the Millowners' Associations at Bombay and Ahmedabad. The object of the Bill is to remove these anomalies and to make it clear that a councillor elected by the fellows is not eligible to be elected as a fellow of the University by the Municipal Corporation.

25th July 1936.

SIDDHAPPA TOTAPPA KAMBLI.

Copy of letter No. 2519/167, dated the 25th August 1936, from the Association to the Offg. Secretary to the Government of Bombay, Legal Department.

The attention of my Committee has been drawn to a Bill to amend the City of Bombay Municipal Act, 1888, and the Bombay University Act, 1928, published on page 138 of Part V of the *Bombay Government Gazette* dated the 4th August 1936. Briefly stated, the Bill seeks to lay down :

- (a) the Senate's representative on the Municipal Corporation shall cease to hold his office as such if he ceases to be a member of the Senate (clause 2).
- (b) the elected representatives on the Senate of the organizations mentioned in Section 13 of the Bombay University Act shall automatically vacate their seats in the Senate on their ceasing to be members of the organizations which returned them to the Senate (clause 3a).

While my Committee have nothing to say in regard to the principle underlying these amendments, they consider that this opportunity might also be utilized in introducing a further amendment to Section 17 of the City of Bombay Municipal Act to the effect that a Councillor elected by the Bombay Chamber of Commerce, Indian Merchants' Chamber or the Millowners' Association shall cease to hold his office as such on his ceasing to be a member of the organization which was responsible for his election.

APPENDIX 48.

CUSTOMS CLASSIFICATION OF STAPLE FIBRE.

Copy of letter No. 871/107, dated the 8th April 1936, from the Association to the Secretary to the Government of India, Department of Commerce, New Delhi.

I am directed by the Committee of the Millowners' Association to address you in regard to the desirability of recording the importations of staple fibre and manufactures thereof separately in the Monthly Accounts Relating to the Sea-Borne Trade and Navigation of British India. My Committee are not aware under what heading precisely importations of these articles are now recorded in the customs returns; probably they are included under the main classification "Artificial Silk" on page 140 of the Monthly Blue Book. However,

in view of the recent developments in the manufacture and use of staple fibre, it is the considered opinion of the Association that steps should be taken by Government to make it possible to trace trade movements by means of properly classified statistics. At present, staple fibre and yarns made from staple fibre are probably included under the sub-head "Artificial Silk Yarn," and no distinction appears to have been made between yarn made from staple fibre and yarn made from waste. It is thought that this can be remedied by providing for the following *additional* sub-classifications under the existing head "Artificial Silk" on page 140 of the Monthly Blue Book :—

- (a) Staple fibre (Cut fibre).
- (b) Waste.
- (c) Yarns made from staple fibre.
- (d) Yarns made from staple fibre and waste.
- (e) Piecegoods made from staple fibre yarns.

My Committee would be pleased to supply any further information which Government may require in this connection.

Copy of letter No. 1-C(6)/36, dated the 17th August 1936, from the Assistant Secretary to the Government of India, Department of Commerce, to the Association.

With reference to your letter No. 871/107, dated the 8th April 1936, on the above subject, I am directed to inform you that the imports of staple fibre are at present included in the foreign sea-borne trade accounts of British India under the heading "other textiles-raw," while those of articles manufactured from staple fibre (including yarn) are recorded under the relevant sub-heads under "Artificial Silk." The imports of staple fibre and staple fibre yarns into British India during 1935-36 amounted approximately to 1,316 cwts. and 2,220 lbs., respectively. The Government of India do not consider that these imports are on a scale sufficient to justify their separate specification in the trade accounts in the middle of the year. They have accordingly decided to postpone consideration of the question of the introduction of new headings for the articles referred to until the next revision of classification of the headings in the Sea-borne Trade Accounts at the end of the year. I am to add that, in the meantime, the Collectors of Customs have been instructed to keep a watch on the imports.

APPENDIX 49.

PROPOSED REVISION OF THE FORM OF THE REPORT ON THE SEA-BORNE TRADE OF THE BOMBAY PRESIDENCY.

Copy of letter No. S/8-2/36s., dated the 10th June 1936, from the Collector of Customs, Bombay, to the Association.

I have the honour to inform you that it is proposed to change the form of the above report with the object of supplying the information which the report now gives in a clearer and more concise form.

2. The Report has hitherto been issued in the form of a series of paragraphs with statistical tables interspersed ; the paragraphs consist partly of a comment on the trade shown by the tables and very largely of extracts from the tables. It is felt that this report is neither in the true sense a statistical report since such a report should consist of statistical tables alone, nor a trade report, since a trade report should elucidate trade tendencies and movements during the given period.

3. The proposal is therefore that the Bombay Sea-borne Trade Report should consist of statistical tables, as given at present, but arranged where possible in clearer form with only such comments in the form of notes on the tables themselves as is essential. This statistical report will be introduced by a concise note on the trade of the Presidency for the year under review which will refer to the tables and will give as clear a picture as is possible of the trade which the tables set out in detail. It is hoped that this arrangement will reduce the size of the report by nearly half and will make the information which it contains more readily and more clearly available to the public.

4. As the drafting of the report for the year ending March 31st, 1936 has already been completed in the Custom House, this proposal cannot take effect before the report for the year ending March 31st, 1937 is ready. Before it is carried into effect, therefore, your comments and views on the proposed change are invited in order that the revised form may fall in as completely as possible with the needs of the commercial community.

Copy of letter No. 1843/137, dated the 24th June 1936, from the Association to the Collector of Customs, Bombay.

I am directed to acknowledge the receipt of your letter No. S/8-2/36s, dated the 10th June 1936, and to say, in reply, that my Committee approve of the changes proposed to be made in the form of the Annual Report on the Sea-Borne Trade of the Bombay Presidency with the object of giving the information contained therein in a clearer and more concise form.

APPENDIX 50.

STANDARDIZATION OF WEIGHTS AND MEASURES IN INDIA.

Copy of letter No. J/70, dated the 17th June 1936, from the Northern India Chamber of Commerce to the Association.

I am directed to forward herewith a copy of a letter, in the above connection, addressed by this Chamber to the Secretary to the Government of India, Commerce Department, Simla. My Committee would be grateful if your Association would kindly lend the weight of its support to this representation and address the Government of India in the matter.

Copy of letter dated 19th May 1936, from the Northern India Chamber of Commerce, to the Secretary to the Government of India, Commerce Department, Simla.

I am directed to address you in connection with the varying standards of weights and measures in use in India, and to lay before you the views of my Committee as to action which might with advantage be taken by the Government of India with the end in view of more or less complete standardisation throughout India.

In the first place I am to say that my Committee do not believe there can be two opinions as to the obvious benefits which would accrue from action on these lines. The present system, or rather lack of system, is a medieval bequest to us which may have served well enough in its day of limited local markets, but at present is an ever increasing barrier against the free movement of goods, and so stands as a challenge to economic progress. The real points at issue appear to be, firstly, the feasibility or otherwise of reform, and secondly, the extent and application of reform; and it is these aspects of the matter which my Committee consider should receive the serious attention of the Government of India.

It is believed the first steps were taken by Akbar in his attempt to standardize the *guz* or yard, but the attempt failed and the new standard was merely added to the other varying standards it was sought to replace.

The Indian Weights and Measures of Capacity Act, 1871, was confined in its application to Government Offices, Municipal Bodies and Railway Companies, and has remained, in effect, a dead letter although it was hoped that weights and measures based on the statutory unit would be gradually adopted.

In October, 1875, the Government of India decided that the Indian maund of 40 seers (of 80 tolas each) should be the standard in use on Guaranteed and State Railways, whilst in 1877 it was decided that the standard maund should be equal to 82½ lbs.

The Indian Measures of Length Act, 1889, standardized the primary unit of length as the imperial standard yard of 36 inches.

The only decided step taken with the end in view of standardization of weights and measures in India was that taken by the Government of India by the appointment of the Weights and Measures Committee which continued its investigations during 1913-14. A comprehensive Report was issued in the latter year which cannot but be considered as a valuable document in any further study of the subject. Detailed recommendations were included in the Report, but these have not been acted upon, due probably in the first place to the intervention of the Great War. It is noteworthy that after the Committee had visited 79 centres, and examined 1,413 written representations, 174 individual witnesses and a further 1,758 witnesses in 178 groups, their Report stated :—

“ The evidence we have received shows a general necessity and desire for a uniform system, provided that this does not involve too radical a change from existing practice and we consider that uniformity subject to this proviso is both advisable and desirable.”

The Report of the Royal Commission on Agriculture in India lays some stress on the question and says :—

“ We consider the matter of such importance that we would recommend that the Government of India should again undertake an investigation into the possibility of standardizing weights and measures throughout India and should lay down general principles to which Provincial Governments should adhere so far as this is possible without undue interference with local trade custom.”

Again the Indian Cotton Committee, 1917-19, in paragraph 812-13 of their report, reviewed at some length the question of the adoption of some uniform system of weights for all cotton transactions, and when later this Chamber was asked for its views in the matter, through the Indian Central Cotton Committee and the Punjab Government, it gave the considered opinion that, unless steps could be taken to ensure the universal use in India of the proposed cotton maund of 28 lbs. its adoption would merely add one more unit to an already formidable list, and suggested that little good would result from tackling the problem piecemeal for particular commodities.

Under the new Government of India Act, the establishment of standards of weight is included in the Federal Legislative List but, unfortunately, the Government of India Act of 1919 made the subject a provincial one, subject to legislation by the Indian Legislature as regards standards. In the absence of any such legislation, it has been left to Provincial Governments to introduce such measures of reform as they might see fit. If this position is allowed to continue, whilst some little local good might result from schemes of Provincial reform, the eventual all-India position would be worse than it is now. Were every province to take in hand the standardisation of its own local weights and measures, wide differences would still exist as between the provinces, and an all-India standard would then be still more difficult of achievement, entailing as it would, two distinct changes in innumerable areas.

Modern development in communications and the consequent widening of both internal and external markets will proceed, and this inevitable process demands an all-India outlook. The only effective agency for detailed co-operation between the provinces is the Government of India; and it is submitted that unless the Government of India impose standards of weights and measures for use throughout India, any Provincial reforms are robbed of the major part of their usefulness, and India's trade will continue to suffer. It is not suggested that any harsh legislative measures are needed—once given all-India standards, those could be adopted for use as gradually as might be found necessary to meet local conditions and to avoid any undue dislocation of trade.

At present Local Bodies all over India enforce varying standards in their respective areas, which results in only local benefit, but once all-India standards were laid down for guidance, all Provincial and Local reforms would thenceforth be steps in the direction of all-India standardisation. As a matter of fact, sweeping Provincial reform would appear to be neither necessary nor advisable—under the proposed scheme the larger centres would in due course adopt the all-India standards, and India would be started on the right road, instead of the present chaos perpetuated. It is not suggested there should be any compulsion in the matter, at least not for some years to come; it would be sufficient that the present haphazard Provincial and Local reforms would be checked, and further reform would be co-ordinated on an all-India basis.

To sum up, my Committee has the honour to urge that—

- (a) The Government of India should appoint a Committee to report on the most suitable standards for use throughout India. It is not suggested such a Committee should necessarily tour India; it might take as its starting point the Report of the Weights and Measures Committee 1913-14, and invite the further views of commercial, industrial and trade associations and interests.
- (b) Having decided upon the most satisfactory standards, the Government of India should introduce legislation having for its subject the statutory recognition of such standards, and the adoption of such standards in all future Provincial and Local weights and measures reform.

At the same time the advisability of adopting the all-India standards as soon as possible could be brought home to Provincial Governments and Local Bodies.

Copy of letter No. 2375/143A, dated the 13th August 1936, from the Association to the Northern India Chamber of Commerce, Lahore.

I am directed to acknowledge the receipt of your letter No. J/70, dated the 17th June 1936, with which was enclosed copy of a representation made by your Chamber to Government on the subject of "Standardisation of Weights and Measures." In reply, I am to state that my Committee would have no objection to the appointment of a Committee to report on the most suitable standards to use in India. At the same time, we should like to point out that the standardisation of weights and measures has already been the subject of provincial legislation in the Bombay Presidency and this Association supported the legislation which has now been enacted and put into force in a large number of industrial and commercial centres of the Presidency. In actual practice, however, we have found that the Bombay Provincial Act has resulted in a number of difficulties among which may be mentioned the inclusion of inter-departmental weights within the scope of the legislation and a conflict between the new legislation and the Indian Merchandise Marks Act in so far as the permissible margins of error in piecegoods widths and lengths are concerned. We are still in correspondence with the Government of Bombay upon the second point, which is one of very considerable importance to the Cotton Textile Industry, but we have received no satisfaction in regard to our plea for

the exclusion of departmental weights and measures from the scope of legislation. Apart from these two defects, my Association feels that it is as yet too early to express an opinion as to whether the Bombay Weights and Measures Act might reasonably form the basis of all-India legislation.

A copy of the Bombay Weights and Measures Act and the rules issued thereunder is enclosed for ready reference.

The only other point which we wish to make is that, while we approve of the idea of standardisation on an all-India basis, the process of standardisation must be effected by gradual stages, in order to prevent serious dislocations which might otherwise ensue. At the present time, we do not feel it desirable to submit a separate representation to the Government of India as suggested in your letter.

APPENDIX 51.

VOCATIONAL TRAINING OF EDUCATED YOUTHS.

Copy of letter No. I.B:206/2505, dated the 27th March 1936, from the Director of Industries, Bombay, to the Association.

I propose to address each of the large industrial establishments in Bombay, Poona, Ahmedabad, Hubli and Sholapur, as per copy of my letter attached hereto, on the subject matter of vocational training for educated youths. I shall be obliged if your Committee will be good enough to consider the subject matter of my letter and recommend to the members of your Association to extend their co-operation to this Department on receipt of the above referred letter from me. I shall forward the letter in question to each of your members after I hear from you.

As I have to submit my detailed proposals to Government in about six weeks from now, I shall be obliged if you will kindly treat this matter as very urgent.

Draft Letter.

The Government of Bombay have had under consideration for some time the question of taking measures for the vocational training of educated youths. One of the measures suggested to them is that arrangements may be made for the practical training of young men, who have reached about the VII Anglo-Vernacular standard, in the various organised factories in the Bombay Presidency under a system of indentured apprenticeship extending over a period of 3 to 5 years. Simultaneously during the period of practical training, arrangements are proposed to be made by Government for the theoretical training of the apprentices in the appropriate technical subjects on two afternoons a week in the existing technical and other educational institutions. It is intended that arrangements should be made for the training of only such number of boys which can ultimately be absorbed in skilled jobs which may become vacant by death or retirement of the present uneducated skilled workers. To enable the working out of detailed proposals, it is necessary to know exactly how many and what kinds of skilled posts, carrying a salary of say Rs. 40 a month and over, are at present in existence in the various Departments of the different industrial establishments, and how many apprentices will be accepted by each industrial establishment with a view to their being trained to fit them to fill ultimately the respective skilled posts in question. Such information, apart from enabling the fixing of the number of candidates which will be taken up each year, will also enable consideration of the cost that will be involved in the organisation of afternoon classes for their theoretical training. It may be

stated that the scheme outlined above is not intended to replace or interfere with the existing system of apprenticeship in some of the concerns for giving practical training to University graduates to fit them to occupy high technical posts.

2. The Government of Bombay appreciate that no scheme of the kind mentioned in the previous paragraph can be put into effect without the whole-hearted co-operation of employers of industrial labour. I am accordingly writing this letter to seek your co-operation and request you (a) kindly to let me know if you will accept a suitable number of apprentices through this Department *each year*, and (b) kindly to supply me with information *for each of the Departments* of your concern at your earliest convenience in the form of statement attached hereto.* Six forms are sent herewith which may kindly be filled—one for each Department—and returned to me at your earliest convenience.

3. As you are probably aware, the Legislative Council has sanctioned a grant of Rs. 50,000/- for the current year for making a start with the scheme of vocational training of educated youths. Detailed proposals have to be prepared within the next six weeks or so. I shall accordingly be much obliged if you will kindly treat this matter as very urgent.

Copy of letter No. 930/99, dated the 14th April 1936, from the Association to the Director of Industries, Bombay,

I am directed to acknowledge the receipt of your letter No. I. B.206/2505, dated the 27th March 1936, on the subject of vocational training for educated youths.

The subject matter of your letter has now been considered by my Committee, and I have pleasure in informing you that the Association is prepared to co-operate and do whatever it can to further the scheme outlined in the enclosures to your letter of the 27th ultimo.

At a later date, on hearing from you, I propose to write to all member mills asking them to assist you in every way possible and to supply the information which your Department desire.

Copy of Circular No. 1168/99, dated the 4th May 1936, from the Association, to all Mills in Bombay City and Island: and Up-country Members in Bombay Presidency.

I understand that the Director of Industries, Bombay, has addressed your mills in connection with certain proposals for the inauguration of a scheme for vocational training of educated youths. The measures contemplated by the Department were considered by the Committee of the Association early last month, and, in view of the material benefit which it is expected would accrue to all industries concerned by their successful introduction, it was decided:—

“That member mills be recommended to co-operate fully with the Director of Industries in this enquiry, and to supply the information asked for in the enclosure to his draft letter.”

I am now writing to request you to be so good as to extend your co-operation in the enquiry instituted by the Department by the prompt supply of the information asked for by the Director of Industries.

APPENDIX 52.

TARIFF VALUATIONS UNDER THE INDIAN TARIFF ACT.

DEPARTMENT OF COMMERCIAL INTELLIGENCE AND STATISTICS, INDIA.

INDIAN CUSTOMS TARIFF.

(Also issued as a Supplement to the "Indian Trade Journal" of 17th December 1936 with amendments notified on 3rd June 1937).

Reprint of the First and Second Schedules appended to the Indian Tariff Act, XXXII of 1934 (as in operation on 1st January, 1937), showing the rates of Customs duties levied on goods imported into, and exported from, British India, together with the tariff values fixed for certain articles under Government of India, Commerce Department, Notification No. 73-T. (6)/36, dated the 12th December 1936, for the purpose of assessment of Customs duties during the twelve months January to December 1937.

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.—Tariff-valued heads are based on the ordinary trade description of each article and cover all reduced grades and mixtures unless they are separately provided for.

Note 3.—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 4.—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 5.—The expression "Far East" covers China, Japan, the Straits Settlements, Malaya, Siam, French Indo-China, the Netherlands East Indies and other Far Eastern Countries. For the purposes of this publication it is intended also to cover Ceylon.

THE FIRST SCHEDULE.—IMPORT TARIFF.

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION I.						
LIVE ANIMALS AND PRODUCTS OF THE ANIMAL KINGDOM.						
1	ANIMALS, LIVING, all sorts .. .. .	.....	Free .. .. .	.....	.....	.....
2	BACON AND HAM, not canned or bottled ..	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
3	FISH, not otherwise specified	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
3(1)	FISH, SALTED, wet	Revenue	Such rate or rates of duty not exceeding one rupee per Indian maund of 82 2/7 lbs. avoirdupois weight as the Governor General in Council may, by notification in the <i>Gazette of India</i> , from time to time prescribe,* plus 6½ per cent. <i>ad valorem</i>.	.....	.....	.....
	<i>Tariff values—</i>	Per Indian maund. Rs. a. p.				
	(i) Soormai	6 4 0				
	(ii) Bangdas	3 12 0				
	(iii) All other sorts	7 0 0				
3(2)	FISH, SALTED, dry†	Preferential revenue.	Rs. 3-8 per cwt. ..	.....	Re. 1-8 per cwt.	.....
3(3)	FISH, UNSALTED, dry	Preferential revenue.	30 per cent. <i>ad valorem</i>.	.....	20 per cent. <i>ad valorem</i>.	.....
	<i>Tariff value—</i>	Per cwt. Rs. a. p.				
	Bomlas	5 14 0				

* The rate on the 1st January, 1937, and until further notice is annas 9½ per maund of 82 2/7 lbs. avoirdupois.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, fish, salted, dry are liable to duty at the rate of 15 per cent. *ad valorem* (standard) and 5 per cent. *ad valorem* (preferential).

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION I—<i>contd.</i>						
LIVE ANIMALS AND PRODUCTS OF THE ANIMAL KINGDOM.—<i>contd.</i>						
3(4)	FISHMAWS, including singly and sozille and sharkfins.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
	Sharkfins, loose or in bundles from Arabian and Persian Gulf ports.	Per cwt. Rs. a. p.				
		5 8 0				
	Sharkfins, loose or in bundles from China and the Straits.	Per lb. Rs. a. p.				
		3 2 0				
4	BUTTER, CHEESE AND GHEE	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
	Butter	Per lb. Rs. a. p.				
		0 13 0				
	Ghee	Per cwt. Rs. a. p.				
		39 0 0				
4(1)	MILK, condensed or preserved, including milk cream.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
5	CORAL, unprepared	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
5(1)	COWRIES AND SHELLS	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
	Chunks—	Per thousand. Rs. a. p.				
	Sound live	88 0 0				
	Sound dead	55 8 0				
	Other sorts	13 0 0				
	Cowries, bazar, common	Per cwt. Rs. a. p.				
		3 12 0				
	Cowries, yellow, superior quality.	Per cwt. Rs. a. p.				
		4 8 0				
	Cowries, Maklive	15 0 0				
	Cowries, Sankhli	86 0 0				
	Mother-of-pearl, nacre	20 0 0				
	Nakhla	125 0 0				
	Tortoise-shell	Per lb. Rs. a. p.				
		5 8 0				
	Tortoise-shell, nakh	1 14 0				
5(2)	IVORY, unmanufactured	Preferential revenue.	30 per cent. <i>ad valorem</i> .	..	20 per cent. <i>ad valorem</i> .	..
	<i>Tariff values—</i>					
	Elephants' grinders	Per cwt. Rs. a. p.				
		300 0 0				
	Elephants' tusks (other than hollows, centres, and points), each exceeding 20 lb. in weight, and hollows, centres, and points each weighing 10 lb. and over.	Per cwt. Rs. a. p.				
		430 0 0				
	Elephants' tusks (other than hollows, centres, and points), not less than 10 lb. and not exceeding 20 lb. each, and hollows, centres, and points each weighing less than 10 lb.	Per cwt. Rs. a. p.				
		350 0 0				
	Elephants' tusks each less than 10 lb. (other than hollows, centres, and points).	Per cwt. Rs. a. p.				
		200 0 0				
	Sea-cow or moye teeth, each not less than 4 lb.	Per cwt. Rs. a. p.				
		275 0 0				
	Sea-cow or moye teeth, each not less than 3 lb. and under 4 lb.	Per cwt. Rs. a. p.				
		220 0 0				
	Sea-cow or moye teeth, each less than 3 lb.	Per cwt. Rs. a. p.				
		130 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.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff values—</i>					
	Garlic	Per cwt. Rs. a. p.				
		6 0 0				
	Potatoes	Per cwt. Rs. a. p.				
		5 0 0				
8	FRUITS, all sorts, fresh, dried, salted or preserved, not otherwise specified.*	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, raw cashew-nuts are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION II—<i>contd.</i>						
PRODUCTS OF THE VEGETABLE KINGDOM—<i>contd.</i>						
	<i>Tariff values—</i>					
		Per cwt. Rs. a. p.				
	Almonds—					
	(i) Without shell	50 0 0				
	(ii) In the shell—					
	(a) Iranian Kagazi	45 0 0				
	(b) Iranian other than Kagazi.	10 0 0				
	(c) Other than Iranian—					
	(1) Soft shell including half-hard shell qualities such as Prunelle and the like..	30 0 0				
	(2) Hard shell	17 0 0				
	Cashew or cajoo kernels, not skinned.	20 0 0				
		Per thousand.				
	Coconuts, Straits, Dutch East Indies and Siam—					
	Husked	52 0 0				
	Unhusked	62 0 0				
	Coconuts, Ceylon	47 0 0				
	Coconuts, other except Maldives.	25 0 0				
		Per cwt.				
	Dates, dry, in bags—					
	Kapkapa, Shekra Chharra, Chupchap, Sakina, Brami and similar qualities.	6 0 0				
	All other qualities	4 12 0				
	Dates, wet, in bags, baskets and bundles	3 0 0				
	Dates, wet, packed in other receptacles.	6 4 0				
	Figs, dried, Iranian	6 0 0				
	Figs, dried, European.. ..	13 8 0				
	Pistachio nuts	50 0 0				
	Raisins, red, Persian Gulf ..	7 4 0				
8(1)	CURRENTS		Revenue ..	Rs. 1-4 per cwt.	....	....
9	COFFEE, not otherwise specified		Preferential revenue.	25 per cent. <i>ad valorem</i> plus one anna per pound.	....	25 per cent. <i>ad valorem</i> .
9(1)	COFFEE, canned or bottled		Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i> .
9(2)	TEA		Preferential revenue.	Five annas per pound ..	....	Three annas per pound.
9(3)	THE FOLLOWING SPICES, namely:—					
	Cardamoms, cassia, cinnamon, cloves, nutmegs and pepper—					
	(a) Unground		Preferential revenue.	45 per cent. <i>ad valorem</i>.	....	37½ per cent. <i>ad valorem</i> .
	(b) Ground		Revenue ..	37½ per cent. <i>ad valorem</i>.	....	....
	<i>Tariff values—</i>	Per cwt. Rs. a. p.				
	Spices, unground—					
	Cardamom seed	46 0 0				
	Cassia lignea	9 8 0				
	Cloves	40 0 0				
	Cloves, exhausted	9 0 0				
	Cloves stems and heads	7 0 0				
		Per lb.				
	Nutmegs	0 6 0				
	Nutmegs in shell	0 3 6				
		Per cwt.				
	Pepper, black	12 0 0				
	Pepper, long	18 0 0				
	Pepper, white	30 0 0				
9(4)	THE FOLLOWING UNGROUND SPICES, namely:—					
	Chillies, ginger and mace		Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	22½ per cent. <i>ad valorem</i> .
	<i>Tariff values—</i>	Per cwt. Rs. a. p.				
	Ginger, dry, unground	31 0 0				
		Per lb.				
	Mace unground	1 2 0				
9(5)	BETELNUTS		Preferential revenue.	45 per cent. <i>ad valorem</i>.	....	37½ per cent. <i>ad valorem</i> .
	<i>Tariff values—</i>	Per cwt. Rs. a. p.				
	Betelnuts (husked)—					
	Whole from Straits, Dutch East Indies and Siam.	7 0 0				
	Whole from Goa	9 8 0				
	Whole from Ceylon	10 0 0				

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION II—<i>contd.</i>						
PRODUCTS OF THE VEGETABLE KINGDOM—<i>contd.</i>						
	Split from Straits, Dutch East Indies and Siam—	Per cwt. Rs. a. p.				
	(a) Mature	8 0 0				
	(b) Immature	16 0 0				
	Split from Ceylon—					
	(a) Mature	7 4 0				
	(b) Immature	17 8 0				
	Sliced all sorts	12 0 0				
	All other sorts	8 0 0				
9(6)	VANILLA BEANS		Preferential revenue.	30 per cent. <i>ad valorem</i> .		20 per cent. <i>ad valorem</i> .
10	GRAIN AND PULSE, not otherwise specified, including broken grains and pulse, but excluding flour.			Free		
10(2)	BROKEN RICE		Protective ..	Twelve annas per Indian maund of 82 2/7 lbs. avoirdupois weight.		March 31 1938.
11	FLOUR, not otherwise specified		Revenue ..	25 per cent. <i>ad valorem</i> .		
	<i>Tariff value—</i>	Per cwt. Rs. a. p.				
	Cassava or Tapioca flour	5 8 0				
11(2)	SAGO FLOUR			Free		
11(3)	SAGO AND TAPIOCA		Preferential revenue.	30 per cent. <i>ad valorem</i> .		20 per cent. <i>ad valorem</i> .
	<i>Tariff value—</i>	Per cwt. Rs. a. p.				
	Cassava, Tapioca or Sago	7 8 0				
11(4)	STARCH AND FARINA		Revenue ..	15 per cent. <i>ad valorem</i> .		
12	SEEDS, all sorts, not otherwise specified ..		Revenue ..	25 per cent. <i>ad valorem</i> .		
12(1)	OILSEEDS, imported into British India by sea from the territories of any Prince or Chief in India.			Free		
12(2)	OILSEEDS, non-essential, all sorts not otherwise specified, including copra or coconut kernel.		Preferential revenue.	30 per cent. <i>ad valorem</i> .		20 per cent. <i>ad valorem</i> .
	<i>Tariff value—</i>	Per cwt. Rs. a. p.				
	Copra or coconut kernel	10 0 0				
12(3)	RUBBER SEEDS			Free		
12(4)	HOPS			Free		
12(5)	FODDER, bran and pollards		Revenue ..	2½ per cent. <i>ad valorem</i> .		
13	DYEING AND TANNING SUBSTANCES, all sorts, not otherwise specified.		Revenue ..	25 per cent. <i>ad valorem</i> .		
	<i>Tariff values—</i>	Per lb. Rs. a. p.				
	Cochineal	0 12 0				
	<i>Tariff values—</i>	Per cwt. Rs. a. p.				
	Gallnuts, Iranian	46 0 0				
13(1)	BARKS FOR TANNING			Free		
13(2)	CUTCH AND GAMBIE, all sorts		Preferential revenue.	30 per cent. <i>ad valorem</i> .		20 per cent. <i>ad valorem</i> .
	<i>Tariff values—</i>	Per cwt. Rs. a. p.				
	Gambier, block and cube	12 4 0				
	Gambier in flakes or circular pieces.	32 0 0				
13(3)	GUMS, RESINS AND LAC, all sorts not otherwise specified.		Revenue ..	25 per cent. <i>ad valorem</i> .		
	<i>Tariff values—</i>	Per cwt. Rs. a. p.				
	Gum olibanum or frankincense.	10 12 0				
	Gum Iranian (false)	9 12 0				
	Myrrh	25 0 0				
13(4)	GUMS, Arabic, Benjamin (ras and cowrie) and Dammer (including unrefined batu) and rosia.		Preferential revenue.	30 per cent. <i>ad valorem</i> .		20 per cent. <i>ad valorem</i> .
	<i>Tariff values—</i>	Per cwt. Rs. a. p.				
	Dammer batu, unrefined	5 0 0				
	Acacia gums, other than ground, including gum Arabic, gum Senegal and gum African.	17 0 0				
	Gum Benjamin, ras	20 0 0				
	Gum Benjamin, cowrie	37 0 0				
	Gum Dammer (or Copal)	20 0 0				
13(5)	STICK OR SEED LAC			Free		

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION II—<i>contd.</i>						
PRODUCTS OF THE VEGETABLE KINGDOM—<i>contd.</i>						
13(6)	OPIMUM	Revenue ..	Rs. 30 per seer of 80 tolas or 18½ per cent. <i>ad valorem</i> , whichever is higher.	.....	.....	.....
13(7)	CINCHONA BARK .. .. .	.....	Free .. .. .	.....	.....	.....
14	CANES AND RATTANS	Revenue ..	25 per cent. <i>ad valorem</i>.	.....	.....	.....
	<i>Tariff values—</i>					
			Per 100 pieces.			
			Rs. a. p.			
	Canes—					
	Malacca		20 0 0			
	Chimney		8 8 0			
	Trees		5 4 0			
	Root moonah		16 0 0			
	Mannu		13 0 0			
	Polo, all kinds—					
	Not exceeding 10 feet in length.		45 0 0			
	Exceeding 10 feet in length.		50 0 0			
	Tohite		17 0 0			
	Rattans—					
	Chair		13 12 0			
	Basket		5 8 0			
	Outers		45 0 0			
	Inners		30 0 0			
SECTION III.						
FATTY SUBSTANCES, GREASES, OILS AND PRODUCTS OF THEIR DECOMPOSITION; PREPARED ALIMENTARY FATS; WAXES OF ANIMAL OR VEGETABLE ORIGIN.						
15	ALL SORTS OF STEARINE, WAX, GREASE AND ANIMAL FAT not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	.....	.....	.....
	<i>Tariff values—</i>		Per lb.			
			Rs. a. p.			
	Lubricating grease		0 3 3			
	Petroleum jelly, white		0 5 3			
	Petroleum jelly, all other sorts		0 2 1			
15(1)	LARD, not canned or bottled	Revenue ..	25 per cent. <i>ad valorem</i>.	.....	.....	.....
15(2)	BEESWAX	Preferential revenue ..	30 per cent. <i>ad valorem</i>.	.....	20 per cent. <i>ad valorem</i>.	.....
15(3)	TALLOW .. .. .	.....	Free .. .. .	.....	.....	.....
15(4)	FISH OIL, including whale oil not otherwise specified.	Preferential revenue ..	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	.....	.....
15(5)	FISH OIL AND WHALE OIL, hardened or hydrogenated.	Revenue ..	Rs. 10 per cwt.	.....	.....	.....
15(6)	VEGETABLE NON-ESSENTIAL OILS, not otherwise specified.	Preferential revenue ..	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	.....
15(7)	THE FOLLOWING VEGETABLE NON-ESSENTIAL OILS, namely, coconut, groundnut and linseed.*	Preferential revenue ..	35 per cent. <i>ad valorem</i>.	.....	25 per cent. <i>ad valorem</i>.	.....
	<i>Tariff values—</i>		Per cwt.			
			Rs. a. p.			
	Coconut oil		14 0 0			
			Per Imperial gallon.			
	Linseed oil, raw or boiled		2 1 0			
15(8)	ALL SORTS OF ANIMAL OILS not otherwise specified.	Revenue ..	25 per cent. <i>ad valorem</i>.	.....	.....	.....
SECTION IV.						
PRODUCTS OF THE FOOD PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO.						
16	CANNED OR BOTTLED BACON, HAM AND LARD	Revenue ..	25 per cent. <i>ad valorem</i>.	.....	.....	.....
16(1)	FISH, canned	Preferential revenue ..	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	.....
16(2)	ISINGLASS, canned or bottled	Revenue ..	25 per cent. <i>ad valorem</i>.	.....	.....	.....
17	SUGAR, excluding confectionery	Protective ..	The rate at which excise duty is for the time-being leviable on sugar, other than <i>Khandsari</i> or palmyra sugar, produced in British India† plus Rs. 7-4 per cwt.	.....	.....	.....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, the duty leviable on linseed oil at the standard rate is 25 per cent. *ad valorem*.

† The rate of excise duty from the 28th February, 1937, 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 the factory is Rs. 2 per cwt. The rate of excise duty on *Khandsari* sugar produced in any factory in British India and issued out of such factory on or after the 28th February, 1937, is Re. 1 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		Dut prot rat di
				The United Kingdom.	A British Colony.	
SECTION IV—<i>contd.</i>						
PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO. <i>—contd.</i>						
17(1)	Molasses	Revenue ..	31½ per cent. <i>ad valorem</i>.	....	....	..
17(2)	Confectionery	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i>.	....	..
17(3)	SUGAR-CANDY	Revenue ..	Rs. 10-8 per cwt. ..	..	....	..
18	COCOA AND CHOCOLATE other than confectionery.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	..
19	BISCUITS, CAKES, AND FARINACEOUS AND PATENT FOODS, canned or bottled.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	..
	<i>Tariff values—</i>					
			Per cwt.			
			Rs. a. p.			
	*Vermicelli, flour, from the Far East.		18 0 0			
	*Vermicelli, peas, from the Far East.		18 0 0			
	*Vermicelli, rice, from the Far East.		15 4 0			
	*The tariff values given in this item apply also to imports assessed to duty as provisions and oilman's stores and groceries, all sorts not otherwise specified under Item No. 21(1) below.					
20	VEGETABLE PRODUCT, jams, jellies, pickles, chutnies, sauces and condiments, canned or bottled.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	..
	<i>Tariff value—</i>		Per lb.			
			Rs. a. p.			
	Vegetable product (excluding hardened coconut oil).		0 5 0			
20(1)	FRUIT JUICES	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i> .	..
20(2)	FRUITS AND VEGETABLES, canned or bottled ..	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i> .	..
	<i>Tariff value—</i>		Per case of 4 doz.			
			Rs. a. p.			
	China canned fruit		9 4 0			
21	CANNED OR BOTTLED PROVISIONS, not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	..
	<i>Tariff values—</i>		Per box of six large or twelve small jars.			
			Rs. a. p.			
	China preserves in syrup		6 0 0			
	*China preserves, dry, candied		0 3 6			
	*The tariff value given in this item applies also to imports assessed to duty as provisions and oilman's stores and groceries, all sorts not otherwise specified under Item No. 21(1) below.					
	<i>N.B.</i> —For other tariff values under this item see those marked with an asterisk (*) under Item No. 21(1) below.					
21(1)	PROVISIONS AND OILMAN'S STORES AND GROCERIES, all sorts not otherwise specified ..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	..
	<i>Tariff values—</i>		Per cwt.			
			Rs. a. p.			
	Cocum		5 4 0			
	*Yeast, from the Far East		15 8 0			
	*The tariff value given in this item applies also to imports assessed to duty as canned or bottled provisions under item No. 21 above.					
	<i>N.B.</i> —For other tariff values under this item see those marked with an asterisk (*) under Items Nos. 19 and 21 above.					
21(2)	ALL SORTS OF FOOD not otherwise specified ..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	..
22	ALL SORTS OF DRINK not otherwise specified..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	..
22(1)	ALE AND BEER—					
	(a) In barrels or other containers containing 27 oz. or more.†	Preferential revenue.	Rs. 1-2 per Imperial gallon.	Fourteen annas per Imperial gallon.	....	..

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, ale and beer in containers other than bottles are exempt from so much of the duty as is in excess of the duty that would have been leviable if such containers were bottles.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION IV—<i>contd.</i>					
	PRODUCTS OF THE FOOD PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO.— <i>contd.</i>					
	(b) In bottles containing less than 27 oz. but not less than 20 oz.	Preferential revenue.	Three annas per bottle.	Two annas and four pies per bottle.	.....	.....
	(c) In bottles containing less than 13½ oz. but not less than 10 oz.	Preferential revenue.	One anna and six pies per bottle.	One anna and two pies per bottle.	.....	.....
	(d) In bottles containing less than 6½ oz. but not less than 5 oz.	Preferential revenue.	Nine pies per bottle	Seven pies per bottle.	.....	.....
	(e) In other containers*	Preferential revenue.	Rs. 1-8 per Imperial gallon.	Rs. 1-2-8 per Imperial gallon.	.....	.....
22(2)	PORTER, cider and other fermented liquors except ale and beer—					
	(a) In barrels or other containers containing 27 oz. or more	Revenue	Fifteen annas per Imperial gallon.	.....	.....	.....
	(b) In bottles containing less than 27 oz. but not less than 20 oz.	Revenue	Two annas and six pies per bottle.	.....	.....	.....
	(c) In bottles containing less than 13½ oz. but not less than 10 oz.	Revenue	One anna and three pies per bottle.	.....	.....	.....
	(d) In bottles containing less than 6½ oz. but not less than 5 oz.	Revenue	Seven and half pies per bottle.	.....	.....	.....
	(e) In other containers	Revenue	Rs. 1-4 per Imperial gallon.	.....	.....	.....
22(3)	WINES, not containing more than 42 per cent. of proof spirit—					
	(a) Champagne and other sparkling wines.	Revenue	Rs. 13-2 per Imperial gallon.	.....	.....	.....
	(b) Other sorts	Revenue	Rs. 7-8 per Imperial gallon.	.....	.....	.....
22(4)	SPIRITS (other than denatured spirit)—					
	(a) Brandy, gin, whisky and other sorts of spirits not otherwise specified, including wines containing more than 42 per cent. of proof spirit.	Revenue	Rs. 37-8 per Imperial gallon of the strength of London proof.	.....	.....	.....
	(b) Liqueurs, cordials, mixtures and other preparations containing spirit not otherwise specified—					
	(i) entered in such a manner as to indicate that the strength is not to be tested.	Revenue	Rs. 50 per Imperial gallon.	.....	.....	.....
	(ii) not so entered	Revenue	Rs. 37-8 per Imperial gallon of the strength of London proof.	.....	.....	.....
	PROVIDED THAT—					
	(a) the duty on any article included in this item shall in no case be less than the duty which would be charged if the article were liable to a duty of 25 per cent. <i>ad valorem</i> ;					
	(b) where the unit of assessment is the Imperial gallon of the strength of London proof, the duty shall be increased or reduced in proportion as the strength is greater or less than London proof.					
22(5)	SPIRITS—					
	(a) Bitters—					
	(i) entered in such a manner as to indicate that the strength is not to be tested	Preferential revenue.	Rs. 50 per Imperial gallon.	.....	Rs. 45 per Imperial gallon.	.....
	(ii) not so entered	Preferential revenue.	Rs. 37-8 per Imperial gallon of the strength of London proof.	.....	Rs. 33-12 per Imperial gallon of the strength of London proof.	.....
	(b) Drugs and medicines containing spirit—					
	(i) entered in such a manner as to indicate that the strength is not to be tested.	Preferential revenue.	Rs. 40 per Imperial gallon.	Rs. 36 per Imperial gallon.	Rs. 36 per Imperial gallon.	.....
	(ii) not so entered	Preferential revenue.	Rs. 29 per Imperial gallon of the strength of London proof.	Rs. 26 per Imperial gallon of the strength of London proof.	Rs. 26 per Imperial gallon of the strength of London proof.	.....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June 1935, as amended subsequently, ale and beer in containers other than bottles are exempt from so much of the duty as is in excess of the duty that would have been leviable if such containers were bottles.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION IV—<i>contd.</i>						
PRODUCTS OF THE FOOD-PREPARING INDUSTRIES; BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS; TOBACCO.— <i>contd.</i>						
	(c) Perfumed spirits	Preferential revenue.	Rs. 60 per Imperial gallon.	Rs. 52-8 per Imperial gallon.	.....	.....
	(d) Rum	Preferential revenue.	Rs. 37-8 per Imperial gallon of the strength of London proof.	.....	Rs. 33-12 per Imperial gallon of the strength of London proof.	.....
	PROVIDED THAT—					
	(a) on any article chargeable under this item with the lower rate of duty, the duty levied shall in no case be less than 20 per cent. <i>ad valorem</i> , and on any article chargeable under this item with the higher rate of duty, the duty levied shall in no case be less than 30 per cent. <i>ad valorem</i> ;					
	(b) where the unit of assessment is the Imperial gallon of the strength of London proof, the duty shall be increased or reduced in proportion as the strength is greater or less than London proof.					
22(6)	DENATURED SPIRIT	Revenue	9½ per cent. <i>ad valorem</i>.	.....	.....	.....
	Tariff value—		Per Imperial gallon.			
	Spirit from Java denatured before clearance.		Rs. 2 p.			
22(7)	VINEGAR IN CASKS	Revenue	2½ per cent. <i>ad valorem</i>.	.....	.....	.....
23	OILCAKES	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
24	TOBACCO, MANUFACTURED, not otherwise specified.	Revenue	Rs. 3-12 per lb.	.....	.....	.....
24(1)	CIGARS	Revenue	11½ per cent. <i>ad valorem</i>.	.....	.....	.....
24(2)	CIGARETTES	Revenue	25 per cent. <i>ad valorem</i> and in addition either Rs. 8-2 per thousand or Rs. 3-4 per lb., whichever is higher.	.....	.....	.....
24(3)	TOBACCO, unmanufactured*	Preferential revenue.	Rs. 3-4 per lb.	.....	Rs. 2-12 per lb.	.....
SECTION V.						
MINERAL PRODUCTS.						
25	CHINA CLAY .. .. .	.....	Free .. .. .	.....	.....	.....
25(1)	SALT, excluding salt exempted under item No. 25(2)	Revenue	The rate at which excise duty is for the time being leviable on salt manufactured in the place where the import takes place.†	.....	.....	.....
25(2)	SALT imported into British India and issued, in accordance with rules made with the previous sanction of the Governor General in Council, 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 Governor General in Council, for use in curing fish in those provinces.	.....	Free .. .. .	.....	.....	.....
25(3)	THE FOLLOWING BUILDING AND ENGINEERING MATERIALS, namely, chalk, lime and clay.	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
25(4)	CEMENT not otherwise specified	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	.....	.....
25(5)	PORTLAND CEMENT excluding white Portland cement.	Preferential revenue.	Rs. 18-4 per ton.	Rs. 13-12 per ton.	.....	.....
25(6)	STONE prepared as for road metalling .. .. .	.....	Free .. .. .	.....	.....	.....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, tobacco leaf for the manufacture of cigars when proved to have been imported for use in a cigar factory is liable to duty at Rs. 2 per lb. (standard) and Re. 1-8 per lb. (preferential).

† The rate of excise duty on the 1st January, 1937, and until further notice is Re. 1-9-0 per maund of 82 2/7 lbs. avoirdupois. Under the Salt (Additional Import Duty) Act, 1931, as amended subsequently, salt imported into any port in British India is liable to an additional duty of custom at the rate of 1½ annas per maund up to the 30th April, 1936.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION V—<i>contd.</i>						
MINERAL PRODUCTS—<i>contd.</i>						
25(7)	MARBLE AND STONE not otherwise specified*	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
26	METALLIC ORES, all sorts except ochres and other pigment ores.	.....	Free .. .. .	.....	.....	.....
27	COAL, COKE AND PATENT FUEL	Revenue	Ten annas per ton .. .. .	.....	.....	.....
27(1)	ASPHALT	Preferential revenue.	25 per cent. <i>ad valorem</i> .. .. .	.....	15 per cent. <i>ad valorem</i>.	.....
27(2)	PITCH AND TAR	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
	<i>Tariff values—</i>					
		Per cwt.				
		Rs. a. p.				
	Coal pitch	2 6 0				
	Stockholm pitch	11 0 0				
27(3)	ALL SORTS OF MINERAL OILS not otherwise specified	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
	<i>Tariff values—</i>					
		Per Imperial gallon.				
		Rs. a. p.				
	Mineral Colza oil	1 0 0				
	Transformer oil, including transit and switch oil, other than that assessed to duty under the proviso to Item No. 72 (3) of the First Schedule of the Indian Tariff Act, 1934.	1 7 0				
27(4)	KEROSENE † also any mineral oil other than kerosene and motor spirit which has its flashing point below one hundred degrees of Fahrenheit's thermometer by Abel's close test.	Revenue	Three annas and nine pies per Imperial gallon.	.....	.....	.....
27(5)	MINERAL OIL, not included in Item No. 27(4) or Item No. 27(6) which is suitable for use as an illuminant in wick lamps	Revenue	Three annas and nine pies per Imperial gallon.	.....	.....	.....
27(6)	MOTOR SPIRIT ‡	Revenue	Ten annas per Imperial gallon.	.....	.....	.....
27(7)	MINERAL OIL—					
	(a) which has its flashing point at or above two hundred degrees of Fahrenheit's thermometer, and is ordinarily used for the batching of jute or other fibre;	Revenue	Rs. 15-10 per ton. .. .. .	.....	.....	.....
	(b) which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer, is not suitable for use as an illuminant in wick lamps, and is such as is not ordinarily used except as fuel or for some sanitary or hygienic purposes.	Revenue	12½ per cent. <i>ad valorem</i>.	.....	.....	.....
	<i>Tariff value—</i>					
		Per ton.				
		Rs. a. p.				
	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.	34 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.	Preferential revenue.	Two annas and six pies per Imperial gallon.	Six pies per Imperial gallon.	.....	.....
SECTION VI.						
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS.						
28	CHEMICALS, DRUGS AND MEDICINES, all sorts not otherwise specified§	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	.....
	<i>Tariff values—</i>					
		Per cwt.				
		Rs. a. p.				
	Alkali, Indian (sajji-khar)	2 8 0				
		Per lb.				
	Ammonia gas, anhydrous, including compressed or liquefied gas.	0 10 0				

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, sandstone is exempt from payment of import duty.

† The rate of excise duty on the 1st January, 1937, and until further notice, on all kerosene produced in a manufactory in British India is 2 annas and 9½ pies per Imperial gallon.

‡ The rate of excise duty on the 1st January, 1937, and until further notice, on all motor spirit produced in a manufactory in British India is 10 annas per Imperial gallon.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, calcium acetate and radium salts are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION VI—<i>contd.</i>						
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES, FERTILISERS— <i>contd.</i>						
<i>Tariff values—</i>						
	Ammonium carbonate or bicarbonate.					
	Ammonium chloride—					
	Muriate of ammonia, crystalline.					
	Salammoniac, sublimed ..					
	Other sorts, including compressed.					
	Boric acid					
	Calcium chloride					
	Carbonic acid gas including compressed or liquified gas.					
	Caustic potash other than electrolyte.					
	Chlorine					
	Copper sulphate					
	Menthol (peppermint) crystals.					
	Potassium bichromate ..					
	Soda ash including calcined natural soda and manufactured sesqui-carbonates.					
	Soda, caustic, flake					
	Soda, caustic, powdered ..					
	Soda, caustic, solid					
	Soda crystals					
	Sodium bichromate					
	Sodium hydrosulphite					
	Sodium hyposulphite					
	Sodium sulphide					
	Tartaric acid					
	Trona or natural soda uncalcined.					
	Banslochan (bamboo camphor), crude.					
	Calumba root					
	China root (Chobchini) rough ..					
	China root (Chobchini) scraped.					
	Cubebs					
	Galangal, China					
	Salep					
<i>N.B.—The tariff valuations apply to articles packed in containers of not less than 14 lbs. except in the case of menthol (peppermint) crystals: the tariff valuation for the latter applies to all menthol in containers of ½ oz. and above.</i>						
28(1)	BLEACHING PASTE AND BLEACHING POWDER ..	....	Free .. .. .	....	....	....
28(2)	COPPERAS, green (ferrous sulphate)	Revenue ..	2½ per cent. <i>ad valorem</i>.	....	....	....
28(3)	SULPHUR .. .. .	....	Free .. .. .	....	....	....
28(4)	LIQUID GOLD for glass-making	Preferential revenue.	25 per cent. <i>ad valorem</i> .	15 per cent. <i>ad valorem</i>.	....	....
28(5)	HEAVY CHEMICALS, the following, namely:—					
	Magnesium chloride	Protective ..	Re. 1-5 per cwt. or 25 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1939.
28(6)	THE FOLLOWING CHEMICALS, namely:—					
	(a) Alum (ammonia alum, potash alum and soda alum).	Revenue ..	25 per cent. <i>ad valorem</i> or Re. 1-6 per cwt., whichever is higher.	....	....	....
	(b) Magnesium sulphate or hydrated magnesium sulphate.	Revenue ..	25 per cent. <i>ad valorem</i> or Re. 1-4 per cwt., whichever is higher.	....	....	....
28(7)	THE FOLLOWING CHEMICALS, namely, cadmium sulphide, cobalt oxide, selenium, uranium oxide and zinc oxide.	Preferential revenue.	25 per cent. <i>ad valorem</i> .	15 per cent. <i>ad valorem</i>.	....	....
28(8)	THE FOLLOWING CHEMICALS, Drugs and Medicines, namely, acetic, carbolic, citric and oxalic acids, naphthalene, potassium chlorate and potassium cyanide, bicarbonate of soda, borax, sodium silicate, arsenic, calcium carbide, glycerine, lead, magnesium and zinc compounds not otherwise specified, aloes, asafoetida, cocaine, sarsaparilla and storax.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION VI—<i>contd.</i>					
	CHEMICAL AND PHARMACEUTICAL PRODUCTS: COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES EXPLOSIVES, FERTILISERS— <i>contd.</i>					
	<i>Tariff values—</i>					
	Coupling dyes of the naphthol group—	Per lb. Rs. a. p.				
	(a) Naphthols	3 4 0				
	(b) Rapid fast colours (rapid salts)	6 9 0				
	(c) Bases	2 9 6				
	(d) Other salts	1 12 0				
	Vats—					
	(a) Indigo	1 8 6				
	(b) Carbazole blue	2 8 0				
	(c) Other sorts—					
	(i) Paste	3 8 0				
	(ii) Powder	17 0 0				
	Sulphur black	0 4 0				
	Metanil yellow	1 0 0				
	Aniline salts	0 5 6				
	All others	1 0 6				
30(2)	PAINTS, COLOURS AND PAINTERS' MATERIALS, the following, namely:—					
	(a) Red lead, genuine dry, genuine moist and reduced moist.	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 4-12 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(b) White lead, genuine dry	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 5-12 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(c) Zinc white, genuine dry	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 6 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(d) Paints, other sorts, coloured, moist—					
	(i) in packing of 1 lb. or over	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 8-8 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(ii) in packing of $\frac{1}{2}$ lb. and over but less than 1 lb.	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 11-4 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(iii) in packing of $\frac{1}{4}$ lb. and over but less than $\frac{1}{2}$ lb.	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 17 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(iv) in packing of less than $\frac{1}{4}$ lb.	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 24 per cwt., whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
30(3)	PAINTS, COLOURS AND PAINTERS' MATERIALS, the following, namely:—					
	(a) Red lead, reduced dry	Revenue ..	25 per cent. <i>ad valorem</i> or Rs. 4-12 per cwt., whichever is higher.	....	....	....
	(b) White lead, genuine moist, and reduced dry or moist.	Revenue ..	25 per cent. <i>ad valorem</i> or Rs. 5-12 per cwt., whichever is higher.	....	....	....
	(c) Zinc white, genuine moist	Revenue ..	25 per cent. <i>ad valorem</i> or Rs. 6 per cwt., whichever is higher.	....	....	....
	(d) Zinc white, reduced dry or moist	Revenue ..	25 per cent. <i>ad valorem</i> or Rs. 4-4 per cwt., whichever is higher.	....	....	....
30(4)	THE FOLLOWING PAINTS, colours and painters' materials, namely, barytes, turpentine, turpentine substitute, and varnish not containing dangerous petroleum within the meaning of the Indian Petroleum Act, 1934.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
30(5)	PLUMBAGO AND GRAPHITE	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
30(6)	PRINTERS' INK	Revenue ..	10 per cent. <i>ad valorem</i>.	....	....	....
30(7)	LEAD PENCILS	Preferential revenue.	30 per cent. <i>ad valorem</i> or one anna per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
30(8)	SLATE PENCILS	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
31	NATURAL ESSENTIAL OILS, all sorts not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
	<i>Tariff value—</i>	Per lb. Rs. a. p.				
	Cassia oil, natural, from the Fat East.	0 15 0				

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION VI—<i>contd.</i>						
CHEMICAL AND PHARMACEUTICAL PRODUCTS ; COLOURS AND VARNISHES ; PERFUMERY ; SOAP ; CANDLES AND THE LIKE ; GLUES AND GELATINES ; EXPLOSIVES ; FERTILISERS—<i>contd.</i>						
31(1)	THE FOLLOWING NATURAL ESSENTIAL OILS, namely, citronella, cinnamon, and cinnamon leaf.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....
	<i>Tariff value—</i> Per lb. Rs. a. p. Citronella oil, natural, from the Far East. 0 14 0					
31(2)	THE FOLLOWING NATURAL ESSENTIAL OILS, namely, almond, bergamot, gajupatti, camphor, cloves, eucalyptus, lavender, lemon, otto-rose and peppermint.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i> Per lb. Rs. a. p. Gajupatti oil, natural, from the Far East. 1 4 0 Peppermint oil, natural, from the Far East. 3 2 0					
31(3)	ESSENTIAL OILS, synthetic	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
31(4)	CAMPHOR	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i> Per lb. Rs. a. p. Camphor, Synthetic— (a) powder 1 1 0 (b) in slabs and tablets .. 1 5 0 Camphor, other than synthetic— (a) powder 1 2 0 (b) in slabs and tablets .. 1 6 0					
31(5)	PERFUMERY, not otherwise specified	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i> Per cwt. Rs. a. p. Gowla, husked and unhusked 48 0 0 Kapurkachri (zedoary) .. 12 10 0 Patch leaves (patchouli) .. 16 0 0 Rose-flowers, dried 9 0 0					
32	SOAP not otherwise specified	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
32(1)	SOAP, toilet	Preferential revenue.	35 per cent. <i>ad valorem</i> or Rs. 20 per cwt. whichever is higher.	25 per cent. <i>ad valorem</i>.	....	....
32(2)	SOAP, household and laundry— (a) in plain bars of not less than one pound in weight.	Revenue	Rs. 4 per cwt.	....	....	....
	(b) other sorts	Revenue	Rs. 6-8 per cwt.	....	....	....
32(3)	POLISHES AND COMPOSITIONS	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
32(4)	CANDLES	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
33	GLUE, not otherwise specified	Preferential revenue.	30 per cwt. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
33(1)	GLUE, clarified, liquid	Revenue	10 per cent. <i>ad valorem</i>.	....	....	....
34	GUNPOWDER FOR CANNONS, rifles, guns, pistols and sporting purposes.	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
34(1)	EXPLOSIVES, namely, blasting gunpowder, blasting gelatine, blasting dynamite, blasting roburite, blasting tonite, and all other sorts, including detonators and blasting fuze.*	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
34(2)	FIREWORKS specially prepared as danger or distress lights for the use of ships.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
34(3)	FIREWORKS, not otherwise specified †	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
34(4)	MATCHES, undipped splints and veneers— (a) Matches (1) In boxes or booklets containing on an average not more than 40 matches.	Protective	The rate at which excise duty is for the time being leviable on such matches manufactured in British India ‡ plus ten annas per gross of boxes or booklets.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, certain specified explosives specially adapted for use in dangerous coal mines are exempt from payment of import duty.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, fireworks specially designed for the use of aircraft are liable to duty at 25 per cent. *ad valorem*.

‡ The rate of excise duty on the 1st January, 1937, and until further notice is Re. 1 per gross of boxes or booklets.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION VI—<i>concl.</i>						
CHEMICAL AND PHARMACEUTICAL PRODUCTS: COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES, FERTILISERS— <i>concl.</i>						
	(2) In boxes or booklets containing on an average more than 40 but not more than 60 matches.	Protective ..	The rate at which excise duty is for the time being leviable on such matches manufactured in British India* plus fifteen annas per gross of boxes or booklets.	....	....	....
	(3) In boxes or booklets containing on an average more than 60 but not more than 80 matches.	Protective ..	The rate at which excise duty is for the time being leviable on such matches manufactured in British India† plus Re. 1-4 per gross of boxes or booklets.	....	....	....
	(4) All other matches	Protective ..	The rate at which excise duty is for the time being leviable on such matches manufactured in British India‡ plus one pie for every 48 matches or fraction thereof.	....	....	....
	(b) Undipped splints such as are ordinarily used for match-making.	Protective ..	Five annas and seven and a half pies per lb.	....	....	....
	(c) Veneers such as are ordinarily used for making boxes, including boxes and parts of boxes made of such veneers.	Protective ..	Seven annas and six pies per lb.	....	....	....
35	MANURES, all sorts, including animal bones and the following chemical manures:—Basic slag, nitrate of ammonia, nitrate of soda, muriate of potash, sulphate of ammonia, sulphate of potash, kainit salts, carbollime, urea, nitrate of lime, calcium cyanamide, ammonium phosphates, mineral phosphates and mineral superphosphates.	....	Free .. .. .	....	....	....
SECTION VII.						
HIDES, SKINS, LEATHER, FUR SKINS AND MANUFACTURES OF THESE MATERIALS.						
36	HIDES AND SKINS not otherwise specified ..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
36(1)	HIDES AND SKINS, raw or salted .. ..	....	Free .. .. .	....	....	....
36(2)	SKINS (other than Fur Skins), tanned or dressed, and unwrought leather.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
37	THE FOLLOWING LEATHER MANUFACTURES, namely, saddlery, harness, trunks and bags.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
37(1)	LEATHER CLOTH INCLUDING ARTIFICIAL LEATHER, and other manufactures of leather not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
38	FUR SKINS, dressed	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
SECTION VIII.						
RUBBER AND ARTICLES MADE OF RUBBER.						
39	RUBBER, raw .. .. .	....	Free .. .. .	....	....	....
39(1)	RUBBER TYRES AND TUBES AND OTHER MANUFACTURES OF RUBBER, not otherwise specified, excluding apparel and boots and shoes.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
	<i>Tariff values—</i>					
		Per dozen.				
		Rs. a. p.				
	Cycle tyres (pneumatic) from the Far East.	10 0 0				
	Cycle tubes from the Far East.	3 8 0				
		Per lb.				
	Solid rubber tyres for carriages and rickshaws.	0 8 0				
SECTION IX.						
WOOD AND CORK AND WARES OF THESE MATERIALS; GOODS MADE OF PLAITING MATERIALS.						
40	WOOD AND TIMBER, all sorts, not otherwise specified, including all sorts of ornamental wood.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....

* The rate of excise duty on the 1st January, 1937, and until further notice is Re. 1-8 per gross of boxes or booklets.

† The rate of excise duty on the 1st January, 1937, and until further notice is Rs. 2 per gross of boxes or booklets.

‡ The rate of excise duty on the 1st January, 1937, and until further notice is 4 annas for every 1,440 matches or fraction thereof.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION IX—<i>contd.</i>						
WOOD AND CORK AND WARES OF THESE MATERIALS; GOODS MADE OF PLAITING MATERIALS.—<i>contd.</i>						
40(1)	FIREWOOD	Revenue ..	2½ per cent. <i>ad valorem</i>.	....	....	....
40(2)	FURNITURE AND CABINETWARE, not otherwise specified, excluding mouldings.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
40(3)	TEA CHESTS AND PARTS AND FITTINGS THEREOF	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
41	CORK MANUFACTURES not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
42	FURNITURE OF WICKERWORK OR BAMBOO ..	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
SECTION X.						
PAPER AND ITS APPLICATIONS.						
43	WOOD PULP	Protective ..	Rs. 56-4 per ton ..	....	....	March 31st, 1939.
44	PAPER, including chrome, marble, flint, poster and stereo printing paper; articles made of paper and papier mache; pasteboard, mill-board and cardboard, all sorts, other than strawboard. <i>Tariff values—</i> Per lb. Rs. a. p. Packing and wrapping paper— Machine-glazed pressings .. 0 1 6 Manilla, machine-glazed or unglazed, and sulphite envelope. 0 1 8 Kraft and imitation kraft .. 0 1 9	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
44(1)	PRINTING PAPER (excluding chrome, marble, flint, poster and stereo), 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 ..	One anna and three pies per lb.	....	....	March 31st, 1939.
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; and strawboard, all sorts. <i>Tariff values—</i> Per lb. Rs. a. p. Printing paper, not on reels, (excluding chrome, marble, flint, poster, stereo and art paper) in which the mechanical wood pulp amounts to not less than 70 per cent. of the fibre content, glazed or unglazed, white or grey. 0 1 2 Straw boards (not lined) .. 4 4 0	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
44(3)	WRITING PAPER— (a) Ruled or printed forms (including letter paper with printed headings) and account and manuscript books and the binding thereof. (b) All other sorts	Protective .. Protective ..	One anna and three pies per lb. or 18½ per cent. <i>ad valorem</i> , whichever is higher. One anna and three pies per lb.	.... ....	.... ....	March 31st, 1939. March 31st, 1939.
44(4)	TRADE CATALOGUES AND ADVERTISING CIRCULARS imported by packet, book, or parcel post.	....	Free .. .. .	....	....	....
44(5)	PAPER MONEY .. .. .	....	Free .. .. .	....	....	....
44(6)	NEWSPAPERS old, in bales and bags <i>Tariff value—</i> Per cwt. Rs. a. p. Old newspaper in bales and bags. 3 6 0	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
45	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.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
45(1)	BOOKS, printed, including covers for printed books, maps, charts, and plans, proofs, music, manuscripts, and illustrations specially made for binding in books.	....	Free .. .. .	....	....	....
45(2)	PRINTS, ENGRAVINGS AND PICTURES (including photographs and picture post cards) on paper or cardboard.*	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, wall pictures and diagrams such as are ordinarily used for instructional purposes are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XI.						
TEXTILE MATERIALS AND TEXTILE GOODS.						
46	SILK, RAW (excluding silk waste and noils), and silk cocoons.	Protective	25 per cent. <i>ad valorem</i> plus 14 annas per lb.	....	....	March 31st, 1939.
	<i>Tariff values—</i>					
	Per lb.					
	Rs. a. p.					
	Silk, raw—					
	Chinese—					
	Waste products					
	Duppon all kinds					
	Hand reeled					
	All other sorts					
	Japanese filatures					
46(1)	SILK WASTE AND NOILS	Protective	25 per cent. <i>ad valorem</i>.	....	....	March 31st, 1939.
46(2)	WOOL, RAW, AND WOOL-TOPS .. ..	....	Free .. ..	....	....	....
46(3)	COTTON RAW	Revenue	Six pies per lb. ..	....	....	....
46(4)	TEXTILE MATERIALS, THE FOLLOWING :—	Revenue	Raw hemp—18½ per cent. <i>ad valorem</i> ; all others—25 per cent. <i>ad valorem</i>.	....	....	....
	Raw flax, hemp, jute and all other unmanufactured textile materials not otherwise specified.					
	<i>Tariff value—</i>					
	Per cwt.					
	Rs. a. p.					
	Hemp, raw and undressed					
46(5)	SISAL AND ALOE FIBRE	Preferential revenue.	30 per cent. <i>ad valorem</i>.	....	20 per cent. <i>ad valorem</i>.	....
47	SILK YARN, including thrown silk warps and yarn spun from silk waste or noils, but excluding sewing thread*	Protective	25 per cent. <i>ad valorem</i> plus 14 annas per lb.	....	....	March 31st, 1939.
47(1)	SILK SEWING THREAD	Protective	25 per cent. <i>ad valorem</i>.	....	....	March 31st, 1939.
47(2)	ARTIFICIAL SILK YARN AND THREAD	Revenue	25 per cent. <i>ad valorem</i> or 3 annas per lb., whichever is higher.	....	....	....
47(3)	WOOLLEN YARN not otherwise specified	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....	....
47(4)	WOOLLEN YARN for weaving and knitting wool.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
47(5)	COTTON THREAD, other than sewing or darning thread.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
47(6)	COTTON TWIST AND YARN, and cotton sewing or darning thread†—					
	(a) of counts above 50's—					
	(i) of British manufacture	Protective	5 per cent. <i>ad valorem</i>.	....	....	March 31st, 1939.
	(ii) not of British manufacture	Protective	6½ per cent. <i>ad valorem</i>.	....	....	March 31st, 1939.
	(b) of counts 50's and below—					
	(i) of British manufacture	Protective	5 per cent. <i>ad valorem</i> or 1½ annas per lb., whichever is higher.	....	....	March 31st, 1939.
	(ii) not of British manufacture	Protective	6½ per cent. <i>ad valorem</i> or 1½ annas per lb., whichever is higher.	....	....	March 31st, 1939.
47(7)	TWIST AND YARN of flax or jute	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
47(8)	YARN (excluding cotton yarn) such as is ordinarily used for the manufacture of belting for machinery.	Revenue	6½ per cent. <i>ad valorem</i>.	....	....	....
48	FABRICS, not otherwise specified, containing more than 90 per cent. of silk, including such fabrics embroidered with artificial silk—					
	(a) Pongee	Protective	50 per cent. <i>ad valorem</i> plus Re. 1 per lb.	....	....	March 31st, 1939.
	(b) Fuji, Boseki and corded (excluding white cord).	Protective	50 per cent. <i>ad valorem</i> plus Re. 1-8 per lb.	....	....	March 31st, 1939.
	(c) Other sorts‡	Protective	50 per cent. <i>ad valorem</i> plus Rs. 2 per lb.	....	....	March 31st, 1939.

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, noil yarn is exempt from payment of the additional specific duty of 14 annas per lb.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, cotton sewing or darning thread wound on reels, balls, tubes, cards, bobbins, spools, cops, cheeses and cones is liable to duty at 5 per cent. *ad valorem* when the thread is of British manufacture and at 6½ per cent. *ad valorem* when it is of non-British manufacture.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, (1) Chinese silk piecegoods, the following, namely, Ghat-Pote, plain and flower, and Gauze, plain and flower, are liable to duty at 50 per cent. *ad valorem* plus Re. 1 per lb., and (2) Paj, all sorts, are exempt from so much of the duty as is in excess of 75 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XI—<i>contd.</i>						
TEXTILE MATERIALS AND TEXTILE GOODS—<i>contd.</i>						
48(1)	FABRICS, not otherwise specified, containing more than 90 per cent. of artificial silk—					
	(a) of British manufacture	Protective ..	30 per cent. <i>ad valorem</i> or 2½ annas per square yard, whichever is higher.	....	....	March 31st, 1939.
	(b) not of British manufacture*	Protective ..	50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher.	....	....	March 31st, 1939.
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.	Preferential revenue.	35 per cent. <i>ad valorem</i> or Re. 1-2 per lb., whichever is higher.	25 per cent. <i>ad valorem</i>.	....	....
48(3)	COTTON FABRICS, not otherwise specified, containing more than 90 per cent. of cotton—					
	(a) Grey piece-goods (excluding bordered grey chadars, dhuties, saris and scarves)—					
	(i) of British manufacture†	Protective ..	25 per cent. <i>ad valorem</i> or 4½ annas per lb., whichever is higher.	....	....	March 31st, 1939.
	(ii) not of British manufacture	Protective ..	50 per cent. <i>ad valorem</i> or 5½ annas per lb., whichever is higher.	....	....	March 31st, 1939.
	(b) Cotton piecegoods and fabrics not otherwise specified—					
	(i) of British manufacture‡	Protective ..	25 per cent. <i>ad valorem</i>.	....	....	March 31st, 1939.
	(ii) not of British manufacture	Protective ..	50 per cent. <i>ad valorem</i>.	....	....	March 31st, 1939.
48(4)	FABRICS, not otherwise specified, containing more than 10 per cent. and not more than 90 per cent. silk—					
	(a) containing more than 50 per cent. of silk or artificial silk or of both.	Protective ..	50 per cent. <i>ad valorem</i> plus Rs. 2 per lb.	....	....	March 31st, 1939.
	(b) containing not more than 50 per cent. of silk or artificial silk or of both—					
	(i) containing more than 10 per cent. artificial silk.§	Protective ..	50 per cent. <i>ad valorem</i> or Re. 1-8 per lb., whichever is higher.	....	....	March 31st, 1939.
	(ii) containing no artificial silk or not more than 10 per cent. artificial silk.§	Protective ..	50 per cent. <i>ad valorem</i>.	....	....	March 31st, 1939.
48(5)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk but more than 10 per cent. and not more than 90 per cent. artificial silk—					
	(a) containing 50 per cent. or more cotton—					
	(i) of British manufacture ¶	Protective ..	30 per cent. <i>ad valorem</i> or 2 annas per square yard, whichever is higher.	....	....	March 31st, 1939.
	(ii) not of British manufacture¶	Protective ..	50 per cent. <i>ad valorem</i> or 3½ annas per square yard, whichever is higher.	....	....	March 31st, 1939.
	(b) containing no cotton or containing less than 50 per cent. cotton—					
	(i) of British manufacture	Protective ..	30 per cent. <i>ad valorem</i> or 2½ annas per square yard, whichever is higher.	....	....	March 31st, 1939.
	(ii) not of British manufacture*	Protective ..	50 per cent. <i>ad valorem</i> or 4 annas per square yard, whichever is higher.	....	....	March 31st, 1939.

* Under Government of India, Commerce Department, Notification No. 341-T. (5)/37, dated the 1st April, 1937, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 5 annas per square yard, whichever is higher.

† Under Government of India, Commerce Department, Notification No. 341-T. (10)/36, dated the 25th June, 1936, the articles assessable under this sub-item, with the exception of printed cotton piecegoods and printed fabrics, are liable to duty at 20 per cent. *ad valorem* or 3½ annas per lb., whichever is higher.

‡ Under Government of India, Commerce Department, Notification No. 341-T. (10)/36, dated the 25th June, 1936, the articles assessable under this sub-item with the exception of printed cotton piecegoods and printed fabrics, are liable to duty at 20 per cent. *ad valorem*.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, woollen allopers embroidered, with artificial silk are exempt from so much of the duty as is in excess of 35 per cent. *ad valorem* or Re. 1-2 per lb., whichever is higher (standard) and 25 per cent. *ad valorem* (preferential).

¶ Under Government of India, Commerce Department, Notification No. 341-T. (5)/37, dated the 1st April, 1937, the articles assessable under this sub-item are liable to duty at 50 per cent. *ad valorem* or 4 annas per square yard, whichever is higher.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XI—<i>contd.</i>						
TEXTILE MATERIALS AND TEXTILE GOODS—<i>contd.</i>						
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.	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....	....
48(7)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk or 10 per cent. wool, but containing more than 50 per cent. cotton and not more than 90 per cent. cotton—					
	(a) of British manufacture	Protective ..	25 per cent. <i>ad valorem</i>.	....	....	March 31st, 1939.
	(b) not of British manufacture	Protective ..	50 per cent. <i>ad valorem</i>.	....	....	March 31st, 1939.
48(8)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk or 10 per cent. wool or 50 per cent. cotton.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
48(9)	THE FOLLOWING COTTON FABRICS, namely, Sateens including Italians of Sateen weave, velvets and velveteens and embroidered allovers—					
	(a) of British manufacture*	Protective ..	25 per cent. <i>ad valorem</i>.	....	....	March 31st, 1939.
	(b) not of British manufacture	Protective ..	35 per cent. <i>ad valorem</i>.	....	....	March 31st, 1939.
48(10)	FABRICS containing gold or silver thread ..	Protective ..	50 per cent. <i>ad valorem</i>.	....	....	March 31st, 1939.
49	TEXTILE MANUFACTURES, the following articles when made wholly or mainly of any of the fabrics specified in Item No. 48, 48(1), 48(3), 48(4), 48(5), 48(7), 48(9) or 48(10):—	Protective ..	The <i>ad valorem</i> rates of duty applicable to the fabric of which the article is wholly or mainly made.	....	....	March 31st, 1939.
	Bed sheets.					
	Bed spreads.					
	Bolster cases.					
	Counterpanes.					
	Cloths, table.					
	Cloths, tray.					
	Covers, bed.					
	Covers, table.					
	Dusters.					
	Glass-cloths.					
	Handkerchiefs.					
	Napkins.					
	Pillow cases.					
	Pillow slips.					
	Scarves.					
	Shirts.					
	Shawls.					
	Sacks (cotton).					
	Towels.					
	Umbrella coverings.					
49(1)	FENTS, being <i>bona fide</i> remnants of piecegoods or other fabrics—					
	(a) of materials liable to duty under Item No. 48(3), not exceeding 4 yards in length.	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....	....
	(b) of materials liable to duty under Item Nos. 48, 48(1), 48(4) or 48(5), not exceeding 2½ yards in length.	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....	....
	(c) of other materials, not exceeding 4 yards in length.	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....	....
49(2)	RIBBONS	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i>.	....	....
49(3)	BLANKETS AND RUGS (other than floor rugs), excluding blankets and rugs made wholly or mainly from artificial silk.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
49(4)	WOOLLEN CARPETS, FLOOR RUGS, SHAWLS AND OTHER MANUFACTURES OF WOOL, not otherwise specified, including felt.†	Preferential revenue.	35 per cent. <i>ad valorem</i> .	25 per cent. <i>ad valorem</i>.	....	....
49(5)	COTTON BRAIDS OR CORDS, the following, namely:—	Protective ..	6½ annas per lb. ..	....	....	March 31st, 1939.
	Ghoosis and Muktakesis.					
50	JUTE MANUFACTURES, not otherwise specified..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
50(1)	SECOND-HAND OR USED GUNNY BAGS OR CLOTH, made of jute.	....	Free .. .. .	....	....	....
50(2)	HEMP MANUFACTURES	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
50(3)	COTTON, HAIR AND CANVAS PLY BELTING for machinery.	Revenue ..	6½ per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Commerce Department, Notification No. 341-T. (10)/36, dated the 25th June, 1936, as amended subsequently, the articles assessable under this sub-item, with the exception of printed fabrics, are liable to duty at 20 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.	
SECTION XII—<i>contd.</i>						
FOOTWEAR, HATS, UMBRELLAS AND PARASOLS; ARTICLES OF FASHION. <i>—contd.</i>						
<i>Tariff values—</i>						
					Per gross Rs. a. p.	
	Solid Flexus, 16, 19 and 21 inches—					
	From Japan				1 3 0	
	Solids, 23, 25 and 27 inches—					
	From Japan				1 4 0	
	From other countries ..				1 12 0	
	Solids, 16, 19 and 21 inches—					
	From Japan				1 2 0	
	From other countries ..				1 8 0	
56(1)	UMBRELLAS	Preferential revenue.	30 per cent. <i>ad valorem</i> or eight annas each, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
57	.....	....	.....	....	....	....
SECTION XIII.						
WARES OF STONE AND OF OTHER MINERAL MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE.						
58	ARTICLES MADE OF STONE OR MARBLE ..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
58(1)	ASBESTOS MANUFACTURES, not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
58(2)	PACKING—ENGINE AND BOILER—all sorts not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
59	BUILDING AND ENGINEERING MATERIALS, all sorts not of iron, steel or wood not otherwise specified, including tiles other than glass, earthenware or porcelain tiles, and firebricks not being component parts of any articles included in Item No. 72 or No. 74(2).*	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
59(1)	BUILDING AND ENGINEERING BRICKS	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
59(2)	EARTHENWARE, CHINA AND PORCELAIN, all sorts not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
59(3)	EARTHENWARE PIPES AND SANITARY WARE..	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
59(4)	TILES OF EARTHENWARE AND PORCELAIN ..	Preferential revenue.	30 per cent. <i>ad valorem</i> or two annas per square foot, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
59(5)	DOMESTIC EARTHENWARE, china and porcelain, the following, namely:—					
	(a) Tea cups and coffee cups—					
	(i) having a capacity of more than 7½ ozs.	Preferential revenue.	30 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(ii) having a capacity of not more than 7½ ozs.	Preferential revenue.	30 per cent. <i>ad valorem</i> or four annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(b) Saucers—					
	(i) for use with tea cups or coffee cups having a capacity of more than 7½ ozs.	Preferential revenue.	30 per cent. <i>ad valorem</i> or five annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(ii) for use with tea cups or coffee cups having a capacity of not more than 7½ ozs.	Preferential revenue.	30 per cent. <i>ad valorem</i> or two annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(c) Tea-pots—					
	(i) having a capacity of more than 20 ozs.	Preferential revenue.	30 per cent. <i>ad valorem</i> or Rs. 3 per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(ii) having a capacity of more than 10 ozs. and not more than 20 ozs.	Preferential revenue.	30 per cent. <i>ad valorem</i> or Re. 1-8 per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(iii) having a capacity of not more than 10 ozs.	Preferential revenue.	30 per cent. <i>ad valorem</i> or twelve annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(d) Sugar-bowls	Preferential revenue.	30 per cent. <i>ad valorem</i> or Re. 1-8 per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(e) Jugs having a capacity of over 10 ozs.	Preferential revenue.	30 per cent. <i>ad valorem</i> or twelve annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, and is exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XIII—<i>contd.</i>						
WARES OF STONE AND OF OTHER MINERAL MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE— <i>contd.</i>						
	(f) Plates over 5½ inches in diameter—					
	(i) over 8½ inches in diameter ..	Preferential revenue.	30 per cent. <i>ad valorem</i> or Re. 1 per dozen, whichever is higher.	20 per cent. <i>ad valorem.</i>	....	....
	(ii) not over 8½ inches in diameter ..	Preferential revenue.	30 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher.	20 per cent. <i>ad valorem.</i>	....	....
59(6)	COVERED CRUCIBLES FOR GLASS-MAKING ..	Preferential revenue.	25 per cent. <i>ad valorem.</i>	15 per cent. <i>ad valorem.</i>	....	....
60	GLASS AND GLASSWARE not otherwise specified, and lacquered ware.	Revenue ..	25 per cent. <i>ad valorem.</i>	....	....	....
	<i>Tariff values—</i>					
		Per gross.				
		Rs. a. p.				
	Aerated water bottles, empty—					
	Codd's pattern—					
	Under 10 ozs.	19 0 0				
	10 ozs.	20 8 0				
	Over 10 ozs.	22 0 0				
	Crown cork pattern—					
	7 ozs. and under	12 8 0				
	Over 7 ozs. up to and including 10 ozs.	13 0 0				
	Over 10 ozs.	14 0 0				
60(1)	GLASS GLOBES AND CHIMNEYS for lamps and lanterns—					
	(a) Globes for hurricane lanterns ..	Revenue ..	25 per cent. <i>ad valorem</i> or four annas and six pies per dozen, whichever is higher.	....	....	....
	(b) Other globes and chimneys having an external base diameter of over one inch.	Revenue ..	25 per cent. <i>ad valorem</i> or three annas per dozen, whichever is higher.	....	....	....
60(2)	ELECTRIC LIGHTING BULBS	Preferential revenue.	50 per cent. <i>ad valorem.</i>	40 per cent. <i>ad valorem.</i>	....	....
60(3)	GLASS BANGLES, GLASS BEADS AND FALSE PEARLS.	Revenue ..	50 per cent. <i>ad valorem.</i>	....	....	....
	<i>Tariff values—</i>					
		Per 100 pairs.				
		Rs. a. p.				
	Glass bangles—					
	China—					
	Nimuchi and Pasalal ..	2 0 0				
	Braclet, Jadi and fancy, all kinds.	4 0 0				
	Rajawarakh, all kinds ..	5 0 0				
	Japan—					
	Reshmi or lustre, all colours—					
	Fancy (including all kinds of Vankwel or zigzag but excluding hexagonal bangles).	0 1 1				
	Fancy hexagonal ..	0 0 9				
	All others	0 0 7				
	Hollow or tube, all colours.	0 1 3				
	Sonerikada (golbala)—					
	Containing gold in their composition.	0 12 0				
	All others	0 1 6				
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 ..	25 per cent. <i>ad valorem.</i>	....	....	....
61(2)	SILVER BULLION AND SILVER SHEETS AND PLATES which have undergone no process of manufacture subsequent to rolling.†	Revenue ..	Three annas per ounce.‡	....	....	....
61(3)	GOLD BULLION AND GOLD SHEETS AND PLATES which have undergone no process of manufacture subsequent to rolling.	....	Free .. ..	....	....	....
61(4)	SILVER PLATE AND SILVER MANUFACTURES, all sorts not otherwise specified.	Revenue ..	50 per cent. <i>ad valorem.</i>	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, rubies imported cut and unset are exempt from payment of import duty, and precious stones imported cut and unset are liable to duty at 10 per cent. *ad valorem*.

† The rate of excise duty on the 28th February, 1937, and until further notice, on all silver produced in silver works in British India, is 3 annas per ounce.

‡ From 28th February, 1937.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XIV—<i>contd.</i>						
REAL PEARLS, PRECIOUS STONES, PRECIOUS METALS AND WARES OF THOSE MATERIALS; COIN (SPECIE). — <i>contd.</i>						
61(5)	SILVER THREAD AND WIRE (including so-called gold thread and wire mainly made of silver) and silver leaf including also imitation gold and silver thread and wire, lametta and metallic spangles and articles of a like nature of whatever metal made.*	Protective ..	62½ per cent. <i>ad valorem</i>.	....	....	March 31st, 1941.
61(6)	GOLD PLATE, GOLD LEAF AND GOLD MANUFACTURES, all sorts not otherwise specified.	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
61(7)	GOLD OR GOLD-PLATED PEN NIBS	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i>.	....	....
61(8)	ARTICLES, other than cutlery and surgical instruments, plated with gold or silver.†	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
61(9)	CUTLERY, plated with gold or silver	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i>.	....	....
61(10)	JEWELLERY AND JEWELS‡	Revenue ..	50 per cent. <i>ad valorem</i>.	....	....	....
62	CURRENT COIN OF THE GOVERNMENT OF INDIA.	....	Free .. .. .	....	....	....
62(1)	SILVER COIN, not otherwise specified	Revenue ..	Three annas per ounce (‡)	....	....	....
62(2)	GOLD COIN .. .. .	....	Free .. .. .	....	....	....
SECTION XV.						
BASE METALS AND ARTICLES MADE THEREFROM.						
63	IRON OR STEEL, OLD	Revenue ..	15½ per cent. <i>ad valorem</i>.	....	....	....
63(1)	IRON ALLOYS, viz., ferro-manganese, ferro-silicon, ferro-chrome, spiegeleisen and the like as commonly used for steel making.	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(2)	IRON OR STEEL ANGLE, CHANNEL, TEE, FLAT, BEAM, ZED, TROUGH AND PILING— (a) not fabricated— (i) of British manufacture— not coated with other metals ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India; ‡ or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	coated with other metals ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India; ‡ or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India; ‡ plus Rs. 43 per ton.	....	....	March 31st, 1941.
	(b) fabricated— (i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India; ‡ plus Rs. 40 per ton.	....	....	March 31st, 1941.
	(ii) not of British manufacture ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India; ‡ plus Rs. 40 per ton.	....	....	March 31st, 1941.
63(3)	IRON OR STEEL BAR AND ROD— (i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India; ‡ plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, all the articles included in this item are liable to duty at 50 per cent. *ad valorem*.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, articles of imitation jewellery (including buttons and other fasteners) which consist of, or include, base metal plated with gold or silver and in which the proportion of precious metal to total metallic contents is less than 1.5 per cent., are liable to duty as 'hardware, other sorts' at the standard rate of 30 per cent. *ad valorem* or the preferential rate of 20 per cent. *ad valorem*, as the case may be, under Item No. 71.

‡ From 28th February, 1937.

§ The rate of excise duty on the 1st January, 1937, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—<i>contd.</i>						
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
63(3)	IRON OR STEEL BAR AND ROD— <i>contd.</i> (ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 39 per ton; or 20 per cent. <i>ad valorem</i> , which ever is higher.	....	....	March 31st, 1941.
63(4)	IRON, Pig	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(5)	IRON RICE BOWLS	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(6)	CAST IRON PIPES AND TUBES: also cast iron fittings therefor, that is to say, bends, boots, elbows, tees, sockets, flanges, plugs, valves, cocks and the like— (i) of British manufacture†	Protective ..	10 per cent. <i>ad valorem</i>.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	Rs. 57-8-0 per ton ..	....	....	March 31st, 1941.
63(7)	CAST IRON PLATES	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(8)	STEEL INGOTS IRON OR STEEL BLOOMS, BILLETS AND SLABS, provided that no piece less than 1½ inches square or thick shall be included in this item.‡	Preferential revenue.	The excise duty leviable for the time being on steel ingots produced in British India*; or 20 per cent. <i>ad valorem</i> , whichever is higher.	The excise duty leviable for the time being on steel ingots produced in British India*; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....
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 Items Nos. 72, 72(3), 74(1), 75(3), 75(4) or 76(1)— (a) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton.	....	....	March 31st, 1941.
	(b) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton.	....	....	March 31st, 1941.
63(10)	STEEL, TINPLATES AND TINNED SHEETS, including tin taggers, and cuttings of such plates, sheets or taggers— (i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 38 per ton.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 59 per ton.	....	....	March 31st, 1941.
63(11)	IRON OR STEEL ANCHORS AND CABLES ..	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....

* The rate of excise duty on the 1st January, 1937, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, cast iron fittings for cast iron pipes and tubes, that is to say, bends, boots, elbows, tees, sockets, flanges, plugs, valves, cocks and the like of British manufacture are exempt from so much of the duty as is in excess of Rs. 57-8 per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, iron or steel billets are exempt from payment of the alternative *ad valorem* duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—<i>contd.</i>						
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
63(12)	A. IRON OR STEEL BOLTS AND NUTS, including hook-bolts and nuts for roofing but excluding fish bolts and nuts—					
	(i) of British manufacture*	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India; † or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 1-9-0 per cwt.	....	....	March 31st, 1941.
	B. IRON OR STEEL FISH BOLTS AND NUTS—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India; † or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 4-5-0 per cwt.	....	....	March 31st, 1941.
63(13)	IRON OR STEEL EXPANDED METAL	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(14)	IRON OR STEEL HOOPS AND STRIPS	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(15)	IRON OR STEEL RIVETS—					
	(i) of British manufacture ‡	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India; † or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 1-14-0 per cwt.	....	....	March 31st, 1941.
63(16)	IRON OR STEEL NAILS AND WASHERS, all sorts not otherwise specified.	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(17)	IRON OR STEEL PIPES AND TUBES AND FITTINGS THEREFOR, if riveted or otherwise built up of plates or sheets—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 12 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 35 per ton.	....	....	March 31st, 1941.
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.	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, iron or steel bolts and nuts of British manufacture, including hook bolts and nuts for roofing but excluding fish bolts and nuts are exempt from so much of the duty as is in excess of Rs. 37-4 per ton.

† The rate of excise duty on the 1st January, 1937, 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 rivets of British manufacture are exempt from so much of the duty as is in excess of Rs. 43-8 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—<i>contd.</i>						
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
33(19)	IRON OR STEEL PLATES EXCLUDING CAST IRON PLATES—					
	(a) not fabricated—					
	(i) of British manufacture—					
	not coated with other metals ..	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	coated with other metals	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 25 per ton.	....	....	March 31st, 1941.
	(b) fabricated—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton.	....	....	March 31st, 1941.
63(20)	IRON OR STEEL SHEETS—					
	(a) not fabricated—					
	(1) not galvanized—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 11 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 32 per ton.	....	....	March 31st, 1941.
	(2) galvanized—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton.	....	....	March 31st, 1941.
	(b) fabricated—					
	(1) not galvanized—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 12 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 35 per ton.	....	....	March 31st, 1941.

* The rate of excise duty on the 1st January, 1937, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XV—<i>contd.</i>					
	BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>					
	<i>(b) fabricated—contd.</i>					
	<i>(2) galvanized—</i>					
	<i>(i) of British manufacture</i>	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 11 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	<i>(ii) not of British manufacture</i>	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 44 per ton.	....	....	March 31st, 1941.
63(21)	IRON OR STEEL RAILWAY TRACK MATERIAL—					
	A. Rails (including tramway rails the heads of which are not grooved)—					
	<i>(a) 30 lbs. per yard and over, and fish-plates therefor—</i>					
	<i>(i) of British manufacture</i>	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India,* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	<i>(ii) not of British manufacture</i>	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India,* or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	<i>(b) under 30 lbs. per yard and fish-plates therefor—</i>					
	<i>(i) of British manufacture</i>	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	<i>(ii) not of British manufacture</i>	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 39 per ton.	....	....	March 31st, 1941.
	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—					
	<i>(a) for rails 30 lbs. per yard and over—</i>					
	<i>(i) of British manufacture</i>	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India,* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	<i>(ii) not of British manufacture</i>	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India,* or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	<i>(b) for rails under 30 lbs. per yard—</i>					
	<i>(i) of British manufacture</i>	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 11 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	<i>(ii) not of British manufacture</i>	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 43 per ton.	....	....	March 31st, 1941.

* The rate of excise duty on the 1st January, 1937, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—<i>contd.</i>						
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
	C. Sleepers, and sleeper bars, other than cast iron—					
	(i) of British manufacture*	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture*	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	D. Spikes (other than dog-spikes) and tie-bars—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 39 per ton.	....	....	March 31st, 1941.
	E. Dog spikes—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus 7 annas per cwt.; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 2-15-0 per cwt.	....	....	March 31st, 1941.
	F. Gibs, cotters, keys (including—tapered key bars), distance pieces and other fastenings for use with iron or steel sleepers—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus 7 annas per cwt.; or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 2-15-0 per cwt.	....	....	March 31st, 1941.
63(22)	IRON OR STEEL RAILWAY TRACK MATERIALS not otherwise specified, including bearing plates, cast iron sleepers and lever boxes.	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(23)	IRON OR STEEL TRAMWAY TRACK MATERIALS not otherwise specified, including rails, fish-plates, tie-bars, switches, crossings and the like materials of shapes and sizes specially adapted for tramway tracts.	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(24)	IRON OR STEEL BARBED OR STRANDED WIRE AND WIRE ROPE.	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....
63(25)	IRON OR STEEL WIRE, other than barbed or stranded wire, wire rope or wire netting; and iron or steel wire nails—					
	(i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 25 per ton.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 60 per ton.	....	....	March 31st, 1941.
63(26)	IRON OR STEEL (other than bar or rod) specially designed for the reinforcement of concrete.	Preferential revenue.	20 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i>.	....	....

* 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.

† The rate of excise duty on the 1st January, 1937, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—<i>contd.</i>						
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
63(27)	IRON OR STEEL, the original material (but not including machinery) of any ship or other vessel intended for inland or harbour navigation which has been assembled abroad, taken to pieces and shipped for reassembly in India— (i) of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(ii) not of British manufacture	Protective ..	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 27-8-0 per ton; or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	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.†	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
63(29)	ENAMELLED IRONWARE, the following, namely—					
	(a) Sign-boards	Preferential revenue.	30 per cent. <i>ad valorem</i> or four and a half annas per square foot, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(b) Domestic hollow-ware, the following, namely, basins, bowls, dishes, plates and thalys, including rice-cups, rice-bowls and rice-plates—					
	(i) having no diameter exceeding 19 centimetres.	Preferential revenue.	30 per cent. <i>ad valorem</i> or per dozen four annas plus one anna for every two centimetres or part thereof by which any diameter exceeds 11 centimetres, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
	(ii) having any diameter exceeding 19 centimetres.	Preferential revenue.	30 per cent. <i>ad valorem</i> or per dozen eight annas plus two annas for every two centimetres or part thereof by which any diameter exceeds 19 centimetres, whichever is higher.	20 per cent. <i>ad valorem</i>.	....	....
64	COPPER, WROUGHT, AND MANUFACTURES OF COPPER, all sorts not otherwise specified ..	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
64(1)	COPPER, SCRAP	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
65	GERMAN SILVER, including nickel silver ..	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
	<i>Tariff value—</i>					
	Per cwt.					
	Rs. a p.					
	German silver including nickel		24 0 0			
	silver, old. .. .. .		.. .. .	
66	ALUMINIUM—CIRCLES, SHEETS AND OTHER MANUFACTURES not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
	<i>Tariff values—</i>					
	Per lb.					
	Rs. a p.					
	Aluminium circles		0 9 0			
	Aluminium sheets, plain		0 8 6			
66(1)	UNWROUGHT INGOTS, BLOCKS AND BARS OF ALUMINIUM.	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
67	LEAD, wrought—the following articles, namely, pipes and tubes and sheets other than sheets for tea chests.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
67(1)	LEAD SHEETS FOR TEA CHESTS	Revenue ..	25 per cent. <i>ad valorem</i>.	....	....	....
68	ZINC OR SPELTER, wrought or manufactured, not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
68(1)	ZINC, unwrought, including cakes, ingots, tiles (other than boiler tiles), hard or soft slabs and plates, dust, dross and ashes; and broken zinc.	....	Free .. .. .	....	....	....
69	TIN, BLOCK	Revenue ..	Rs. 312-8 per ton. ..	....	....	....
70	BRASS, BRONZE AND SIMILAR ALLOYS, wrought, and manufactures thereof not otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....

* The rate of excise duty on the 1st January, 1937, 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 billets are exempt from so much of the customs duty as is in excess of the excise duty leviable for the time being on steel ingots produced in British India. The rate of excise duty on the 1st January, 1937, and until further notice is Rs. 4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XV—<i>contd.</i>						
BASE METALS AND ARTICLES MADE THEREFROM—<i>contd.</i>						
0(1)	ALL SORTS OF METALS OTHER THAN IRON AND STEEL, and manufactures thereof, not otherwise specified.*	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>					
	Cupro-nickel bullet cases, old	Per cwt. Rs. a. p. 30 8 0				
	Quicksilver	Per lb. 2 6 0				
1	HARDWARE, IRONMONGERY AND TOOLS, all sorts not otherwise specified, including incandescent mantles but excluding machine tools and agricultural implements.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
	<i>Tariff value—</i>	Per gross. Rs. a. p. 0 8 0				
1(1)	THE FOLLOWING HARDWARE, IRONMONGERY AND TOOLS, namely, agricultural implements not otherwise specified, buckets of tinned or galvanized iron, and pruning-knives.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
1(2)	CUTLERY, all sorts not otherwise specified	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
1(3)	METAL FURNITURE AND CABINETWARE	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
1(4)	PRINTING TYPE	Revenue	One anna and three pies per lb.	....	....	....
1(5)	THE FOLLOWING PRINTING MATERIALS, namely, leads, brass rules, wooden and metal quins, shooting sticks and galleys and metal furniture	Revenue	2½ per cent. <i>ad valorem</i>.	....	....	....
1(6)	RACKS FOR THE WITHERING OF TEA LEAF	Revenue	2½ per cent. <i>ad valorem</i>.	....	....	....
SECTION XVI.						
MACHINERY AND APPARATUS; ELECTRICAL MATERIAL.						
2	MACHINERY, namely, such of the following articles as are not otherwise specified:— (a) prime-movers, boilers, locomotive engines and tenders for the same, portable engines (including power-driven road rollers, fire engines and tractors), and other machines in which the prime-mover is not separable from the operative parts; (b) machines and sets of machines to be worked by electric, steam, water, fire or other power, not being manual or animal labour, or which before being brought into use require to be fixed with reference to other moving parts; (c) apparatus and appliances, not to be operated by manual or animal labour, which are designed for use in an industrial system as parts indispensable for its operation and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose; (d) control gear, self-acting or otherwise, and transmission-gear designed for use with any machinery above specified, including belting of all materials (other than cotton, hair and canvas ply) and driving chains, but excluding driving ropes not made of cotton; (e) bare hard-drawn electrolytic copper wires and cables and other electrical wires and cables, insulated or not, and poles, troughs, conduits and insulators designed as parts of a transmission system, and the fittings thereof. <i>Note.</i> —The term 'industrial system' used in sub-item (c) means an installation designed to be employed directly in the performance of any process or series of processes necessary for the manufacture, production or extraction of any commodity.	Revenue	10 per cent. <i>ad valorem</i>.	....	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, radium is exempt from payment of import duty.

† 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 are also liable to duty at 2½ per cent. *ad valorem*.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, cotton pulpers are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XVI—<i>contd.</i>						
MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—<i>contd.</i>						
72(1)	THE FOLLOWING TEXTILE MACHINERY AND APPARATUS by whatever power operated, namely, heads, head cords and head 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; head knitting machines; dobbie 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. <i>ad valorem.</i>	....	....	....
72(2)	PRINTING AND LITHOGRAPHIC MATERIAL, namely, presses, lithographic plates, composing sticks, chases, imposing tables, lithographic stones, stereo-blocks, wood blocks, half-tone blocks, electrotypes blocks, process blocks and highly polished copper or zinc sheets specially prepared for making process blocks, roller moulds, roller frames and stocks, roller composition, lithographic nap rollers, standing screw and hot presses, perforating machines, gold blocking presses, galley presses, proof presses, arming presses, copper-plate printing presses, rolling presses, ruling machines, ruling pen making machines, lead cutters, rule cutters, slug cutters, type casting machines, type setting and casting machines, paper in rolls with side perforations to be used after further perforation for type-casting, rule bending machines, rule mitreing machines, bronzing machines, stereotyping apparatus, paper folding machines, paging machines but excluding ink and paper.†	Revenue	10 per cent. <i>ad valorem.</i>	....	....	....
72(3)	COMPONENT PARTS OF MACHINERY as defined in Items Nos. 72, 72(1) and 72(2), namely, such parts only as are essential for the working of the machine or apparatus and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose: Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the machine to which they belong if they are essential to its operation and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable.	Revenue	10 per cent. <i>ad valorem.</i>	....	....	....
72(4)	PASSENGER LIFTS AND COMPONENT PARTS AND ACCESSORIES THEREOF	Revenue	25 per cent. <i>ad valorem.</i>	....	....	....
72(5)	DOMESTIC REFRIGERATORS	Preferential revenue.	30 per cent. <i>ad valorem.</i>	20 per cent. <i>ad valorem.</i>	....	....
72(6)	MACHINERY AND COMPONENT PARTS THEREOF, meaning machines or parts of machines to be worked by manual or animal labour, not otherwise specified, and any machines (except such as are designed to be used exclusively in industrial processes) which require for their operation less than one-quarter of one brake-horse-power.	Preferential revenue.	30 per cent. <i>ad valorem.</i>	20 per cent. <i>ad valorem.</i>	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, the following textile machinery and apparatus, namely, (1) ground stamping machines, (2) automatic hand repeating machines (3) pattern cutting machines, (4) cloth analysis machines, (5) hand card punches, (6) Jacquard harness linen cords and (7) automatic weaver knotters are also 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, as amended subsequently, the following printing machinery and apparatus, namely, composing racks and cases, composing cabinets, die-stamping machines, galley racks, embossing machines, graining machines, furniture cases and racks, line-up register tables, book sewing machines and cloth stripping machines are liable to duty at 10 per cent. *ad valorem.*

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XVI—<i>contd.</i>						
MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—<i>contd.</i>						
72(7)	WATER-LIFTS, SUGAR-MILLS, SUGAR CENTRIFUGES, SUGAR PUG MILLS, OIL-PRESSES, AND PARTS THEREOF, when constructed so that they can be worked by manual or animal power and pans for boiling sugar-cane juice.	....	Free	....	....	....
72(8)	THE FOLLOWING AGRICULTURAL IMPLEMENTS, namely, winnowers, threshers, mowing and reaping machines, binding machines, elevators, seed and corn crushers, chaff-cutters, root-cutters, ensilage-cutters, horse and bullock gear, ploughs, cultivators, scarifiers, harrows, clod-crushers, seed-drills, hay-tedders, hay presses, potato-diggers, latex spouts, spraying machines, powder-blowers, white-ant exterminating machines, beet pullers, broadcast seeders, corn pickers, corn shellers, culti-packers, drag scrapers, stalk cutters, huskers and shredders, potato planters, lime sowers, manure spreaders, listers, soil graders, and rakes; also agricultural tractors, also component parts of these implements, machines or tractors, provided that they can be readily fitted into their proper places in the implements, machines or tractors for which they are imported, and that they cannot ordinarily be used for purposes unconnected with agriculture.*	....	Free	....	....	....
72(9)	THE FOLLOWING DAIRY AND POULTRY FARMING APPLIANCES, namely, cream separators, milking machines, milk sterilizing or pasteurizing plant, milk aerating and cooling apparatus, churns, butter dryers, butter workers, milk-bottle fillers and cappers, apparatus specially designed for testing milk and other dairy produce, and incubators; also component parts of these appliances, provided that they can be readily fitted into their proper places in the appliances for which they are imported, and that they cannot ordinarily be used for other than dairy and poultry farming purposes.†	....	Free	....	....	....
78	ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, not otherwise specified, excluding telegraphic and telephonic.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
78(1)	THE FOLLOWING ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, namely:— Electrical Control Gear and Transmission Gear, namely, switches (excluding switch-boards), fuses and current-breaking devices of all sorts and descriptions, designed for use in circuits of less than ten amperes and at a pressure not exceeding 250 volts; and regulators for use with motors designed to consume less than 187 watts; bare or insulated copper wires and cables, any one core of which, not being one specially designed as a pilot core, has a sectional area of less than one-eightieth part of a square inch, and wires and cables of other metals of not more than equivalent conductivity; and line insulators, including also cleats, connectors, leading-in tubes and the like, of types and sizes such as are ordinarily used in connection with the transmission of power for other than industrial purposes, and the fittings thereof but excluding electrical earthenware and porcelain otherwise specified.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, the following agricultural machines and implements, namely, flame throwers for attachment to spraying machines designed for the extermination of locusts, and latex cups, are exempt from payment of import duty.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, (1) dairy appliances, excluding transport containers and articles included in this item, provided they are specially designed as dairy appliances and for use for milking the cow or for any subsequent process carried out in the dairy in connection with milk, cream, butter or cheese and (2) component parts of such dairy appliances, provided they can be readily fitted into their proper places in the appliances for which they are imported and they cannot ordinarily be used for other than dairy purposes, are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XVI—<i>concl.</i>						
MACHINERY AND APPARATUS: ELECTRICAL MATERIAL—<i>concl.</i>						
73(2)	THE FOLLOWING ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, namely, telegraphic and telephonic instruments, apparatus and appliances not otherwise specified, flash lights, carbons, condensers, and bell apparatus, and switch-boards designed for use in circuits of less than ten amperes and at a pressure not exceeding 250 volts.* † ‡	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
73(3)	TELEGRAPHIC INSTRUMENTS AND APPARATUS AND PARTS THEREOF, imported by, or under the orders of a Railway Administration.	Revenue	15½ per cent. <i>ad valorem</i>.	.....	.....	.....
73(4)	WIRELESS RECEPTION INSTRUMENTS AND APPARATUS AND COMPONENT PARTS THEREOF, including all electric valves, amplifiers and loud speakers which are not specially designed for purposes other than wireless reception or are not original parts of and imported along with instruments or apparatus so designed.*	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i>.	.....	.....
73(5)	ELECTRICAL EARTHENWARE AND PORCELAIN, the following, namely:—					
	(a) Insulators, Shackle, Sinclair, Cordeaux or Pin-type, not otherwise specified—					
	(i) fitted	Preferential revenue.	30 per cent. <i>ad valorem</i> or Re. 1·2 per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	.....	.....
	(ii) not fitted	Preferential revenue.	30 per cent. <i>ad valorem</i> or fourteen annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	.....	.....
	(b) Two-way cleats	Preferential revenue.	30 per cent. <i>ad valorem</i> or four annas per gross of pairs, whichever is higher.	20 per cent. <i>ad valorem</i>.	.....	.....
	(b) Spacing Insulators	Preferential revenue.	30 per cent. <i>ad valorem</i> or two annas per gross, whichever is higher.	20 per cent. <i>ad valorem</i>.	.....	.....
	(d) Ceiling roses—					
	(i) fitted	Preferential revenue.	30 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	.....	.....
	(ii) not fitted	Preferential revenue.	30 per cent. <i>ad valorem</i> or eight annas per dozen, whichever is higher.	20 per cent. <i>ad valorem</i>.	.....	.....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, the following wireless apparatus is liable to duty at 2½ per cent. *ad valorem*:—

- (i) Apparatus for wireless reception (excluding apparatus specially designed for the reception of broadcast wireless and apparatus of the description specified in clause (ii) and component parts of such apparatus, when imported under cover of (a) a certificate issued by the Director-General of Posts and Telegraphs to the effect that he is satisfied that the apparatus will not be used for the reception of broadcast wireless or (b) a certificate to the same effect issued by the Officer commanding Aircraft Depot Royal Air Force (India), if the apparatus is imported by the Royal Air Force, and by the following officers, if imported for the Army:—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; at Rangoon, by the Assistant Embarkation Supply and Stores Officer at the 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 the 22nd June, 1935, telegraphic instruments and apparatus and parts thereof imported for supply from bond for use of a Railway Administration are liable to duty at 15½ per cent. *ad valorem*, provided that, (i) at the time of delivering the bill of entry for warehousing a declaration is made thereon by the importer to the effect that the goods have been imported for supply from bond for the use of a Railway Administration; and (ii) a certificate clearance out of bond that the goods in question are not in ready guaranteed stock, but will be definitely appropriated for the use of such Railway on clearance from bond.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, carbon blocks such as are ordinarily used for the manufacture of carbon brushes for electrical motors and generators are liable to duty at 15 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
	SECTION XVI—<i>contd.</i>					
	MACHINERY AND APPARATUS; ELECTRICAL MATERIAL—<i>contd.</i>					
	(e) Joint-box cut-outs— ..					
	(i) fitted	Preferential revenue.	30 per cent. <i>ad valorem</i> or eight annas per dozen, whichever is higher.	20 per cent. <i>ad valorem.</i>	....	....
	(ii) not fitted	Preferential revenue.	30 per cent. <i>ad valorem</i> or six annas per dozen, whichever is higher.	20 per cent. <i>ad valorem.</i>	....	....
73(6)	RUBBER-INSULATED COPPER WIRES AND CABLES, no core of which, other than one specially designed as a pilot core, has a sectional area of less than one-eightieth part of a square inch, whether made with any additional insulating or covering material or not.	Revenue	6½ per cent. <i>ad valorem.</i>	....	....	....
	SECTION XVII.					
	TRANSPORT MATERIAL.					
74	COAL TUBS, TIPPING WAGONS AND THE LIKE CONVEYANCES designed for use on light rail track, if adapted to be worked by manual or animal labour and if made mainly of iron or steel; and component parts thereof made of iron or steel—					
	(a) of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India;* or 10 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
	(b) not of British manufacture	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton; or 20 per cent. <i>ad valorem</i> , whichever is higher.	....	....	March 31st, 1941.
74(1)	TRAMCARS AND COMPONENT PARTS AND ACCESSORIES THEREOF.	Revenue	25 per cent. <i>ad valorem.</i>	....	....	....
74(2)	RAILWAY MATERIALS FOR PERMANENT-WAY AND ROLLING-STOCK, namely, sleepers, other than iron and steel, and fastenings therefor; bearing plates, chairs, interlocking apparatus, brake-gear, shunting skids, couplings and springs, signals, turntables, weigh-bridges, carriages, wagons, traversers, rail removers, scooters, trolleys, trucks; also cranes, water-cranes and water tanks when imported by or under the orders of a railway administration:	Revenue	15½ per cent. <i>ad valorem.</i>	....	....	....
	Provided that for the purpose of this entry 'railway' means a line of railway subject to the provisions of the Indian Railways' Act, 1890, and includes a railway constructed in a State in India and also such tramways as the Governor General in Council may, by notification in the <i>Gazette of India</i> , specifically include therein:					
	Provided also that articles of machinery as defined in Item No. 72 or No. 72(3) shall not be deemed to be included hereunder.					
74(3)	COMPONENT PARTS OF RAILWAY MATERIALS, as defined in item No. 74(2), namely, such parts only as are essential for the working of railways and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose:	Revenue	15½ per cent. <i>ad valorem.</i>	....	....	....
	Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the railway material to which they belong, if they are essential to its operation and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable.					
75	CONVEYANCES not otherwise specified and component parts and accessories thereof; also motor vans and motor lorries imported complete.	Revenue	25 per cent. <i>ad valorem.</i>	....	....	....

* The rate of excise duty on the 1st January, 1937, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XVII—<i>contd.</i>						
TRANSPORT MATERIAL—<i>contd.</i>						
75(1)	MOTOR CARS including taxi cabs and articles (other than rubber tyres and tubes) adapted for use as parts and accessories thereof, provided that such articles as are ordinarily also used for other purposes than as parts and accessories of motor vehicles included in this item or in Items Nos. 75(2) and 75(3) shall be dutiable at the rate of duty specified for such articles.	Preferential revenue.	37½ per cent. <i>ad valorem</i> .	30 per cent. <i>ad valorem</i>.	.....	.....
75(2)	MOTOR CYCLES AND MOTOR SCOOTERS AND ARTICLES (other than rubber tyres and tubes) adapted for use as parts and accessories thereof except such articles as are also adapted for use as parts and accessories of motor cars.	Revenue	37½ per cent. <i>ad valorem</i>.	.....	.....	.....
75(3)	MOTOR OMNIBUSES; chassis of motor omnibuses, motor vans and motor lorries; and parts of mechanically propelled vehicles and accessories not otherwise specified, excluding rubber tyres and tubes and such parts and accessories of motor vehicles included in this item as are also adapted for use as parts and accessories of motor cars.	Preferential revenue.	25 per cent. <i>ad valorem</i> .	17½ per cent. <i>ad valorem</i>.	.....	.....
75(4)	CARRIAGES AND CARTS which are not mechanically propelled, not otherwise specified, and cycles (other than motor cycles) imported entire or in sections and parts and accessories thereof; excluding rubber tyres and tubes.	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	.....	.....
76	AEROPLANES, aeroplane parts, aeroplane engines, aeroplane engine parts and rubber tyres and tubes used exclusively for aeroplanes.*	Revenue	2½ per cent. <i>ad valorem</i>.	.....	.....	.....
76(1)	SHIPS AND OTHER VESSELS FOR INLAND AND HARBOUR NAVIGATION, including steamers, launches, boats and barges imported entire or in sections: Provided that articles of machinery as defined in Item No. 72 or No. 72(3) shall, when separately imported, not be deemed to be included hereunder.	Revenue	15½ per cent. <i>ad valorem</i>.	.....	.....	.....
76(2)	LIGHT SHIPS .. .. .	.....	FREE .. .. .	.....	.....	.....
76(3)	FURNITURE TACKLE AND APPAREL, not otherwise described, for steam-sailing, rowing and other vessels.	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
SECTION XVIII.						
SCIENTIFIC AND PRECISION INSTRUMENTS AND APPARATUS; WATCH-MAKERS' AND CLOCKMAKERS' WARES; MUSICAL INSTRUMENTS.						
77	INSTRUMENTS, apparatus and appliances other than electrical, all sorts not otherwise specified, including photographic, scientific, philosophical and surgical.†	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	.....	.....
77(1)	INSTRUMENTS, apparatus and appliances, imported by a passenger as part of his personal baggage and in actual use by him in the exercise of his profession or calling.	.....	Free .. .. .	.....	.....	.....
77(2)	OPTICAL INSTRUMENTS, apparatus and appliances.	Revenue	25 per cent. <i>ad valorem</i>.	.....	.....	.....
78	CLOCKS AND WATCHES AND PARTS THEREOF ..	Revenue	50 per cent. <i>ad valorem</i>.	.....	.....	.....
79	MUSICAL INSTRUMENTS AND PARTS THEREOF, all sorts not otherwise specified.	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i>.	.....	.....
79(1)	THE FOLLOWING MUSICAL INSTRUMENTS, namely, complete organs and harmoniums and records for talking machines.	Revenue	50 per cent. <i>ad valorem</i>.	.....	.....	.....

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, (1) aircraft (other than aeroplanes) such as autozyros, airships, and the like; their parts, their engines, and parts of such engines and (2) aircraft materials, such as dope, 3-ply wood, duralumin sheets and fabric which have been given for use as aircraft materials some special shape or quality which would not be essential for their use for any other purpose are liable to duty at 2½ per cent. *ad valorem*.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, photo-litho films are liable to duty at 10 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION 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 Governor General in Council may, by notification in the <i>Gazette of India</i> , declare to be ammunition or military stores for the purposes of this Act.*	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
80(1)	SUBJECT to the exemptions specified in Item No. 80 (3)—Firearms, including gas and air guns, gas and air rifles and gas and air pistols, not otherwise specified, but excluding parts and accessories thereof.*	Preferential revenue.	Rs. 18-12 each plus 10 per cent. <i>ad valorem</i> , or 50 per cent. <i>ad valorem</i> , whichever is higher.	Rs. 18-12 each or 40 per cent. <i>ad valorem</i> , whichever is higher.	....	....
80(2)	SUBJECT to the exemptions specified in Item No. 80 (3)—					
	(a) Barrels, whether single or double, for firearms, including gas and air guns, gas and air rifles, and gas and air pistols, not otherwise specified.	Revenue	Rs. 18-12 each	} or 37½ per cent. <i>ad valorem</i> whichever is higher, plus 12½ per cent. <i>ad valorem</i>.	....	....
	(b) Main springs and magazine springs for firearms, including gas guns, gas rifles and gas pistols.	Revenue	Rs. 6-4 each		....	....
	(c) Gun stocks and breech blocks	Revenue	Rs. 3-12 each		....	....
	(d) Revolver cylinders, for each cartridge they will carry.	Revenue	Rs. 2-8 each		....	....
	(e) Actions (including skeleton and waster), breech bolts and their heads, cocking pieces, and locks for muzzle loading arms.	Revenue	Rs. 1-4 each		....	....
	(f) Machines for making, loading, or closing cartridges for rifled arms.	Revenue	50 per cent. <i>ad valorem</i>.		....	....
	(g) Machines for capping cartridges for rifled arms.	Revenue	50 per cent. <i>ad valorem</i>.	....	....
80(3)	THE FOLLOWING ARMS, AMMUNITIONS AND MILITARY STORES:—	....	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 Government of India 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.†					

* 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.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, .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—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	
SECTION XIX—<i>contd.</i>						
ARMS AND AMMUNITION—<i>contd.</i>						
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 <i>daks</i> intended exclusively for domestic, agricultural and industrial purposes.	Revenue	25 per cent. <i>ad valorem</i>.	....	....	...
81	CARTRIDGE CASES, filled and empty	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i>.	....	...
SECTION XX.						
MISCELLANEOUS GOODS AND PRODUCTS NOT ELSEWHERE INCLUDED.						
82	CORAL, prepared	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
82(1)	IVORY, manufactured, not otherwise specified.	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
82(2)	BANGLES AND BEADS, not otherwise specified.	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
	<i>Tariff values—</i>	Per doz. pairs.				
	Celluloid bangles—	Rs. a. p.				
	(1) Plain, flat, with border or without border or grooved, but excluding multiple borders or grooves—of width not over $\frac{1}{2}$ inch but not under $\frac{1}{4}$ inch.	0 10 0				
	(2) Rubber rings excluding coils.	0 1 6				
	(3) Zigzag, all colours	0 1 2				
83	BRUSHES, all sorts	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
84	TOYS, games, playing cards and requisites for games and sports, bird shot, toy cannons, air guns and air pistols for the time being excluded in any part of British India from the operation of all the prohibitions and directions contained in the Indian Arms Act, 1878, and bows and arrows.	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i>.	....	..
	<i>Tariff values—</i>	Per cwt.				
	Bird shot	Rs. a. p.				
		25 0 0				
	Tennis balls	Per dozen.				
		7 8 0				
85	BUTTONS, metal	Preferential revenue.	30 per cent. <i>ad valorem</i> .	20 per cent. <i>ad valorem</i>.	....	....
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.*	Preferential revenue.	50 per cent. <i>ad valorem</i> .	40 per cent. <i>ad valorem</i>.	....	....
SECTION XXI.						
WORKS OF ART AND ARTICLES FOR COLLECTIONS.						
86	PRINTS, ENGRAVINGS AND PICTURES (including photographs and picture post cards), not otherwise specified.†	Revenue	50 per cent. <i>ad valorem</i>.	....	....	....
86(1)	ART, works of, not otherwise specified	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....
86(2)	ART, the following works of:—(1) statuary and pictures intended to be put up for the public benefit in a public place, and (2) memorials of a public character intended to be put up in a public place, including the materials used, or to be used in their construction, whether worked or not.	....	Free	....	....	....
86(3)	SPECIMENS, MODELS AND WALL DIAGRAMS illustrative of natural science, and medals and antique coins.†	....	Free	....	....	....
86(4)	POSTAGE STAMPS, whether used or unused	....	Free	....	....	....
SECTION XXII.						
ARTICLES NOT OTHERWISE SPECIFIED.						
87	ALL OTHER ARTICLES not otherwise specified, including articles imported by post.‡	Revenue	25 per cent. <i>ad valorem</i>.	....	....	....

* The rate of excise duty on the 1st January, 1937, and until further notice is Re. 1-8 per lighter.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, wall pictures and diagrams such as are ordinarily used for instructional purposes are exempt from payment of import duty.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, unmanufactured mica and wreaths imported for being placed on graves are exempt from payment of import duty and stereo-fong 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 BIMALIPATAM 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, bagging for raw cotton made from cadis rove or from rove containing, in addition to cadis or other material not subject to export duty, not more than 15 per cent. jute weighing not less than 1½ lbs. per square yard and having a total of not more than 140 single or double warp and weft threads per square yard, is exempt from payment of export duty, and bagging for raw cotton made from jute rove (excluding bagging specified above as exempt from payment of export duty), weighing not less than 1½ lbs. per square yard and having a total of not more than 250 warp and weft threads per square yard, is liable to export duty at Rs. 5·8 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, jute rags such as are used for paper making are exempt from payment of export duty provided that the Customs Collector is satisfied that they are useless for any purpose to which cloth or rope is ordinarily put.

‡ There is no entry bearing Item No. 3.

Report for the Year 1936.

Section IV.

**SPEECH OF THE FINANCE MEMBER
ON
INTRODUCTION OF BUDGET FOR 1937-38.**

SPEECH BY THE HON'BLE FINANCE MEMBER ON INTRODUCING
THE BUDGET PROPOSALS FOR 1937-38.

1. In my two previous Budget speeches I have had to tell a story of good fortune, of expectations more than realised, of reductions of taxation and of grants for various kinds of development. To-day I have a different kind of story to tell, a story of disappointment, and of unexpected difficulties super-imposed upon those which we expected and had braced ourselves to bear. Nevertheless the story will, I hope, show that the difficulties can be surmounted with little hardship or even inconvenience and that being so, the confidence in the future which I have hitherto expressed need only be tempered and certainly not abandoned.

Having thus aroused your curiosity I will proceed at once to the first of my three tasks, viz., that of resurrecting a financial year which has been for a long while dead.

FINANCIAL YEAR 1935-36.

2. When I presented the budget a year ago I anticipated a surplus of Rs. 1,97 lakhs for the year ending the 31st March 1936 and this I asked the House to transfer to a Revenue Reserve Fund to help out the finances of 1937-38, the first year of Provincial Autonomy. This carry-forward has turned out to be Rs. 1,84 lakhs or Rs. 13 lakhs less than we expected. There were improvements of Rs. 27 lakhs under Taxes on Income and there was an increase of Rs. 16 lakhs under interest receipts combined with a saving of Rs. 13 lakhs under interest payments. There were also miscellaneous increases of receipts amounting to Rs. 19 lakhs but all these improvements were more than swallowed up by decreases of Rs. 27 lakhs under Salt and of Rs. 61 lakhs under Customs. The former was due to postponement of clearances at the end of the year. This usually happens when there is an expectation of a reduction in the rate of duty but in this case the expectation was singularly ill-founded for it was based on nothing more than what I may perhaps without undue disrespect call one of the more optimistic votes given by the Party opposite. Of the recession under Customs no less than Rs. 36 lakhs was attributable to the sugar import duty alone and this heavy deterioration represented a complete reversal in the last two or three months of the financial year of the tendencies which had been in vogue in the earlier months. I would remind Hon'ble Members that I drew their attention to it during the debates on the Finance Bill, when I said "We now have 11 months' figures to go on and to give only one example, the receipts from the sugar import duty in February were only Rs. 5 lakhs whereas the corresponding figure for the year before was something over Rs. 20 lakhs, I believe, and it is now quite clear that we have overshot the mark in the revised estimates for the yield of sugar import duty."

The striking decline in the volume of sugar imports was accompanied by some diminution in the general import trade, and particularly the trade in the more highly dutiable commodities. The putting into effect of sanctions against imports from Italy must have contributed something to this unfavourable result. At the same time imports of silver began to show a marked increase, a diversion of India's purchasing power into a channel which, at any rate from the revenue point of view, is comparatively sterile and unprofitable, since the incidence of the duty on these imports is much lower than on imports of merchandise.

FINANCIAL YEAR 1936-37.

3. The tendencies which disclosed themselves in February and March certainly did not disappear with the end of the financial year but were an only too accurate presage of what was to come in 1936-37. The revised forecast for that year shows, instead of a surplus of Rs. 6 lakhs, a deficit of Rs. 1,97 lakhs. There is an excess of Rs. 25 lakhs in

Excluding Railways, the figures are as follows :—

				(Rs. lakhs.)	
				Budget, 1936-37.	Revised, 1936-37.
Revenue	..	..	..	83,14	81,36
Expenditure	..	..	..	83,08	83,33
				<hr/>	<hr/>
		Surplus	..	6	Deficit .. 1,97
				<hr/>	<hr/>

Hon'ble Members will find the estimates set out in detail in the Financial Secretary's memorandum but I shall naturally be expected to supplement the figures with a few explanations.

Revenue.

4. To turn first to Revenue. The main elements in the total deterioration of Rs. 1,78 lakhs are as follows :—

Deficits of Rs. 2,16 lakhs, Rs. 37 lakhs and Rs. 28 lakhs under Customs, Income Tax and Currency, respectively and Improvements of Rs. 41 lakhs, Rs. 37 lakhs and Rs. 10 lakhs under Central Excises, Miscellaneous and Salt.

5. *Customs.*—As I have just indicated we now expect a short fall of Rs. 2,16 lakhs. There are two large surpluses, viz., Silver Rs. 1,53 lakhs and Artificial Silk Piecegoods Rs. 55 lakhs but in practically every other commodity there has been a decline. Sugar Rs. 1,45 lakhs, British piecegoods Rs. 75 lakhs, Metals other than iron and steel Rs. 40 lakhs, while the large number of smaller deficits over the remainder of the field add up to nearly Rs. 1½ crores.

The extremely heavy fall in the receipts from imported sugar tells its own tale, but I cannot refrain from pointing out the justification which this affords for my refusal in the last two years to commit myself to a programme of remissions of taxation on the strength of the more or less indefinite continuance of this source of revenue. As regards British piecegoods, it is clear that the exaggerated apprehensions that were expressed in certain quarters when the recommendation of the Tariff Board was accepted were unfounded. In spite of the reduction in the duty the U. K. products have not so far succeeded in recapturing any part of the markets which they held till comparatively recently, and the prices have remained largely beyond the reach of the Indian purchaser. The decrease in the import of metals reflects the enhanced European demand for rearmament purposes, which, together with the inevitable rise in prices, has restricted delivery of supplies to India. The contraction in other fields of our import trade may also be ascribed in part to the difficulty and uncertainty which attends the fulfilment of orders for manufactured goods from Europe. I have already mentioned the effect of the sanctions against Italy, the imports from which completely ceased for some months and are still only slowly being resumed. Another reason for the weakening of the import trade may perhaps be sought in the effect of the rural indebtedness measures passed in various provinces: these have, for the moment at any rate produced a contraction of credit and reduced the expenditure of the cultivator especially on ceremonial occasions, and his purchases of dutiable goods. Finally, I am prepared to admit that our estimates may have been pitched too high, and that in our efforts to turn the flank of the accusations of deliberate under-budgetting which have been so plentifully thrown at us we may have advanced somewhat too far.

6. I will now comment briefly on the variations in some of the other heads of Revenue.

(i) *Taxes on Income.*—The deterioration of Rs. 37 lakhs under this head is due in the main to two causes. The first is a decline in income-tax receipts from sugar manufacturing companies. The establishment of an unnecessarily large number of sugar factories in certain areas has inevitably led to price-cutting, started primarily by companies which owing

to financial or climatic reasons were unable to hold stocks. This has entailed a considerable reduction in the profits of the industry as a whole. The other cause is the fall in the profits of money-lenders. Provincial Rural Indebtedness Acts while improving the position of the debtor have reduced recoveries and made the lender less willing to make further advances so that there has been a falling off both as regards his rate of profit and as regards his volume of business.

(ii) *Currency*.—The variation here is due to a decrease of Rs. 29 lakhs in the Government share of the Reserve Bank's profits owing to the low yield obtainable on the somewhat restricted types of security, in which alone the Bank is allowed by law to invest its assets.

(iii) *Central Excise Duties*.—The rapid attainment of self-sufficiency in sugar is responsible for an increase of Rs. 35 lakhs under sugar excise but this is of course greatly outweighed by the heavy fall in customs duty.

(iv) *Miscellaneous*.—The increase of Rs. 37 lakhs under Miscellaneous includes Rs. 24 lakhs on account of Post Office Cash Certificates issued prior to 1923 and Rs. 10 lakhs of gain on exchange. In future the amounts of any Cash Certificates unclaimed for more than 3 years after maturity will be credited to revenue. Of course if certificates are subsequently presented they will be paid and there will be a corresponding debit to revenue.

Expenditure.

7. I now turn to expenditure where the revised forecast shows a net increase of Rs. 25 lakhs over our original estimates. Owing to heavier discharges of Post Office Cash Certificates Interest Charges are expected to be Rs. 46 lakhs up. For the rest there are a number of savings under Civil Administration and Civil Works which together add up to Rs. 20 lakhs or so. The more important of these are the underspendings on the provision for the Delhi refuse and sewage disposal schemes.

Defence.

8. On Defence I must as usual elaborate somewhat.

The estimate for the year was Rs. 44,85 lakhs ordinary expenditure *plus* Rs. 60 lakhs for Quetta or a total of Rs. 45,45 lakhs. In the ordinary budget the Revised Estimates reveal the following variations :—

There have been underspendings totalling Rs. 65 lakhs in all. Most of these are very small—the only items of note being Rs. 9 lakhs on account of the absence of troops from India and Rs. 12 lakhs owing to the effects of the " War Block " scheme having been more rapid than was expected. On the other hand there have been excesses amounting to Rs. 33 lakhs—the bulk of this being due to increased demands for stores—and a number of minor new and unforeseen expenditures adding up to Rs. 15½ lakhs. Then we have had to provide Rs. 11¼ lakhs for the Waziristan operations and in the final analysis underspending has been no more than Rs. 5½ lakhs and this is the amount which we expect to lapse to the Defence Reserve Fund.

During the year in addition to the Rs. 5½ lakhs mentioned above sums of Rs. 33 lakhs representing contributions to military equalisation funds and Rs. 45 lakhs representing postponed liabilities will be deposited in the fund.

As regards expenditure on Quetta about Rs. 50 lakhs will have actually been spent on reconstruction work, etc., and Rs. 10 lakhs will be carried forward to meet further expenditure on this account in 1937-38. This latter figure of Rs. 10 lakhs is included in the sum of Rs. 45 lakhs which I have just mentioned above.

Posts and Telegraphs.

9. To round off my survey of the current year I say a few words about Posts and Telegraphs. The revised forecast provides for a surplus of Rs. 8 lakhs as against a nominal surplus of Rs. 1 lakh anticipated in the original budget. This is the result of savings of Rs. 12 lakhs under working expenses and Rs. 1 lakh under interest charges and a deterioration of Rs. 6 lakhs under receipts. The saving under working expenses is due partly to economies in expenditure and partly because certain claims from other departments did not materialise. The Revised estimate of receipts takes into account a refund of about Rs. 9 lakhs to Provincial Governments on account of their share of unified stamps for the years 1930-31 to 1933-34.

The revenue and expenditure figures are :—

					(Rs. lakhs.)	
					Budget,	Revised,
					1936-37.	1936-37.
Gross receipts	..	..	..	..	11,74	11,68
Working expenses	..	..	..	..	10,93	10,81
					81	87
Net receipts	..	..	..	..	81	87
Interest charges	..	..	..	..	80	79
					1	8
			Surplus	..	1	8

Position as at 31st March 1937.

10. So, on the basis of these figures the position is that we are faced with a deficit of Rs. 1,97 lakhs in the current year. This represents a considerable falling off from our hopes of a year ago and it is bound to make us re-examine with some care the foundations on which the Niemeyer proposals for subventions and allocations of revenue to the Provinces rest. However, I propose to leave this examination over until after we have considered the estimates for 1937-38.

FINANCIAL YEAR 1937-38.

11. I am afraid that Hon'ble Members will be rather puzzled when they see the budget statements to be distributed at the end of my speech, for there are considerable changes both in the form and scope of the estimates. These I will explain as briefly as I can and I hope without tedium. First of all there are the changes of form :—

The present system of account heads was introduced in 1921 when a general transformation of the accounts was necessitated by the separation of the revenues and expenditure of the Centre from those of Provincial Governments. Although there have been minor modifications from time to time the general composition has remained the same throughout and there is an obvious convenience in maintaining the present structure with no more than the minimum of change required to adapt it to the new constitution which is being introduced on April the 1st. Apart from the conversion of a few of the present minor heads into major heads the important changes adopted are as follows :—

(i) All-India Excise duties which are levied by the Central Government are, with the exception of the salt duty, at present included under the head "I—Customs." They are of course not customs duties at all and in view of their importance in the Federal Finance scheme separate major heads have been introduced for them both on the receipt and on the expenditure side. The duty on kerosene oil and motor spirit produced in Burma has hitherto been shown as an excise duty. But with the separation of Burma on the 1st of April 1937, the duty on these articles imported from Burma will appear as an import duty under "I—Customs" and only the duty on kerosene and motor spirit produced in India proper will be shown as an excise duty. This will lead to large changes in the figures for import and excise duties on these two items for next year as contrasted with preceding years.

(ii) A new major head "Corporation Tax" has been opened and the designation of the existing major head "Taxes on Income" has been changed to "Taxes on Income other than Corporation Tax."

(iii) The House will remember that in the budget speech last year I remarked that I could not see any sufficient reason for the exhibition of our interest payments under two separate major heads and it has now been decided that all these payments should be classified under the same head "Interest on debt and other obligations."

(iv) Most of the expenditure which, under the existing classification, is shown under the heads "Political," "Frontier Watch and Ward" and "Territorial and Political pensions" together with part of the expenditure at present shown under certain other heads in some of the Area Demands will appear under new heads "Payments to Crown Representative," "Tribal Areas" and "External Affairs."

All sums required on revenue account by His Majesty's Representative for the exercise of the functions of the Crown in its relations with Indian States under Section 145 of the new Government of India Act, less any revenue receipts realised by him in the exercise of such functions will be shown under the head "Payments to Crown Representative." The cash contributions referred to in Section 146 of the Act will as hitherto appear as "Payments from Indian States."

(v) A new major head "Grants-in-aid to Provincial Governments" has been introduced to cover the grants given to the Provinces under the Niemeyer Award.

(vi) At present all sterling receipts and expenditure of the Central Government and Provincial Governments are finally brought to account in England and as a result each Government has two sets of accounts, one for sterling and the other for rupee transactions. But in future all sterling transactions, with the exception of a few debt head transactions which are essentially of a sterling nature, will be brought to account finally in India. As a result the separate column in the Budget Statements for English transactions and the separate demands for all the expenditure incurred in England by the Secretary of State and the High Commissioner will not be necessary.

All these changes have been incorporated in the budget statements for 1937-38 and to make comparison easier the figures for 1935-36 and 1936-37 have, as far as possible, been recast correspondingly.

12. But apart from the changes of form there are two major changes of scope which affect the estimates for 1937-38. I refer of course to the Separation of Burma and to the Niemeyer Award including in this term all the other alterations consequent upon the introduction of Provincial Autonomy. The effects of these changes run through practically every head of the Budget and in order to present them as conveniently and clearly as possible to Hon'ble Members I have had a special table drawn up (Table I in the Financial Secretary's memorandum) which will show how much of the variation in each head between 1937-38 and 1936-37 is attributable to the Separation of Burma and to Provincial Autonomy respectively. This Table will make it unnecessary for me to comment on variations in the Heads of Revenue and Expenditure except where they arise from causes other than the two main ones. It will be seen that the general effect of the Separation of Burma is a net reduction of Revenue of Rs. 3,38 lakhs and a net reduction of Expenditure of Rs. 92 lakhs—these figures taking no account of a betterment of Rs. 13 lakhs in the net balance of the P. & T. Department. The net cost of separation is therefore Rs. 2,33 lakhs. At this stage I should explain that on the Revenue side we have taken credit for the receipt, under the Amery Award, of

(i) Rs. 2,29 lakhs in respect of the debt and other liabilities taken over by Burma, and

(ii) Rs. 94 lakhs in respect of Burma's liability for pensions in course of payment on the 31st March 1937.

The former amount is the provisional figure of the annuity payable by Burma for the next 45 years and the latter represents the first of a series of annual payments which will diminish gradually to zero over a period of 20 years. Apart from these the net loss on account of separation would be Rs. 5,56 lakhs. Needless to say all these figures are of a provisional character. There are many uncertain factors to be taken into account particularly under the heads Customs and Taxes on Income and moreover the final material for the calculation of the annuities payable by Burma will not be available until some time after the 31st March.

As regards Provincial Autonomy, the net results are a reduction of Rs. 51 lakhs in Revenue combined with an increase of Rs. 1,34 lakhs in Expenditure, *i.e.*, a total cost to the Centre of Rs. 1,85 lakhs.

The sum of these two figures, *viz.*, Rs. 4,18 lakhs represents the extra burden on our budget (*i.e.*, additional to that assumed in earlier years) arising from the constitutional changes due on 1st April next. The charges assumed in earlier years including the devolution of 50 per cent. of the Jute Duty and the subventions to the N. W. F. P., Sind and Orissa amount to more than as much again.

13. *Provincial Borrowing.*—This is perhaps a convenient place for me to explain the arrangements which will rule between the Centre and the Provinces as regards payment of existing debts and future borrowings.

As the House is aware a Provincial Loans Fund was established in 1925 in order to systematise the arrangements by which advances were made by the Centre to the Provinces. This was financed out of Central Government monies and all advances sanctioned by the Central Government to Provincial Governments were made from it; the interest charges and the terms of repayment were fixed for all provinces alike at appropriate rates to ensure the solvency of the Fund. It has now been realised that this procedure will be totally inappropriate under the changed conditions more particularly as serious defects in it have manifested themselves even under the present regime.

The Government of India have, therefore, with the sanction of the Secretary of State, reached the following decisions :—

(i) No further loans will be sanctioned to the Provinces from the Provincial Loans Fund with effect from the current year. Essential requirements during this last year of the old regime will be met by loans to be given by the Centre direct for a period not exceeding 18 months and which will before the end of that time have to be converted into regular loans under the new system.

(ii) The Provincial Loans Fund will be wound up.

(iii) All future borrowing by Provinces whether for long or short term, will ordinarily be from the market through the medium of the Reserve Bank. In exceptional circumstances a province may be forced to borrow from the Centre and in such cases the loans will be for specific round amounts on fixed terms while the rate of interest will include an element to compensate the Centre for expenses and risks. The terms of each loan to a province will be settled *ad hoc* in relation—as regards interest rates, maturity and the time of issue—to particular operations of the Centre. The Government of India will not normally, if at all, lend for the purpose of meeting revenue deficits; and

(iv) existing provincial debts to the Government of India will be consolidated on the terms set out in Appendix III to the Niemeyer Report.

As a result of this consolidation the balances of the Provincial debts to the Government of India as on the 1st April next will, with the exception of the Lloyd Barrage debt, certain loans advanced to the Bombay Government, and Rs. 10 crores of the pre-1921 Punjab debt, be funded into fixed annuities of amounts sufficient to repay the whole liabilities over a period of forty-five years. The interest element in these annuities will be credited to the Budget head "Interest on Debt and other Obligations" while the capital element will be taken straight to the reduction of debt outside the Budget.

With these possibly somewhat too extensive preliminaries I turn to the estimates for next year, 1937-38.

FINANCIAL YEAR 1937-38.

Revenue.

14. The total figure for revenue, including a contribution of Rs. 15 lakhs from Railways, is Rs. 79,99 lakhs, or Rs. 1,37 lakhs less than the revised Estimate for 1936-37. Hon'ble Members will remember that the constitutional changes are responsible for a reduction of Revenue of Rs. 3,76 lakhs.

15. *Customs.*—The budget estimate for next year is Rs. 44,66 lakhs against the current year's revised of Rs. 46,73 lakhs, in other words, a decrease of Rs. 2,07 lakhs. If, however, we exclude the loss of Rs. 4,26 lakhs due to the separation of Burma, the estimate for next year provides for an improvement over the current year's revised forecast of Rs. 2,19 lakhs, which is distributed over a large number of items.

16. *Taxes on Income.*—The budget estimate for next year is Rs. 14,30 lakhs against the current year's revised of Rs. 15,30 lakhs. After allowing for a loss of Rs. 1,40 lakhs owing to the separation of Burma, the estimate for next year anticipates an improvement of Rs. 40 lakhs, of which Rs. 20 lakhs is due to the measures to be taken under the Income Tax Bill which has already passed this Chamber.

Expenditure.

17. The total figure for expenditure, of course excluding Railways, is Rs. 83,41 lakhs or Rs. 8 lakhs more than the revised estimate for the current year. But as the two constitutional changes I have described in detail are expected to produce an increase of Rs. 42 lakhs there is really a net reduction of Rs. 34 lakhs over the remainder of the field.

This figure of Rs. 34 lakhs we can put down as the resultant of the following decreases and increases :—

Interest payments show a net reduction of about Rs. 87 lakhs, largely due to a considerable diminution in " Bonus on Post Office Cash Certificates." There is also a saving due to the repayment of the 5½ per cent. sterling loan but the main benefit of this accrues to the Railways and other borrowers. The separation of Aden will produce a saving of Rs. 20 lakhs a year which of course accrues to the Defence Budget. On the other hand ordinary Defence Expenditure apart from the saving on account of Burma and Aden is up by Rs. 26 lakhs. " Civil Works " are up by Rs. 25 lakhs owing partly to an increased transfer to the Road Fund and partly to provision being made for various Government office schemes such as rebuilding the Customs House in Calcutta and the erection of Central Offices in Bombay. Incidentally I must say that as regards Bombay the rents saved will more than cover interest on the cost of the new building and the maintenance of it. Finally there is an increase in " Civil Administration " partly caused by the necessity for re-voting some of the expenditure on the Delhi refuse scheme.

18. *Defence.*—The Defence Estimates total Rs. 44,62 lakhs. Of this Rs. 43,87 lakhs relates to ordinary expenditure and Rs. 75 lakhs to expenditure on the rebuilding of Quetta.

The figure of ordinary expenditure for 1936-37 is Rs. 45,45 lakhs less Rs. 60 lakhs for Quetta, i.e., Rs. 44,85 lakhs. From this should be deducted Rs. 1,24 lakhs being the reduction allowed for in the 1937-38 estimates on account of the separation of Burma and Aden. The comparable figure for 1936-37 is therefore Rs. 43,61 lakhs or Rs. 26 lakhs less than the estimate of Rs. 43,87 lakhs now presented. Included in this excess is a special provision of Rs. 6 lakhs towards the expenses of sending a Contingent of the Army in India to the Coronation. The real excess is therefore Rs. 20 lakhs. This is much more than accounted for by increases of Rs. 25 lakhs under Ordnance Services, Rs. 14 lakhs under grain prices, Rs. 3 lakhs under transportation due to the withdrawal of a Railway concession,

Against this we have Rs. 1,84 lakhs in the Revenue Reserve Fund and so our Net Deficit is Rs. 1,58 lakhs.

But, before dealing with the problem of meeting this shortage, I turn aside for the usual review of our Ways and Means position.

WAYS AND MEANS.

21. *Remittance.*—The ways and means forecast for the current year assumed our sterling requirements to be £41 millions, including about £17 millions for the repayment of the 5½ per cent. Stock 1936-38 and the revised forecast shows practically no change. Between the 1st April 1936 and the 31st January 1937 the Reserve Bank purchased nearly £41 millions of sterling. The Banking Department held at the end of January more than £16 millions of sterling assets while in the Issue Department the ratio of gold and sterling to liabilities was nearly sixty instead of the statutory forty per cent. The position of the Bank is thus a very strong one in spite of this repayment of £17 millions of sterling liabilities. Although the net exports of treasure dropped from Rs. 32 crores to Rs. 14 crores in the first nine months of the year Exchange has remained firm throughout the year mainly on account of the large favourable balance of trade in merchandise which has been accompanied by steadily rising prices of primary products. During the first nine months of the current financial year this favourable balance amounted to Rs. 50 crores against Rs. 19 crores during the corresponding period last year. It certainly does not look therefore as if the rupee were over-valued—in fact there is a good deal more to be said for the contrary view.

The requirements for next year are estimated at £35 millions, inclusive of £6 millions which it is anticipated will be transferred to the Commissioners appointed under the Family Pension Funds Order in Council and £2 millions which will be needed for the repayment of the capital portion of the Railway Annuities and the Railway Sinking Funds.

22. *Provincial Requirements.*—The revised estimate of the requirements of Provincial Governments amounts to Rs. 6,57 lakhs against the budget estimate of Rs. 5,61 lakhs; the increase is more than accounted for by the withdrawal by certain provinces of the amounts available in their Famine Relief Funds for direct investment. With the introduction of Provincial Autonomy and the separation of the balances of Provincial Governments from the 1st April next the transactions of those Governments will not appear in the accounts of the Central Government. In the first year, however, we shall have to hand over to them in cash a portion of the balances which the Central Government has hitherto held on their account. The cash to be transferred to Provinces on the 1st April is Rs. 2,39 lakhs for minimum bank and treasury balances and Rs. 6,21 lakhs as their free and other earmarked balances. We shall also have to give the Government of Burma Rs. 2,00 lakhs in cash but this amount will be taken into account in the financial settlement with that Government. The total sum included in the estimates for all these items is Rs. 10,60 lakhs.

23. *Borrowing Programme.*—The budget for the current year assumed an increase of Rs. 11 crores in our liability in the shape of Treasury Bills, but made no provision for a rupee loan. Later in the year Government decided to take advantage of the exceptionally favourable conditions in the money market and issued a 2½ per cent. loan 1948-52 for Rs. 12 crores at par. Consequently there will be no increase in Treasury Bills and the balance outstanding at the end of the current year will in fact be slightly less than that at the beginning of the year, namely, Rs. 30 crores. As I have already said a sterling loan of £17 millions was repaid during the year and thus in effect we have been able to repatriate a considerable sterling liability and at the same time lower the cost to the taxpayer by reducing the rate of interest.

No rupee or sterling loans mature next year and on present showing it may not be necessary to issue any new ones. But to repeat what I said a year ago, should conditions again prove favourable Government will not hesitate to take full advantage of them.

The balance of Treasury Bills outstanding at the end of next year is expected to be Rs. 34 crores. That is Rs. 4 crores more than at the beginning of the year and is more than

accounted for by the Rs. 5 crores we shall have to pay the Reserve Bank of India for the surplus rupees they will return to us under Section 36 (1) of the Reserve Bank Act.

24. *Post Office Savings Bank Deposits and Cash Certificates.*—The net receipts from Post Office Savings Bank deposits are now estimated at Rs. 7,50 lakhs in the current year against the original estimate of Rs. 8,25 lakhs and last year's actuals of Rs. 8,95 lakhs. If we make allowance for exceptionally heavy deposits of over Rs. 2½ crores in September 1935 when two Government of India loans were repaid, the estimated receipts during the current year will be more than last year in spite of a reduction in the rate of interest from 2½ per cent. to 2 per cent. with effect from the 1st July 1936. Next year we anticipate a net receipt of Rs. 8,00 lakhs.

As a result of the reduction in the yield on Post Office Cash Certificates from 3 per cent. to 2½ per cent. also with effect from the 1st July last we now anticipate a net discharge of Rs. 75 lakhs in the current year and of Rs. 1,50 lakhs next year.

PROPOSALS FOR 1937-38.

25. As a preliminary to my proposals for dealing with the shortage of Rs. 1,58 lakhs in the accounts of 1937-38 I will deal with the question which I posed at an earlier stage of my speech, viz., have we in the disappointments of the year 1936-37 any reason for doubting the soundness of the conclusions of the Niemeyer Report in regard to the ability of the Centre to bear the cost of the successive stages by which the new Constitution is being introduced? A year ago I prophesied that with the help of a Revenue Reserve Fund of Rs. 2 crores we could see our way through 1937-38 and that thereafter the normal growth of revenue would provide step by step for the liabilities which would come upon us from year to year. Our Reserve Fund has turned out to be somewhat less than we expected and Revenue has shown a distinct falling off. Contrary to our hopes therefore we are between Rs. 1½ and Rs. 1¾ crores short of a balance in 1937-38 and unless we assume a growth of revenue during the year greater than we have any right on past experience to expect this should connote a deficit in 1938-39 too of something like the same amount. Are our calculations then all wrong and are we pursuing a chimæra in judging that we can finance the new constitution? I do not think so.

First let us take the disquieting factors.

The restriction of rural credit caused by the Indebtedness Bills is certainly for the time being affecting the purchasing power of the cultivator with the inevitable effects on revenue. It is also diminishing the money-lender's profits. But in the long run these measures are bound to increase rural prosperity and with it the prosperity of the country as a whole and with an increase in prosperity and activity the money-lender will once more be able to employ his idle funds. On the whole then I judge this effect to be a temporary one.

Another bearish feature is the substitution of silver imports for imports of goods subject to a higher rate of duty—a re-appearance in fact of the old hoarding tendency. It would perhaps be optimistic to prophesy any very early disappearance of this though it is to be hoped that it will disappear in time.

Again, the height of the protective and possibly of the revenue duties as well is bringing about the inevitable diminishing returns and these are operating more rapidly than we had believed possible. Nevertheless we had all along assumed that the revenue from protected articles would ultimately decline to much lower levels and the fact that these levels are being reached unexpectedly quickly means again a temporary rather than a permanent embarrassment.

On the other side there are definitely encouraging signs. Railway traffic returns indicate quite clearly a substantial increase in prosperity. The steadily increasing prices of primary products point to the same conclusion. Further, the almost phenomenal increase in exports of merchandise must soon result in an enhancement of purchasing power and

altogether we have many pointers towards a greater resiliency of revenue in the not distant future. And finally disappointing as it is, we must be careful not to exaggerate the importance of a gap of one or two crores in a budget of over Rs. 80 crores.

On the whole I do not think that I shall be indulging in unjustifiable optimism if I say, as a result of considering the various factors at work, that there is no reason why the Niemeyer prognostications should not be realised in the long run and that even in the nearer future his programme can be fulfilled with the help of no more than a very modest addition to our resources, which I should estimate to be roughly the Rs. 1½ to Rs. 1¾ crores by which we are short of a balance this year. Of course I am always pre-supposing the absence of internal disorder or external strife. How are we to find this extra amount ?

26. Personally I believe that, given time, we could find it by improving and tightening up the administration of existing taxes. The Amendment in the Income Tax Act brought forward in the current session is expected, besides arresting the further deterioration which would have attended the continuance of the practice with which it dealt, to yield an immediate improvement of Rs. 20 lakhs in the coming year and credit for this amount has been taken in the estimates I have placed before the House. The other recommendations contained in the Income Tax Enquiry Report are broadly speaking of two kinds. Some are concerned with changes in the Indian income tax system, and involve questions of principle on which it is desirable that public opinion should be elicited before it is decided to put forward legislation to carry them into effect. I have already taken steps to consult representative bodies and interests on these suggestions. The remaining recommendations of the Report are concerned with the administration of the department, and consist of proposals for tightening up the machine so as to secure the most efficient assessment and collection of the tax, accompanied by suggestions for alleviation of certain hardships which are regarded as affording ground for legitimate complaint by the taxpayer. I propose to take up without delay the consideration of the possible improvements in administration with a view to the early introduction of reforms which are agreed to be necessary. Similarly, in the sphere of Customs administration determined action is already being taken to close the loopholes through which smuggling had been found to be taking place, particularly on the frontiers of the French settlements of Pondicherry and Karikal. Again, in the increasingly important field of Central Excises, where arrangements improvised somewhat hastily in recent years still continue in force, we are considering the desirability of introducing improved machinery under direct central control. I have always felt that the efficient administration of the revenue system is of such vital importance as to call for unremitting attention, and I have no doubt that the steps we are taking will in due course yield a substantial return. But they cannot be counted upon to make an immediate contribution sufficient to solve the problem of supplementing the revenues of the coming financial year by the Rs. 1½ to Rs. 1¾ crores which is necessary to balance the expenditure. I must therefore address myself directly to that problem, and I have two proposals to make.

27. (a) In the first place I propose to increase the sugar excise from Re. 1-5-0 to Rs. 2 a cwt. The main single cause of the present weakness in our revenue position is the virtual disappearance of the revenue from imported sugar. I would remind the House that in 1930-31 this item accounted for no less than Rs. 10¾ crores. That customs revenue has now practically gone and in its place we are to be left with an excise revenue of under Rs. 2½ crores. It is hardly necessary to emphasise the tremendous strain which a loss of 7 or 8 crores in the yield of the consumption tax on a single commodity must impose on the finances of a country. The present level of internal prices is such that the consumer, even when he has fully shouldered the burden of an additional 11 annas a cwt. will be paying no more for his sugar than he was until a very recent date. As regards the manufacturer, I have already mentioned the plight to which over-production has reduced the industry. In so far as the enhanced excise will check this tendency by eliminating the weak and inefficient producer it will have a salutary effect, and by arresting further deterioration will preserve the position pending the fuller enquiry which is shortly to be held by the Tariff Board. For the same reason I believe that the effect on the cultivator will also be beneficial, for it is no advantage to him to be induced to grow cane for supply to a precarious manufacturer who cannot be relied on to take the crop off his hands. I estimate the additional revenue from the increase in the sugar excise at Rs. 1,15 lakhs.

The change in the excise duty involves a change in the customs tariff. The protective duty was imposed, in accordance with the recommendation of the Tariff Board, in April 1931 at Rs. 7-4-0 a cwt., but in the emergency Budget of September 1931 the surcharge of 25 per cent. was added which brought it to the present level of Rs. 9-1-0 a cwt. When, instead of the revenue surcharge being removed, the excise was introduced in 1934, it was thought desirable to maintain an additional margin of 8 annas a cwt. between the duty on domestic sugar, which was fixed at Re. 1-5-0 a cwt. and that on imported sugar. This additional margin was based on a subsidiary recommendation of the Tariff Board, which apprehended that in certain circumstances the price of imported sugar might fall below the figure which the Board estimated to be the fair selling price for the Indian product. In present conditions Indian sugar is being sold at prices so far below the price of imported sugar that there is no necessity or justification for maintaining any addition to the substantive protection of Rs. 7-4-0 a cwt. to which the industry is entitled until the 31st March 1938. The import duty will therefore be fixed at Rs. 7-4-0 a cwt. *plus* the excise for the time being in force.

In order to prevent forestalling and minimise the dislocation of the market I have decided that these changes should take effect forthwith, and a declaration under the Provisional Collection of Taxes Act has been attached to the relevant clauses of the Finance Bill. I should also mention that the sugar-producing Indian States are being approached with a view to bringing them into line with British India and securing that the enhanced excise is also levied on their output.

(b) My second proposal for filling up the gap in revenue is to raise the duty on silver from the present level of 2 annas to 3 annas an ounce. I do not think that this modest increase is likely to stimulate a recrudescence of the smuggling which we encountered when the duty was 5 annas or more and I estimate that the additional yield will be Rs. 50 lakhs. This change also will take effect at once.

FINAL SUMMARY.

28. With the additional revenue of Rs. 1,65 lakhs we expect from these measures our net deficit of Rs. 1,58 lakhs for 1937-38 is turned into a small surplus of Rs. 7 lakhs. Incidentally the measures will yield Rs. 5 lakhs or so in the current year and thus reduce the deficit for 1936-37 to Rs. 1,92 lakhs.

Additional taxation always arouses controversy and there is no particular reason why I should expect to escape from the operation of this universal law but the new burdens I am imposing are modest and to the best of my belief no part of them will fall on the shoulders of the poorer classes. The price we have to pay for balancing our budget is not therefore an exacting one. The economic position of the country is undoubtedly improving and in spite of the temporary set back in our budgetary affairs we have certainly no cause for pessimism but rather considerable cause for optimism. And in any case let us not forget that in this very budget we are paying nearly Rs. 2½ crores for the separation of Burma and are providing over Rs. 6½ crores of assistance to the other Provinces.

P. J. GRIGG.

The 27th February 1937.

Report for the Year 1936.

Section V.

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STATISTICS.

As was stated in the preliminary portion of the report for 1926, the tables printed in the following pages show considerable variations from those published prior to 1926. The tables now given represent an attempt to give in an easily comprehensible form essential information of a statistical nature regarding the textile trade of India as a whole. In addition, information will also be found in certain tables concerning the textile trade of Bombay City and Island which is the largest individual centre of the cotton trade in India.

A number of interesting tables are also included concerning the textile trade of Japan, India's keenest competitor in the home and export markets.

Most of the tables are self-explanatory and no notes regarding their interpretation are necessary. The following notes are only intended to assist in arriving at correct conclusions regarding the progress of the Indian textile trade during the last few years.

Table 3.—Progress of Cotton Mill Industry in India. The falling off in the production of yarn and cloth in the years ending 31st of March 1926 and 1929 is chiefly accounted for by the strikes referred to in the footnote to the table.

Table 7.—Statement showing the cotton arrivals into Bombay during the season 1935-36 as compared with 9 previous seasons.

Tables 16 and 17.—Statements showing the imports of cotton yarn into India and Bombay during the last 20 years. Notable features of the tables are the larger imports of artificial silk and mercerized yarn during the last few years.

Tables 18 and 19.—Statements showing the imports of cotton piecegoods into India and Bombay during the last 20 years.

Table 20.—Summary of imports of cotton yarn into India in 1936 as compared with two previous years. This table shows the shares of the import trade in yarn held by the chief importing countries.

Table 21.—Detailed statement of imports of cotton yarn into India in 1936 as compared with two previous years. This table shows in detail the counts and types of yarn imported into India from the various countries.

Tables 22 and 23.—Summary and Details of imports of cotton yarn into Bombay in 1936 as compared with two previous years. These tables give information similar to that contained in Tables 20 and 21, but for the Port of Bombay.

Table 26.—Summary of imports of cotton piecegoods into India in 1936 as compared with two previous years. This table gives at a glance the quantities of the main classifications of piecegoods imported into India from the chief importing countries. Table 27 gives the information contained in Table 26 in very much greater detail.

Tables 28 and 29.—Details and Summary of imports of cotton piecegoods into Bombay in 1936 as compared with two previous years. These tables contain information similar to that contained in Tables 27 and 26 respectively but for the Port of Bombay.

Table 30.—Detailed statement of exports of Indian-made piecegoods from India. When perusing this table the footnote explaining the exact areas covered by the territories mentioned should be carefully studied. The preponderance of coloured goods in the total piecegoods export trade is very striking.

Table 31 contains information similar to that given in *Table 30* but for the Port of Bombay.

Tables 32 and 33.—Statements showing the re-exports of piecegoods and yarn from India and Bombay respectively. The figures show that the bulk of the re-exports of cotton piecegoods pass through Bombay.

Tables 34 and 35.—Statements showing the quantities of cloth and yarn available for consumption in India. These tables are among the most interesting and instructive statistics ever published concerning the extent of the Indian market for yarn and piecegoods. The figures showing the balance of yarn available for consumption in India to some extent give an indication as to the importance of the handloom weaving industry of India.

Tables 36 to 39 (both inclusive) contain information extracted from the publications issued by the Japan Cotton Spinners' Association and indicate very clearly the phenomenal progress made by the Japanese Cotton Textile Industry during the last decade.

Table 40 is extracted from the statistics published by the British Board of Trade and indicates the relative importance of the three chief Presidency Ports of India in the yarn and piecegoods import trade. It should be noted that the figures for the Port of Bombay as given in this table are not strictly comparable with the Government of India statistics for that port on which all other tables relating to Bombay in this section are based.

TABLE NO. I.
SPINDLES AND LOOMS SET UP IN INDIA, THE UNITED STATES OF AMERICA, GREAT BRITAIN, GERMANY, CHINA AND JAPAN.

The following figures have been obtained from various sources and may be taken as being approximately correct. In order, however, to make the record as complete as possible, the Committee of the Association will be obliged, if members and others who have any additional particulars available will kindly forward them to the Secretary for inclusion in any future statements that may be published :—

SPINDLES.

Year.	India.	United States of America.	Great Britain.	Germany.	Japan.	China.
1884	2,001,667	....	43,000,000	....	....	....
1885	2,145,646	....	43,000,000	....	....	....
1886	2,261,561	....	42,700,000	....	....	....
1887	2,421,290	....	42,740,000	....	....	....
1888	2,488,851	....	43,000,000	....	....	....
1889	2,762,518	....	43,500,000	....	....	....
1890	3,274,196	14,384,180	43,750,000	....	....	....
1891	3,351,694	14,640,000	44,750,000	....	....	....
1892	3,402,232	15,200,000	45,270,000	....	385,314	....
1893	3,575,917	15,700,000	45,270,000	....	381,781	....
1894	3,649,736	16,100,000	45,190,000	....	530,074	....
1895	3,809,929	16,660,000	45,400,000	6,571,332	580,945	....
1896	3,932,946	17,333,396	44,900,000	....	692,384	....
1897	4,065,618	18,228,991	44,500,000	....	768,328	....
1898	4,259,720	18,434,244	44,900,000	7,115,500	1,027,817	....
1899	4,728,333	19,329,092	45,600,000	....	1,170,337	....
1900	4,945,783	19,472,232	45,600,000	8,031,400	1,274,000	550,000
1901	5,006,936	20,196,835	46,100,000	8,434,601	1,234,976	....
1902	5,006,965	20,907,212	49,727,107	....	1,230,697	....
1903	5,043,297	21,212,827	49,700,000	....	1,381,306	....
1904	5,118,121	22,197,522	49,500,000	....	1,345,585	....
1905	5,163,486	22,861,043	50,964,874	8,832,016	1,426,594	....
1906	5,279,595	24,628,379	52,796,230	9,121,259	1,472,253	....
1907	5,333,275	25,681,509	52,585,362	9,730,209	1,540,452	750,000
1908	5,756,020	26,133,442	55,218,024	9,850,209	1,795,879	....
1909	6,053,231	27,914,085	57,026,422	10,162,872	1,954,892	....
1910	6,195,671	28,299,482	57,731,829	10,200,000	2,099,764	....
1911	6,357,460	29,064,492	58,002,435	10,480,090	2,170,796	831,000
1912	6,463,929	29,962,713	58,140,220	10,725,732	2,176,748	833,112
1913	6,596,862	30,579,000	58,481,000	10,920,426	2,414,499	947,406
1914	6,778,895	32,227,840	59,317,187	10,162,872	2,657,174	1,000,000
1915	6,848,744	32,400,792	59,905,000	10,163,000	2,807,514	....
1916	6,839,877	32,653,164	59,811,222	....	2,875,904	1,029,218
1917	6,738,697	33,535,000	60,973,000	....	3,060,478	1,126,568
1918	6,653,871	34,219,156	57,685,841	....	3,227,678	....
1919	6,689,680	34,648,928	59,182,683	....	3,488,262	1,416,556
1920	6,763,076	34,946,721	60,079,394	8,262,872	3,813,680	1,585,300
1921	6,870,804	35,632,193	60,053,246	8,693,221	4,161,126	1,650,000
1922	7,331,219	36,584,487	58,712,303	9,400,000	4,517,612	1,888,348
1923	7,927,938	37,397,000	59,819,000	9,605,000	4,436,798	3,581,214
1924	8,313,273	37,924,000	59,511,000	10,060,000	5,125,696	3,569,440
1925	8,510,683	37,833,000	59,903,000	10,060,000	5,447,184	3,414,062
1926	8,714,168	37,650,000	60,285,000	10,300,000	5,679,852	3,461,152
1927	8,702,760	37,483,000	60,466,000	10,900,000	6,116,266	3,588,483
1928	8,704,172	36,824,000	60,042,000	11,020,000	6,467,174	3,688,483
1929	8,907,064	36,216,000	59,134,000	11,155,000	6,836,516	3,638,098
1930	9,124,768	36,663,000	57,712,000	11,260,000	7,214,001	3,664,120
1931	9,311,953	33,325,000	57,575,522	10,838,000	7,535,146	3,969,552
1932	9,506,083	32,109,000	53,443,684	10,233,000	7,964,850	4,497,902
1933	9,580,658	30,685,000	51,525,314	9,846,000	8,643,928	4,498,000
1934	9,613,174	30,329,000	47,182,560	9,900,000	9,530,574	4,904,788
1935	9,685,775	29,717,000	45,056,787	9,900,000	10,649,048	5,171,600
1936	9,856,658	28,598,538	42,641,685	9,900,000	11,075,584	5,172,000

Note.—The figures for India are taken from the Association's Mill Statement.
The figures for Japan are taken from the half-yearly publication of the Japan Cotton Spinners' Association.
The rest of the figures are taken from the Comtelburo Year Book.

TABLE NO. 2.
LOOMS.

Year.	India.	United States of America.	Great Britain.	Germany.	Japan.	China.
1884	16,262	....	....	....	....	....
1885	16,537	....	561,000	....	....	....
1886	17,455	....	....	....	....	....
1887	18,536	....	....	....	....	....
1888	19,496	....	....	....	....	....
1889	21,561	....	....	....	....	....
1890	23,412	....	....	....	....	....
1891	24,531	....	....	....	....	....
1892	25,444	....	660,000	....	....	....
1893	28,164	....	....	....	....	....
1894	31,154	....	....	....	....	....
1895	35,338	362,067	606,585	245,000	5,000	....
1896	37,270	354,358	....	....	....	....
1897	37,584	379,341	....	....	2,852	....
1898	38,013	384,745	....	240,000	2,798	....
1899	39,069	392,690	....	....	2,757	....
1900	40,124	439,465	648,820	211,818	5,045	....
1901	41,180	411,106	....	211,818	....	....
1902	42,584	477,072	....	....	....	....
1903	44,092	488,760	684,000	....	5,043	....
1904	45,337	503,027	....	....	5,085	....
1905	50,139	515,006	704,357	230,200	8,140	....
1906	52,668	525,630	704,357	230,200	9,601	....
1907	58,436	536,815	725,221	....	9,462	....
1908	67,920	546,160	736,325	....	11,146	....
1909	76,898	555,398	739,382	....	13,813	....
1910	82,725	625,719	741,197	230,200	17,702	....
1911	85,352	633,909	741,260	....	20,431	....
1912	88,951	671,873	758,712	....	21,898	3,738
1913	94,136	709,255	786,205	....	24,224	4,755
1914	104,179	696,387	805,452	230,200	25,443	....
1915	108,009	689,840	808,145	....	30,068	....
1916	110,268	719,358	808,796	....	31,295	4,755
1917	114,621	725,366	807,543	....	36,181	5,853
1918	116,484	712,426	787,679	....	40,391	....
1919	118,221	700,620	790,936	....	44,401	7,193
1920	119,012	708,079	798,083	190,200	50,583	7,660
1921	123,783	719,120	790,399	190,200	54,994	....
1922	134,620	707,469	799,000	190,200	60,893	10,814
1923	144,794	744,686	795,244	240,700	64,460	22,477
1924	151,485	760,625	791,674	240,700	68,579	21,644
1925	154,202	762,808	788,197	240,700	73,381	25,934
1926	159,464	760,133	786,309	240,700	77,043	22,924
1927	161,952	745,520	767,524	250,000	78,352	24,047
1928	166,532	747,379	754,940	250,000	81,209	25,980
1929	174,992	736,379	739,887	250,000	77,898	29,788
1930	179,250	720,177	703,878	250,000	79,466	29,582
1931	182,429	658,604	657,864	230,000	77,782	29,582
1932	186,341	646,764	624,629	230,000	79,277	33,580
1933	189,040	625,445	601,750	267,000	86,343	33,580
1934	194,388	608,815	580,153	225,000	91,146	42,596
1935	198,867	600,837	517,460	225,000	95,982	42,834
1936	200,062	575,366	499,703	225,000	95,813	42,834

(Please see foot-note to previous table.)

TABLE NO. 3.
PROGRESS OF COTTON MILL INDUSTRY IN INDIA.

Year.	BOMBAY CITY AND ISLAND.						ALL-INDIA.					
	Average Working.		Cotton Consumed.	Yarn Spun.	Cloth Woven.	Average Number of hands employed.	Average Working.		Cotton Consumed.	Yarn Spun.	Cloth Woven.	Average Number of hands employed.
	Spindles.	Looms.					Spindles.	Looms.				
	1	2	3	4	5	6	1	2	3	4	5	6
	Year ending 30th June.	Year ending 31st August.	Year ending 31st March.	Year ending 30th June.	Year ending 31st August.	Year ending 30th June.	Year ending 31st August.	Year ending 31st March.	Year ending 30th June.	Year ending 31st August.	Year ending 30th June.	
1908	2,528,977	33,589	1,079,194	882,879	471,817,448	101,536	5,291,336	61,167	1,991,500	1,595,738	808,426,561	221,195
1909	2,584,886	34,657	1,098,704	894,115	455,639,081	105,751	5,526,233	61,097	2,109,000	1,620,075	824,489,164	236,924
1910	2,439,869	36,148	984,058	825,197	532,224,755	104,550	5,290,473	69,599	1,935,010	1,568,410	963,869,481	233,024
1911	2,493,163	38,380	953,450	801,068	563,224,913	104,500	5,392,691	73,549	1,905,866	1,524,318	1,042,741,653	230,649
1912	2,556,706	39,639	1,077,616	819,102	622,451,272	109,691	5,493,477	77,074	2,050,102	1,562,575	1,136,151,590	243,637
1913	2,567,810	39,975	1,072,210	909,202	642,101,710	110,033	5,736,701	82,577	2,096,016	1,721,182	1,220,442,545	253,786
1914	2,597,913	41,643	1,078,038	887,561	592,366,008	109,860	5,848,283	85,158	2,143,126	1,706,942	1,164,291,588	260,276
1915	2,455,468	41,667	1,026,050	805,383	562,322,867	111,924	5,704,320	86,868	2,102,632	1,629,961	1,135,707,952	265,346
1916	2,551,736	47,250	1,096,174	941,857	771,266,499	118,303	5,900,896	95,965	2,197,718	1,806,061	1,441,514,550	274,361
1917	2,736,014	52,421	1,134,814	889,748	830,185,157	125,713	6,067,770	100,824	2,198,164	1,702,768	1,578,132,789	276,771
1918	2,671,450	52,887	1,068,492	893,221	933,137,872	124,199	5,987,685	101,141	2,085,678	1,651,439	1,614,126,458	282,227
1919	2,652,115	52,320	999,756	765,475	757,903,744	126,368	6,046,323	102,977	2,044,230	1,537,601	1,450,726,160	293,277
1920	2,814,718	54,664	957,150	794,297	863,292,197	140,208	6,238,771	105,169	1,952,318	1,589,400	1,639,779,227	311,078
1921	2,896,926	57,159	1,060,598	856,141	836,506,933	147,740	6,407,037	111,708	2,120,230	1,650,006	1,580,849,746	332,179
1922	2,952,183	58,848	1,074,198	871,736	921,926,856	149,224	6,549,112	117,318	2,203,540	1,733,929	1,731,573,296	343,723
1923	3,013,593	60,808	1,059,630	870,248	870,284,518	148,771	6,760,218	120,806	2,151,698	1,764,733	1,725,284,187	347,380
1924	2,929,786	62,087	821,466	673,966	855,883,055	148,414	6,962,553	128,320	1,917,748	1,521,569	1,701,574,355	356,887
1925	3,181,654	66,329	994,732	818,857	986,028,304	153,009	7,454,161	135,516	2,226,310	1,798,475	1,970,446,852	367,877
1926	2,860,076	63,403	777,970	654,906	871,840,734	149,099	7,264,234	136,033	2,113,384	1,716,068	1,954,462,650	373,508
1927	2,951,513	69,684	994,500	862,147	1,135,020,515	154,698	7,521,636	146,200	2,417,412	2,017,790	2,258,716,065	384,623
1928	1,826,026	45,464	568,848	796,867	1,131,520,832	129,275	6,505,175	126,235	2,009,782	2,022,351	2,356,564,805	360,921
1929	2,108,747	47,668	630,978	384,382	537,402,790	106,710	6,957,389	133,882	2,161,166	1,620,740	1,893,263,655	346,925
1930	2,803,936	64,397	877,492	658,042	888,944,315	136,774	7,979,454	156,662	2,573,714	2,083,899	2,418,981,049	384,022
1931	2,702,848	62,748	830,388	677,266	967,586,025	129,057	8,093,714	157,609	2,633,176	2,168,106	2,561,133,035	395,475
1932	2,715,889	61,883	920,730	803,974	1,216,886,366	129,534	8,323,082	161,340	2,911,264	2,411,016	2,989,891,101	403,226
1933	2,430,854	58,870	797,976	782,304	1,210,597,547	119,943	8,202,149	162,818	2,837,158	2,541,046	3,169,898,499	400,005
1934	2,043,506	48,764	613,014	606,619	923,057,741	95,007	7,845,077	158,802	2,703,900	2,302,652	2,945,051,727	384,938
1935	2,393,324	57,208	885,252	663,469	1,025,360,827	111,147	8,441,464	174,114	3,123,414	2,501,889	3,397,107,287	414,184
1936	2,305,970	57,783	816,460	762,092	1,236,204,871	109,670	8,504,405	177,935	3,100,618	2,645,742	3,500,859,011	417,803

NOTE.—Columns 1, 2 and 3.—Figures taken from the Association's Mill Statement.

Columns 4 and 5.—Are taken from "Monthly Statistics of Spinning and Weaving" published by the Government of India.

Column 6.—Same as columns 1, 2 and 3.

Production was at a standstill in all the mills in the Bombay City and Island for about 2 months in 1924 (end of January to March) and for a further period of 2½ months in 1925-26 (Sep. 15th to 1st Dec.) and again for about 6 months in 1928 (April 15th to first week of October) and for about 4½ months in 1929 (26th April to the middle of September).

TABLE NO. 4

THE WORLD'S COTTON CROPS, 1913-14 to 1935-36 (TODD'S).

(Bales approximately 500 lbs.)

(000's omitted.)

Years.	America (Linters included.)	India*.	Egypt.	Russia.	China.	Others.	Total.	Percentage on 1914-15.
1913-14 ..	14,795	5,066	1,537	980	2,303	1,287	25,968	92
1914-15 ..	16,992	5,209	1,298	1,244	2,333	1,154	28,212	100
1915-16 ..	12,123	3,738	961	1,407	2,057	984	21,270	76
1916-17 ..	12,781	4,489	1,022	1,110	1,714	1,027	22,143	79
1917-18 ..	12,428	4,000	1,262	603	1,863	1,086	21,242	76
1918-19 ..	12,970	3,972	964	420	2,203	1,298	21,827	78
1919-20 ..	12,029	5,796	1,114	274	1,914	1,485	22,612	81
1920-21 ..	13,880	3,600	1,206	66	1,829	1,326	21,907	78
1921-22 ..	8,351	4,485	972	42	1,488	1,263	16,601	59
1922-23 ..	10,370	5,073	1,243	52	2,249	1,380	20,367	72
1923-24 ..	10,808	5,161	1,306	214	1,931	1,600	21,020	74
1924-25 ..	14,525	6,088	1,455	458	2,104	1,904	26,534	94
1925-26 ..	17,219	6,215	1,593	741	2,044	1,991	29,803	106
1926-27 ..	19,135	5,024	1,530	785	1,691	1,988	30,153	107
1927-28 ..	13,972	5,963	1,219	1,025	1,833	1,803	25,815	92
1928-29 ..	15,760	5,782	1,602	1,174	2,394	2,105	28,817	102
1929-30 ..	16,066	5,243	1,706	1,279	2,055	2,118	28,467	101
1930-31 ..	14,918	5,224	1,655	1,589	2,317	1,873	27,576	98
1931-32 ..	18,163	4,007	1,271	1,846	1,733	2,060	29,080	103
1932-33 ..	13,914	4,657	991	1,757	2,195	1,866	25,380	90
1933-34 ..	14,029	5,068	1,715	1,846	2,633	2,878	28,169	100
1934-35 ..	10,638	4,858	1,511	1,744	3,030	3,407	25,181	90
1935-36† ..	11,638	5,728	1,707	2,493	2,309	4,151	28,026	99

* 400-lb. bales.

† Estimates.

NOTE.—Figures taken from the tables published in the "Bombay Cotton Annual" issued by the East India Cotton Association.

TABLE No. 5.
PRODUCTION AND CONSUMPTION OF RAW COTTON IN INDIA.

(*Indian Trade Journal* dated 6th May 1937.)

The following statement compares the estimates of the total outturn of cotton in India for the last two years with the sum of exports and internal consumption. The figures are those compiled by the Indian Central Cotton Committee and refer in the case of mills in British provinces to Indian cotton alone. The estimate of mill consumption in Indian States refers to all cotton, but it has been ascertained from the Indian Central Cotton Committee that the amount of foreign cotton consumed in Indian States is negligible. Import figures have not therefore been taken into consideration for the purposes of the comparison set forth below. A conventional estimate has as usual been made for extra factory or local consumption. It should be borne in mind that estimates of the "Carry-over" from one year to another have not been taken into account owing to complete information not being available regarding stocks.*

	YEAR ENDING 31ST AUGUST	
	1935	1936.
	Thousand bales (400 lbs.)	Thousand bales (400 lbs.)
Exports to United Kingdom	374	532
.. to Continent (Europe excluding United Kingdom) ..	955	1,000
.. to China	108	108
.. to Japan	1,622	2,062
.. to Other Countries	56	124
Total ..	3,115	3,826
Home Consumption—		
Mills†	2,612	2,678
Extra—factory or local‡	750	750
Total ..	3,362	3,428
Approximate crop	6,477	7,254
Estimated in forecast	4,857	5,933
Excess (+) or deficit (—) neglecting carry-over	+1,620	+1,321

* Stocks of cotton in Bombay were 701,000 bales on 31st August 1936 and 587,000 bales on 31st August 1935.

† The figure of mill consumption is that compiled by the Indian Central Cotton Committee, Bombay, mainly on the basis of returns made under the Indian Cotton Cess Act.

‡ Conventional estimate.

TABLE No. 6.
STATEMENT SHOWING THE STOCKS OF COTTON HELD BY INDIAN MILLS ON
1ST AUGUST 1936 AND ON 1ST FEBRUARY 1937.
(In bales regardless of weight.)

	Bombay City and Island.		All-India.	
	1-8-36.	1-2-37.	1-8-36.	1-2-37.
COTTON MILL STOCKS.				
: (In actual bales regardless of weight.)				
(a) American (Linters and waste not included)	8,481	3,052	9,135	4,145
(b) East India	222,401	184,681	932,110	864,659
(c) Egyptian	2,928	5,412	12,516	14,649
(d) Sundries	27,014	17,669	62,167	35,610
Total	260,824	210,814	1,015,928	919,063

Figures from the Cotton Census taken at the request of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.

(Figures are approximations.)

TABLE No. 7.

The following Table gives details of cotton arrivals into Bombay during the 1935-36 season compared with the total of the nine previous years.

(Actual weight converted into bales of $3\frac{1}{2}$ cwts. each.) (Season ending 31st August in each case.)

NOTE.—The following figures are extracted from the daily returns issued by the Bombay Chamber of Commerce.

	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.
Khandeish	315,441	307,249	365,837	294,922	324,940	121,806	220,402	326,265	254,473	308,848
Central India	318,827	299,680	392,022	411,394	339,182	118,798	208,096	243,550	110,745	291,231
Barsi Naggar and Hyderabad Gaorani	274,592	437,759	348,875	355,162	255,074	103,145	190,544	222,445	155,618	217,960
Berar	578,454	730,789	792,419	731,747	593,289	250,475	471,173	502,736	403,738	344,040
Central Provinces	233,578	310,327	393,745	406,227	373,926	75,094	136,713	117,698	96,808	99,823
Dholleras	215,377	384,608	249,115	198,899	281,611	250,430	297,573	156,431	196,518	335,935
N. W. Provinces	59,570	65,213	62,338	140,446	93,552	26,970	8,246	9,184	35,306	63,996
Rajputana	66,045	56,155	51,886	58,599	53,365	56,570	84,484	61,623	51,925	115,558
Sind-Punjab	119,098	137,416	135,491	153,145	124,112	140,672	107,256	190,913	335,372	473,626
Broach	241,163	269,272	196,453	287,060	303,695	260,317	327,831	252,100	133,579	431,597
Compta Dharwar	142,453	145,150	137,799	160,648	98,274	86,693	96,406	92,421	94,076	112,062
Western Northern	75,183	53,777	67,321	71,241	49,378	48,586	75,428	65,472	74,629	78,565
Coconada	495	7	6	103	24	10	115	475	435	201
Tinnevely and Cambodia	50,161	37,082	40,357	46,250	42,670	16,851	61,326	52,368	86,593	20,629
Persians	5,719	5,770	1,774	704	1,438	2,951	8,063	2,829	2,686	9
Americans	379,120	102,910	11,719	15,889	140,296	280,808	75,196	26,622	75,235	27,023
Egyptians	3,462	2,199	1,636	12,387	148,947	121,032	32,745	49,971	134,623	81,236
East Africans	85,988	78,119	107,747	134,533	179,473	133,162	133,448	143,304	258,070	185,218
Comilla, Burmah and Other Sorts	916	275	47	858	702	322	188	28	1,155	482
TOTAL ..	3,165,642	3,423,757	3,356,587	3,480,214	3,403,951	2,094,692	2,535,233	2,516,435	2,501,584	3,170,039

TABLE NO. 8.

STATEMENT SHOWING THE WEEKLY PRICES OF COTTON IN BOMBAY
(IN RUPEES PER CANDY OF 784 lbs.)

The figures are extracted from the Weekly Statistics of the East India Cotton
Association, Ltd.

Week ending.	BENGAL F. G.		BROACH.		OOMRA FINE.	
	Price.	Delivery.	Price.	Delivery.	Price	Delivery.
2nd January 1936	152	Spot.	219	Apl./May.	207	Spot
9th "	145	"	210	"	199	"
16th "	147	"	207	"	193	"
23rd "	146	"	205	"	190	"
30th "	140	"	201	"	186	"
6th February	137	"	191	"	179	"
13th "	143	"	196	"	184	"
20th "	148	"	196	"	184	"
27th "	147	"	190	"	178	"
5th March		Market	closed.			
12th "	152	Spot.	197	"	184	"
19th "	152	"	194	"	182	"
26th "	151	"	196	"	186	"
2nd April	153	"	197	"	187	"
9th "	155	"	195	"	187	"
16th "	160	"	199	"	191	"
23rd "	163	"	203	"	192	"
30th "	159	"	199	"	189	"
7th May	162	"	198	"	189	"
14th "	163	"	198	"	189	"
21st "	163	"	198	"	191	"
28th "	167	"	201	July/Aug	192	"
4th June	171	"	212	"	199	"
11th "	173	"	214	"	204	"
18th "	179	"	219	"	211	"
25th "	183	"	221	"	212	"
2nd July	191	"	224	"	212	"
9th "	194	"	235	"	218	"
16th "	201	"	241	"	220	"
23rd "	189	"	231	"	207	"
30th "	189	"	228	"	205	"
6th August	90	"	229	"	206	"
13th "	159	Dec/Jan.	225	"	196	Dec/Jan.
20th "	156	"	221	"	190	"
27th "	156	"	210	Apl./May.	191	"
3rd September	154	"	213	1937.	190	"
10th "	158	"	219	"	196	"
17th "	156	"	220	"	197	"
24th "	152	"	216	"	191	"
1st October	159	"	222	"	199	"
8th "	155	"	219	"	195	"
15th "	157	"	221	"	198	"
22nd "	167	"	221	"	198	"
29th "	167	"	218	"	195	"
5th November	166	"	220	"	202	"
12th "	165	"	218	"	205	"
19th "	165	Spot.	216	"	204	"
26th "	168	"	218	"	203	"
3rd December	166	"	220	"	203	"
10th "	166	"	221	"	206	"
17th "	168	"	223	"	206	"
24th "		Market	closed.			
31st "		"	"			

TABLE No. 9.

STOCKS OF YARN AND CLOTH HELD BY BOMBAY MILLS.

The following table shows the stocks of Yarn and Cloth held by Bombay Mills compiled from returns received by the Association :—

Date of Returns.	YARN STOCKS IN BALES.			CLOTH STOCKS IN BALES.			
	Approximation of stocks for all Bombay Mills.			Approximation of stocks for all Bombay Mills.			
	Sold but delivery not taken.	Unsold.	Total unclear- ed.	Sold but delivery not taken.	Unsold.	Total unclear- ed.	
1933.							
January 31st	16,000	13,000	29,000	68,000	86,000	154,000
February 28th	16,000	15,000	31,000	66,000	90,000	156,000
March 31st	15,000	16,000	31,000	63,000	97,000	160,000
April 30th	15,000	16,000	31,000	59,000	106,000	165,000
May 31st	15,000	13,000	28,000	62,000	101,000	163,000
June 30th	15,000	15,000	30,000	68,000	90,000	158,000
July 31st	14,000	15,000	29,000	76,000	87,000	163,000
August 31st	14,000	15,000	29,000	75,000	88,000	163,000
September 30th	12,000	14,000	26,000	71,000	78,000	149,000
October 31st	14,000	10,000	24,000	60,000	74,000	134,000
November 30th	8,000	13,000	21,000	48,000	66,000	114,000
December 31st	8,000	10,000	18,000	43,000	63,000	106,000
1934.							
January 31st	7,000	10,000	17,000	41,000	63,000	104,000
February 28th	8,000	10,000	18,000	42,000	54,000	96,000
March 31st	9,000	11,000	20,000	39,000	52,000	91,000
April 30th	7,000	10,000	17,000	40,000	43,000	83,000
May 31st	3,000	8,000	11,000	31,000	31,000	62,000
June 30th	5,000	7,000	12,000	33,000	27,000	60,000
July 31st	5,000	6,000	11,000	38,000	29,000	67,000
August 31st	6,000	6,000	12,000	48,000	26,000	74,000
September 30th	7,000	7,000	14,000	48,000	25,000	73,000
October 31st	7,000	7,000	14,000	41,000	22,000	63,000
November 30th	6,000	6,000	12,000	39,000	19,000	58,000
December 31st	7,000	4,000	11,000	42,000	19,000	61,000
1935.							
January 31st	6,000	5,000	11,000	46,000	22,000	68,000
February 28th	8,000	6,000	14,000	53,000	23,000	76,000
March 31st	10,000	8,000	18,000	50,000	24,000	80,000
April 30th	12,000	5,000	17,000	54,000	24,000	78,000
May 31st	11,000	6,000	17,000	58,000	23,000	81,000
June 30th	11,000	8,000	19,000	72,000	26,000	98,000
July 31st	11,000	7,000	18,000	79,000	27,000	106,000
August 31st	12,000	8,000	20,000	86,000	26,000	112,000
September 30th	12,000	7,000	19,000	73,000	24,000	97,000
October 31st	11,000	5,000	16,000	61,000	23,000	84,000
November 30th	11,000	7,000	18,000	61,000	24,000	85,000
December 31st	11,000	10,000	21,000	64,000	28,000	92,000
1936.							
January 31st	11,000	13,000	24,000	67,000	31,000	98,000
February 29th	10,000	13,000	23,000	69,000	31,000	100,000
March 31st	10,000	13,000	23,000	64,000	33,000	102,000
April 30th	12,000	11,000	23,000	68,000	32,000	100,000
May 31st	12,000	11,000	23,000	74,000	33,000	107,000
June 30th	12,000	12,000	24,000	84,000	34,000	118,000
July 31st	13,000	9,000	22,000	95,000	35,000	130,000
August 31st	12,000	10,000	22,000	104,000	34,000	138,000
September 30th	11,000	9,000	20,000	94,000	34,000	128,000
October 31st	9,000	9,000	18,000	73,000	31,000	104,000
November 30th	9,000	7,000	16,000	57,000	26,000	83,000
December 31st	10,000	6,000	16,000	54,000	24,000	78,000

TABLE NO. 10.
 AVERAGE WHOLESALE PRICES OF PIECEGOODS AND YARN
 PRODUCED BY BOMBAY MILLS.

Date.	PIECEGOODS.			YARN.	
	Longcloth.	T. Cloths.	Chadars.	Twist. No. 10's.	Twist. No. 20's.
	As.	As.	As.	As.	As.
Year ending December 31st, 1905 ..	9.39	9.56	9.30	5 29/32	7.0
Year ending December 31st, 1906 ..	9.46	9.45	9.38	5 29/32	7 5/16
Year ending December 31st, 1907 ..		Not Available.			
Year ending December 31st, 1908 ..	9 7/16	9 1/16	8 15/16	5 3/32	6 1/4
Year ending December 31st, 1909 ..		Not Available.			
Year ending December 31st, 1910 ..	9 15/16	9 3/16	9 3/16	6 27/32	7 13/16
Year ending December 31st, 1911 ..		Not Available.			
Year ending December 31st, 1912 ..	10 13/16	10 1/2	9 7/8	7 5/32	8 1/2
Year ending December 31st, 1913 ..		Not Available.			
Year ending December 31st, 1914 ..	9 1/2	9 3/16	9 5/16	5 1/2	6 23/32
Year ending December 31st, 1915 ..	9 1/16	8 7/16	8 7/16	5	6 1/32
Year ending December 31st, 1916 ..	11 1/2	11 1/2	10 1/2	6 7/16	8 9/32
Year ending December 31st, 1917 ..	17 1/2	16 3/16	14 15/16	9 7/16	12 29/32
Year ending December 31st, 1918 ..	29 1/2	26 1/2	25 1/2	16 29/32	20 31/32
Year ending December 31st, 1919 ..	26 1/2	24 9/16	24 1/2	16 19/32	21 3/16
Year ending December 31st, 1920 ..	29 1/2	27 1/2	27 9/16	16 11/16	24 1/2
Year ending December 31st, 1921 ..	26 3/16	24 1/2	24 5/16	12 9/32	17
Year ending December 31st, 1922 ..	25 11/32	22 1/2	23 1/2	12 1/2	16 15/16
Year ending December 31st, 1923 ..	21 1/2	19 15/16	19 13/16	12 1/16	15 19/32
Year ending December 31st, 1924 ..	22 1/2	21 1/2	20 9/16	14 1/2	17 11/32
Year ending December 31st, 1925 ..	19 1/2	18 9/16	18 1/8	12 3/32	13 31/32

TABLE No. 10—contd.

AVERAGE WHOLESALE PRICES OF GREY UNBLEACHED PIECEGOODS IN 1936.

	Longcloth Standard Quality 37×37½×9 Per lb.	Shirtings 35×38×9 Per lb.	Leopard Cloth 43×38×11½ Per lb.	Dhoties (up to ¼" Nakhi border), 32×9×1½ Per lb.	Dhoties Calcutta ¾" P.B. 44×10×1½ Per lb.	Drills 29½×40×13½ Per lb.	Domestic 24×48×10 Per lb.	Domestic 26×61×11 Per lb.	Salita 40×66×25 Per lb.	Chadars 50×6×2½ Per lb.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Year ending 31st December, 1926	1 0 5	0 15 5	....	1 0 5	....	0 14 0	0 15 2	0 14 9	0 15 2	0 15 6
Year ending 31st December, 1927	0 15 1	0 14 6	....	0 15 4	....	0 12 7	0 14 7	0 13 10	0 13 10	0 14 4
Year ending 31st December, 1928	0 15 4	0 14 9	....	0 15 9	....	0 12 11	0 14 9	0 14 6	0 14 5	0 14 3
Year ending 31st December, 1929	0 15 5	0 14 9	....	0 15 9	....	0 13 1	0 15 0	0 14 11	0 14 6	0 14 11
Year ending 31st December, 1930	0 12 9	0 12 2	....	0 13 5	....	0 10 5	0 12 9	0 12 3	0 11 11	0 12 6
Year ending 31st December, 1931	0 11 3	0 10 6	....	0 11 6	....	0 9 3	0 11 6	0 11 0	0 10 6	0 11 0
Year ending 31st December, 1932	0 11 0	0 10 6	....	0 11 1	....	0 8 10	0 10 6	0 10 7	0 10 6	0 10 9
Year ending 31st December, 1933	0 10 4	0 9 9	....	0 10 6	....	0 8 5	0 9 7	0 10 0	0 9 10	0 10 1
Year ending 31st December, 1934	0 10 3	0 9 9	....	0 10 5	....	0 8 6	0 10 3	0 10 5	0 9 9	0 10 1
Year ending 31st December, 1935	0 10 0	0 9 9	0 9 7	0 10 0	0 14 6	0 8 5	(35×40×13½) 0 8 5	(35×40×12) 0 8 7	0 10 0	0 10 1
Fortnight ending:—										
10th January, 1936	0 9 10	0 9 6	0 9 5	0 9 10	0 14 5	0 8 3	0 8 4	0 8 5	Not quoted	Not quoted
24th January, 1936	0 9 10	0 9 7	0 9 5	0 9 10	0 14 5	0 8 3	0 8 4	0 8 5	"	"
7th February, 1936	0 9 10	0 9 6	0 9 5	0 9 10	0 14 3	0 8 2	0 8 3	0 8 4	"	"
20th February, 1936	0 9 10	0 9 6	0 9 5	0 9 10	0 14 3	0 8 1	0 8 3	0 8 3	"	"
6th March, 1936	0 9 10	0 9 5	0 9 5	0 9 8	0 14 2	0 8 2	0 8 3	0 8 2	"	0 9 8
21st March, 1936	0 9 8	0 9 4	0 9 4	0 9 8	0 14 2	0 8 2	0 8 1	0 8 2	"	0 9 8
2nd April, 1936	0 9 8	0 9 4	0 9 4	0 9 8	0 14 2	0 8 2	0 8 0	0 8 2	"	0 9 8
17th April, 1936	0 9 7	0 9 3	0 9 3	0 9 8	0 14 2	0 8 3	0 8 0	0 8 1	"	Not quoted
1st May, 1936	0 9 7	0 9 3	0 9 2	0 9 8	0 14 2	0 8 2	0 8 0	0 7 11	"	"
15th May, 1936	0 9 6	0 9 2	0 9 1	0 9 7	0 14 2	0 8 2	0 8 0	0 8 0	"	"
29th May, 1936	0 9 6	0 9 2	0 8 9	0 9 7	0 14 2	0 8 2	0 8 0	0 8 0	"	"
12th June, 1936	0 9 6	0 9 2	0 9 1	0 9 7	0 14 2	0 8 2	0 8 0	0 8 0	"	"
26th June, 1936	0 9 6	0 9 3	0 9 2	0 9 7	0 14 2	0 8 2	0 8 0	0 8 0	"	"
10th July, 1936	0 9 7	0 9 3	0 9 2	0 9 7	0 14 2	0 8 2	0 8 1	0 8 1	"	"
24th July, 1936	0 9 8	0 9 4	0 9 3	0 9 7	0 14 2	0 8 3	0 8 2	0 8 2	"	"
7th August, 1936	0 9 8	0 9 3	0 9 3	0 9 7	0 14 1	0 8 3	0 8 2	0 8 3	"	"
21st August, 1936	0 9 7	0 9 2	0 9 2	0 9 7	0 14 1	0 8 2	0 8 1	0 8 2	"	"
4th September, 1936	0 9 8	0 9 3	0 9 3	0 9 7	0 14 1	0 8 2	0 8 1	0 8 1	"	"
18th September, 1936	0 9 8	0 9 2	0 9 4	0 9 7	0 14 1	0 8 2	0 8 1	0 8 1	"	"
2nd October, 1936	0 9 8	0 9 2	0 9 4	0 9 7	0 14 0	0 8 2	0 8 1	0 8 1	"	"
16th October, 1936	0 9 9	0 9 3	0 9 3	0 9 7	0 14 0	0 8 2	0 8 1	0 8 1	"	"
30th October, 1936	0 9 8	0 9 3	0 9 3	0 9 7	0 14 0	0 8 3	0 8 2	0 8 2	"	"
12th November, 1936	0 9 8	0 9 1	0 9 3	0 9 7	0 14 0	0 8 3	0 8 2	0 8 2	"	"
27th November, 1936	0 9 8	0 9 2	0 9 3	0 9 7	0 14 0	0 8 3	0 8 2	0 8 2	"	"
11th December, 1936	0 9 8	0 9 1	0 9 3	0 9 7	0 14 0	0 8 3	0 8 2	0 8 2	"	"
23rd December, 1936	0 9 8	0 9 1	0 9 3	0 9 7	0 14 0	0 8 4	0 8 2	0 8 3	"	"

NOTE :—Figures extracted from the current quotations issued by the Association.

TABLE NO. 10—contd.
AVERAGE WHOLESALE PRICES FOR WHITE PIECEGOODS AND GREY YARN IN 1936.

	WHITE BLEACHED.		YARN (Price per lb.)											
	Long-cloth 34 X 40 Per Piece.	Drill 27 X 42	4s. All Waste.	6½s. All Waste.	8½	10½	12½	16s.	20s.	24s.	32s.	40s.	60s.	80s.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Year ending 31st December, 1926				0 6 4	0 7 5	0 8 4	0 9 2	0 10 2	0 10 8	0 12 5				
Do. 1927				0 6 11	0 8 0	0 8 8	0 9 9	0 10 3	0 10 10	0 11 4				
Do. 1928				0 7 8	0 8 7	0 9 5	0 10 0	0 11 1	0 11 10	0 12 5				
Do. 1929				0 7 4	0 8 4	0 9 1	0 9 6	0 10 8	0 11 9	0 12 6				
Do. 1930				0 5 7	0 6 5	0 6 10	0 7 3	0 8 6	0 9 2	0 9 9				
Do. 1931				0 4 3	0 5 3	0 5 8	0 6 0	0 7 0	0 7 5	0 8 0				
Do. 1932				0 4 4	0 5 6	0 6 1	0 6 4	0 7 4	0 7 10	0 8 7	0 10 2			
Do. 1933				0 3 10	0 4 11	0 5 4	0 5 8	0 6 5	0 7 0	0 8 4	0 9 6			
Do. 1934				0 4 2	0 4 11	0 5 3	0 5 7	0 6 7	0 7 1	0 7 10	0 9 4			
Do. 1935	9 8 2	8 7 9	0 3 6	0 4 0	0 5 5	0 5 10	0 6 2	0 7 6	0 8 1	0 8 9	0 10 5	0 11 11	1 1 0	1 6 7
10th January, 1936	9 15 0	8 5 0	0 3 3	0 3 10	0 5 3	0 5 9	0 6 1	0 7 0	0 7 9	0 8 4	0 9 11	0 11 4	1 0 11	1 6 7
24th January, 1936	9 15 0	8 5 0	Not quoted.	0 3 10	0 5 0	0 5 6	0 5 11	0 6 8	0 7 8	0 8 3	0 10 1	0 11 4	1 0 9	1 6 6
7th February, 1936	9 12 0	8 5 0	0 3 5	0 3 10	0 4 11	0 5 5	0 5 10	0 6 9	0 7 6	0 8 1	0 9 7	0 10 10	1 0 9	1 6 0
21st February, 1936	9 13 6	8 5 0	Not quoted.	0 3 9	0 5 0	0 5 5	0 5 10	0 6 8	0 7 5	0 8 0	0 9 7	0 10 11	1 0 7	1 5 10
6th March, 1936	9 13 6	8 5 0	0 3 2	0 3 9	0 5 0	0 5 5	0 5 9	0 6 7	0 7 5	0 7 11	0 9 7	0 10 11	1 0 2	1 5 6
20th March, 1936	9 13 6	8 5 0	0 3 3	0 3 9	0 5 0	0 5 6	0 5 9	0 6 7	0 7 5	0 8 0	0 9 8	Not quoted.	1 0 2	1 5 0
2nd April, 1936	9 14 0	8 4 0	0 3 4	0 3 7	0 5 1	0 5 6	0 5 10	0 6 9	0 7 6	0 8 0	0 9 8	Not quoted.	1 0 8	1 5 6
17th April, 1936	9 15 0	8 1 9	Not quoted.	Not quoted.	0 5 2	0 5 7	0 5 11	0 6 9	0 7 6	0 8 1	0 9 8	Not quoted.	0 15 10	1 5 0
1st May, 1936	9 14 6	8 1 9	0 3 6	0 4 1	0 5 1	0 5 6	0 5 10	0 6 8	0 7 5	0 7 11	0 9 6	Not quoted.	1 0 1	1 5 0
15th May, 1936	9 15 0	8 1 6	0 3 6	0 4 1	0 5 0	0 5 5	0 5 9	0 6 8	0 7 4	0 7 11	0 9 6	Not quoted.	0 15 11	1 5 0
29th May, 1936	10 0 0	8 1 9	Not quoted.	Not quoted.	0 5 1	0 5 6	0 5 9	0 6 9	0 7 5	0 7 10	0 9 7	Not quoted.	0 15 11	1 5 0
12th June, 1936	9 14 6	8 1 9	0 3 7	0 3 11	0 5 1	0 5 7	0 5 10	0 6 6	0 7 6	0 7 10	0 9 5	Not quoted.	0 15 9	1 4 3
26th June, 1936	9 14 6	7 15 9	Not quoted.	0 3 11	0 5 1	0 5 7	0 5 11	0 6 6	0 7 4	0 7 10	0 9 5	Not quoted.	0 15 9	1 4 6
10th July, 1936	9 14 6	8 0 6	0 3 6	0 3 11	0 5 0	0 5 7	0 5 10	0 6 6	0 7 6	Not quoted.	0 9 7	Not quoted.	0 15 9	1 5 0
24th July, 1936	10 0 0	8 1 0	0 3 8	0 4 0	0 5 2	0 5 8	0 5 11	0 6 7	0 7 6	0 7 11	0 9 7	Not quoted.	0 15 9	1 3 7
7th August, 1936	10 0 0	8 1 0	0 3 8	0 4 0	0 5 2	0 5 7	0 5 11	0 6 6	0 7 4	0 7 10	0 9 5	Not quoted.	0 15 3	1 3 7
21st August, 1936	10 0 0	8 1 0	Not quoted.	Not quoted.	0 4 0	0 5 2	0 5 7	0 6 7	0 7 3	0 7 9	0 9 5	Not quoted.	..	1 3 9
4th September, 1936	10 0 0	8 1 0	0 3 7	0 4 1	0 5 2	0 5 7	0 5 10	0 6 7	0 7 3	0 7 9	0 9 5	Not quoted.	..	1 3 6
18th September, 1936	10 0 0	8 1 0	0 3 7	0 4 1	0 5 2	0 5 7	0 5 10	0 6 7	0 7 3	0 7 8	0 9 5	Not quoted.	..	1 3 5
2nd October, 1936	9 14 0	8 1 0	0 3 8	0 4 2	0 5 2	0 5 7	0 5 11	0 6 8	0 7 4	0 7 9	0 9 5	Not quoted.	0 15 5	1 3 5
16th October, 1936	10 0 0	8 0 0	Not quoted.	0 4 2	0 5 2	0 5 7	0 5 10	0 6 8	0 7 4	0 7 9	0 9 5	Not quoted.	0 15 5	1 3 5
30th October, 1936	9 14 6	8 0 0	Not quoted.	0 4 2	0 5 1	0 5 6	0 5 9	0 6 7	0 7 3	0 7 9	0 9 5	Not quoted.	0 15 5	1 3 4
12th November, 1936	10 0 0	8 0 0	Not quoted.	0 4 2	0 5 1	0 5 6	0 5 9	0 6 7	0 7 4	0 7 8	0 9 6	Not quoted.	..	1 3 4
27th November, 1936	9 14 6	8 0 0	Not quoted.	Not quoted.	0 5 1	0 5 6	0 5 9	0 6 7	0 7 3	0 7 9	0 9 6	Not quoted.	..	1 3 1
11th December, 1936	10 0 0	8 0 0	Not quoted.	Not quoted.	0 5 2	0 5 6	0 5 9	0 6 8	0 7 4	0 7 10	0 9 7	Not quoted.	..	1 4 4
23rd December, 1936	9 14 0	8 1 0	Not quoted.	Not quoted.	0 5 2	0 5 7	0 5 10	0 6 8	0 7 4	0 7 10	0 9 6	Not quoted.	..	1 4 6

TABLE NO. II.

EXCHANGE VARIATIONS IN 1936 FOR TELEGRAPHIC TRANSFERS, DEMAND
DRAFTS AND THE PRICE OF SILVER.

1936.			Bombay/ London. Selling T. T. Rate.	Bombay/ Yokohama Per 100 yens Selling T. T. Rate.	Bombay/ Hongkong Per 100 dollars Selling D.D. Rate.	Bombay/ Shanghai Per 100 dollars. Selling D.D. Rate.	Bombay/ New York Per 100 dollars. Selling D.D. Rate.	Price in Bombay for 100 tolas of ready silver.
			s	Rs.	Rs.	Rs.	Rs.	Rs. a. p
Jany.	Highest	.. ..	1/6 3/32	77½	90½	81½	269½	55 8 0
	Lowest	.. ..	1/6 3/32	77½	87	81	266	46 12 0
Feb'y.	Highest	.. ..	1/6 3/32	77½	88½	81½	267	50 8 0
	Lowest	.. ..	1/6 3/32	77	88½	80½	264½	48 5 0
March	Highest	.. ..	1/6 3/32	77½	88½	81½	269	50 4 0
	Lowest	.. ..	1/6 3/32	77	88	81	266½	47 12 0
April	Highest	.. ..	1/6 3/32	77½	88½	81½	269½	52 8 0
	Lowest	.. ..	1/6 3/32	77½	88½	81½	267½	49 7 0
May	Highest	.. ..	1/6 3/32	77½	88½	81½	269½	52 8 0
	Lowest	.. ..	1/6 3/32	77½	87½	80½	265½	49 4 0
June	Highest	.. ..	1/6 3/32	77½	87	80½	266½	50 1 0
	Lowest	.. ..	1/6 3/32	77½	86½	80½	266½	48 6 0
July	Highest	.. ..	1/6 3/32	77½	86½	81½	265	49 5 0
	Lowest	.. ..	1/6 3/32	77½	83½	80½	264	48 5 0
Aug.	Highest	.. ..	1/6 3/32	77½	85½	81	264½	49 2 0
	Lowest	.. ..	1/6 3/32	77½	83½	80½	263½	47 0 0
Sept.	Highest	.. ..	1/6 3/32	77½	84	81	269	50 7 0
	Lowest	.. ..	1/6 3/32	77½	83	80½	261½	48 4 0
Octr.	Highest	.. ..	1/6 3/32	77½	84	81½	271½	50 3 0
	Lowest	.. ..	1/6 3/32	77½	83½	80½	269	49 0 0
Novr.	Highest	.. ..	1/6 3/32	77½	85½	81½	272½	56 2 0
	Lowest	.. ..	1/6 3/32	77½	83½	81½	271	49 7 0
Decr.	Highest	.. ..	1/6 1/8	77½	84½	81½	270½	53 3 0
	Lowest	.. ..	1/6 3/32	77½	83½	81½	269½	51 12 0

NOTE.—These figures were supplied by Messrs. Premchand Roychand & Sons, Exchange Brokers, Bombay.

TABLE NO. 12.

STATEMENT SHOWING THE QUANTITY OF YARN SPUN IN INDIA.
(In thousands of pounds.)

	1917-18.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928. †	Calendar Year 1929. ‡	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.
BRITISH INDIA—																				
1 to 10	98,391	84,663	81,044	81,180	94,251	97,603	80,123	87,505	89,339	110,470	104,601	54,412	94,387	101,283	104,200	104,901	96,691	95,679	97,741	97,326
11 to 20	325,045	292,365	321,738	334,403	345,887	348,815	299,062	343,396	316,531	353,712	353,501	250,954	322,659	338,667	362,721	406,845	378,659	369,876	388,152	393,351
21 to 30	173,794	180,216	174,240	188,824	193,330	197,325	168,219	205,347	191,063	221,702	240,298	181,591	233,096	233,630	253,019	272,051	229,891	239,129	247,875	238,325
31 to 40	23,600	18,583	16,535	14,868	16,707	15,836	19,143	18,774	18,498	24,849	29,808	33,066	43,185	53,411	64,251	73,071	66,314	82,395	102,461	106,003
Above 40	5,748	4,503	3,542	2,067	2,364	2,195	3,255	5,809	5,816	10,292	11,685	9,200	13,839	22,751	31,987	34,245	34,040	39,018	51,953	51,409
Wastes	223	231	258	314	472	162	324	336	1,319	2,590	5,925	5,227	6,375	5,983	4,891	5,346	5,349	5,669	5,360	7,537
TOTAL ..	826,801	580,561	597,355	621,655	653,011	661,936	570,125	661,162	623,371	723,903	745,819	534,442	713,543	755,725	821,069	896,459	810,945	831,766	893,182	893,951
NATIVE STATES—																				
1 to 10	2,061	2,657	3,143	2,763	4,816	5,375	4,721	5,291	6,385	5,935	7,911	8,756	10,421	11,150	12,997	13,222	10,742	12,994	13,088	14,580
11 to 20	20,957	22,175	25,262	25,125	25,565	26,802	28,005	33,619	32,493	37,046	49,643	48,966	55,915	64,166	66,102	75,467	72,969	82,887	87,706	96,231
21 to 30	9,874	8,989	9,417	10,262	9,832	11,634	13,758	18,465	22,726	23,594	24,064	27,334	30,815	31,603	31,309	33,248	30,226	34,838	38,272	36,610
31 to 40	789	606	545	166	94	94	524	593	1,239	1,797	1,835	2,304	2,584	3,245	3,971	4,495	6,818	8,805	8,706	7,810
Above 40	94	53	18	....	26	....	6	14	18	142	212	254	373	881	1,174	1,749	2,435	3,289	4,694	5,657
Wastes .. .. .	....	....	19	41	20	52	190	247	196	187	484	256	268	275	283	283	297	293	293	289
TOTAL ..	33,775	34,480	38,405	38,347	40,452	43,958	47,204	58,228	63,057	68,702	84,149	87,870	99,726	111,300	115,835	128,465	123,486	143,105	153,029	161,177
GRAND TOTAL, BRITISH INDIA AND NATIVE STATES—																				
1 to 10	100,452	87,320	84,188	83,943	99,067	102,978	84,843	92,796	95,724	116,415	112,512	63,168	104,809	112,432	117,197	118,123	107,432	108,673	110,830	111,905
11 to 20	346,002	314,541	347,000	359,527	371,452	375,617	327,067	377,015	349,024	390,759	403,144	299,920	377,974	402,833	428,823	482,312	451,829	452,762	475,859	489,582
21 to 30	183,667	189,204	183,657	199,086	203,162	208,959	181,977	223,812	213,789	245,295	264,362	208,915	269,913	265,233	284,928	305,298	260,117	273,966	286,147	274,935
31 to 40	24,389	19,189	17,080	15,024	16,900	15,930	19,667	19,368	19,737	26,645	31,643	35,370	45,719	56,657	68,222	77,566	73,132	91,201	111,166	113,813
Above 40	5,842	4,555	3,580	2,067	2,369	2,195	3,261	5,822	5,834	10,435	11,899	9,454	14,212	23,612	33,161	35,994	36,475	42,307	56,557	57,066
Wastes	223	231	275	355	492	214	514	578	1,515	2,777	6,409	5,483	6,643	6,258	5,174	5,630	5,646	5,962	5,653	7,826
GRAND TOTAL ..	660,576	615,040	635,760	660,003	693,463	705,894	617,329	719,390	686,428	792,606	829,968	622,312	813,269	867,025	936,904	1,024,924	934,431	974,871	1,046,212	1,055,128

* During the years 1923-24 and 1925-26 all the mills in the City and Island of Bombay were closed for about 2 months and 2½ months respectively.

† Includes 805 lbs. for which details are not known.
‡ Do, 288 do, do.

Note.—The periods covered by all the Statistics included in the report are, unless otherwise stated, official years ending 31st March.

§ During the year 1928 all the mills in the City and Island of Bombay were closed for about 6 months and for about 4½ months during 1929.

TABLE No. 13.

STATEMENT SHOWING THE QUANTITY OF YARN SPUN IN BOMBAY CITY AND ISLAND.

(In thousands of pounds.)

Descriptions.	1917-18.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.*	1924-25.	1925-26.*	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.
Nos. 1 to 10..	71,167	55,970	56,406	58,242	71,274	74,226	56,123	61,164	56,982	75,498	66,995	28,436	54,055	54,381	53,321	52,094	44,725	37,822	43,497	37,566
Nos. 11 to 20..	186,336	151,433	173,435	183,839	175,505	171,828	125,910	156,150	116,959	152,442	142,755	58,298	105,766	103,861	115,740	128,178	97,266	90,480	112,848	105,349
Nos. 21 to 30..	90,916	90,604	81,274	94,134	94,753	95,406	79,538	98,955	79,114	102,169	110,397	48,697	81,295	85,229	101,541	103,225	76,754	76,990	94,587	80,129
Nos. 31 to 40..	6,991	6,669	5,161	5,178	6,000	5,587	6,605	7,961	5,885	8,858	11,290	8,024	12,891	20,517	27,206	33,468	22,040	27,200	37,685	34,372
Above 40 ..	1,847	1,447	1,405	921	989	1,028	1,338	3,212	2,503	3,834	5,306	2,769	4,768	9,053	12,351	13,487	10,180	13,514	18,702	18,739
Wastes, etc. ..	32	67	38	143	173	24	73	101	520	1,085	1,204	628	967	576	745	655	796	1,148	803	833
TOTAL ..	357,289	306,190	317,719	342,457	348,694	348,099	269,587	327,543	261,963	343,887	337,948	146,853	259,741	273,617	310,903	331,108	251,762	247,154	308,122	276,987

* Please see footnote to table 12 regarding strikes in Bombay Mills.

TABLE NO. 14.

DETAILED STATEMENT OF THE QUANTITY AND DESCRIPTION OF WOVEN GOODS PRODUCED IN INDIAN MILLS.

GRAND TOTAL, INDIA (British India and Indian States).

(Figures in thousands.)

Description.	1917-18.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.
GREY AND BLEACHED PIECEGOODS																				
Chadars Yards ..	54,049	37,914	68,093	59,194	59,428	63,202	58,003	61,614	62,076	65,106	66,659	55,669	65,342	57,500	54,520	59,690	54,161	59,115	57,848	67,764
Dhutis Yards ..	325,017	369,357	337,602	340,128	455,637	431,145	399,214	458,404	516,394	590,425	614,199	551,131	726,656	829,348	941,393	1,050,443	999,906	1,073,325	1,220,306	1,156,289
Drills and Jeans Yards ..	78,611	54,284	80,845	74,305	60,452	56,306	54,974	77,191	74,150	80,076	90,872	73,668	96,330	80,327	100,232	115,224	105,346	117,120	126,067	135,477
Cambrics and Lawns Yards ..	8,277	5,195	8,473	5,951	7,347	5,554	3,649	5,395	3,167	3,135	4,988	5,204	3,132	17,236	37,574	68,582	70,925	112,652	132,317	115,635
Printers Yards ..	26,593	23,067	29,837	28,284	35,622	39,073	34,831	32,777	25,872	22,513	20,876	21,630	18,751	19,294	21,764	16,008	18,403	18,922	19,136	12,300
Shirtings and Longcloth Yards ..	450,630	393,779	444,501	456,240	487,034	470,549	443,848	525,524	521,126	587,363	612,076	466,134	591,417	605,150	769,607	787,789	714,640	827,316	845,047	856,409
T-cloth, Domestics and Sheetings Yards ..	137,396	110,511	122,402	97,388	84,117	81,002	68,075	77,742	74,073	83,806	98,233	72,057	90,270	104,174	149,956	158,257	129,787	158,623	155,074	158,327
Tent Cloth Yards ..	24,550	36,870	5,671	7,508	7,255	6,588	6,573	9,894	9,005	7,907	5,960	6,791	7,458	9,268	5,126	6,405	5,357	5,777	7,107	9,369
Khadi, Dugree or Khaddar Yards ..	..	..	..	..	..	..	..	87,153	87,406	96,625	118,738	88,226	123,329	165,678	124,074	117,947	96,127	101,629	113,861	124,456
Other Sorts Yards ..	35,899	45,733	66,649	60,886	87,859	118,371	128,488	46,675	41,035	43,406	43,252	33,573	41,960	39,587	49,532	59,109	62,771	76,962	79,357	90,661
TOTAL .. Yards ..	1,141,022	1,076,711	1,164,073	1,129,883	1,284,752	1,271,790	1,197,654	1,382,368	1,414,304	1,580,362	1,675,853	1,374,083	1,756,644	1,927,791	2,253,779	2,439,447	2,257,422	2,551,441	2,756,120	2,726,687
Coloured Piecegoods Yards ..	473,105	374,015	475,706	450,967	446,822	453,494	503,920	588,078	540,157	645,153	695,996	486,149	600,741	566,315	646,703	763,775	686,002	734,368	798,014	801,711
Grey and Coloured Goods other than Piecegoods Dozens ..	708	721	659	707	629	1,213	514	611	856	1,074	956	781	1,155	913	782	911	900	920	1,174	1,196
Cotton Goods mixed with Silk or Wool Pounds ..	253	307	204	227	178	165	207	272	708	1,876	4,278	3,448	3,382	3,514	3,389	1,940	1,477	3,443	4,540	5,587
Grand Total { Pounds ..	253	307	204	227	178	165	207	272	708	1,876	4,278	3,448	3,382	3,514	3,389	1,940	1,477	3,443	4,540	5,587
Yards ..	1,614,128	1,450,726	1,639,779	1,580,850	1,731,573	1,725,284	1,701,574	1,970,447	1,954,461	2,225,515	2,371,849	1,860,232	2,357,385	2,494,106	2,900,482	3,203,223	2,943,423	3,285,807	3,554,134	3,528,399
Dozens ..	706	721	659	707	629	1,213	514	611	856	1,074	956	781	1,155	913	782	911	900	920	1,174	1,196

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Until the year 1924-25, Khadi, Dugree or Khaddar production was included in 'other sorts.'

Previous to 1st April 1926, the actual production figures of cloth were not recorded, the figures given in the tables relate to the quantities on which excise duty had become payable. (See Cotton Duties Act of 1896 for detailed interpretation of the term 'manufactured.') (Please see footnote to table 12 regarding strikes in Bombay Mills.)

TABLE No. 15.
DETAILED STATEMENT OF THE QUANTITY AND DESCRIPTION OF WOVEN GOODS PRODUCED IN BOMBAY CITY AND ISLAND.
 (Figures in thousands.)

Description of Goods.	1917-18.	1918-19.	1919-20.	1920-21.	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.
GREY AND BLEACHED GOODS—																				
Chadars Yds.	27,816	14,820	29,010	25,102	28,248	25,239	24,318	25,734	26,795	29,995	31,057	13,044	19,279	18,935	16,576	16,487	16,427	14,406	16,474	16,441
Dhuties "	65,429	88,605	78,919	77,547	121,793	102,025	97,624	110,997	115,412	145,998	170,800	80,484	159,927	224,301	278,577	326,893	258,583	247,321	390,158	350,672
Drills and Jeans "	55,596	33,292	50,170	46,034	35,504	31,523	33,294	49,907	38,408	49,323	58,202	36,514	55,743	46,294	66,263	71,944	61,017	61,199	62,576	64,868
Cambrics and Lawns "	5,269	3,190	3,897	2,470	4,448	2,186	1,560	2,443	1,449	340	1,856	2,216	840	4,176	14,706	14,634	13,603	26,789	41,678	35,702
Printers "	61	314	449	376	1,479	1,674	280	165	1,041	927	..	..	26	13	1,047	933	321	..	..	..
Shirtings and Longcloths "	297,201	233,227	255,628	270,724	311,600	289,340	278,940	326,482	306,776	371,738	380,759	179,243	272,161	319,384	414,754	436,910	331,573	330,702	387,196	367,825
T-Cloths, Domestics and Sheetings "	93,344	64,672	82,792	66,848	53,722	48,427	39,457	45,034	36,195	42,239	46,105	18,233	25,345	33,133	66,817	68,290	55,833	56,407	55,087	61,788
Tent Cloth "	8,820	21,026	2,745	2,924	2,499	1,924	1,488	2,261	2,205	2,399	1,330	1,626	1,842	1,644	698	1,205	814	461	1,198	1,488
Khadi, Dungri or Khaddar .. .. "	..	..	..	..	..	..	..	30,574	27,514	46,721	55,340	18,332	34,186	58,677	27,769	15,648	13,831	11,975	11,330	13,442
Other Sorts "	9,644	12,669	14,827	12,313	26,633	44,980	45,897	11,549	10,302	10,898	13,595	8,179	14,581	14,116	18,111	20,835	14,686	18,823	23,964	26,657
TOTAL	563,180	471,814	518,436	504,339	585,926	547,318	522,859	605,145	566,097	700,581	759,044	358,472	583,929	720,674	905,318	973,779	766,687	768,082	989,662	938,884
COLOURED PIECEGOODS .. Yds.	369,958	286,090	344,856	332,168	336,001	322,966	333,024	380,883	305,744	386,085	409,377	186,974	278,103	239,193	268,712	292,969	203,432	178,048	242,956	217,595
GREY AND COLOURED GOODS other THAN PIECEGOODS. Doz.	581	616	486	503	420	487	349	429	721	784	656	427	700	458	315	342	316	279	451	374
COTTON GOODS MIXED with SILK OR WOOL .. Lbs.	96	113	58	113	64	99	139	115	468	1,140	2,105	847	708	1,090	1,749	282	471	1,785	2,700	3,731
GRAND TOTAL .. {	Yds. 933,138	757,904	863,292	836,507	921,927	870,285	855,883	986,028	871,841	1,086,666	1,168,421	545,446	862,032	959,867	1,174,030	1,266,748	970,119	946,130	1,232,618	1,156,479
Doz. 581	616	486	503	420	487	349	429	721	784	656	427	700	458	315	342	316	279	451	374	
Lbs. 96	113	58	113	64	99	139	115	468	1,140	2,105	847	708	1,090	1,749	282	471	1,785	2,700	3,731	

NOTE.—Until the year 1924-25, Khadi, Dungee or Khaddar production was included in 'other sorts.'

Previous to 1st April 1926, the actual production figures of cloth were not recorded, the figures given in the tables relate to the quantities on which excise duty had become payable;

(See Cotton Duties Act

of 1896 for detailed interpretation of the term 'manufactured.')

See footnote to Table 12 for strikes in Bombay Mills.

TABLE NO. 16.
IMPORTS OF COTTON YARN INTO INDIA.
(Quantities in thousands of pounds.)

Classifications of Yarn.	'17-18.	'18-19.	'19-20.	'20-21.	'21-22.	'22-23.	'23-24.	'24-25.	'25-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.
GREY SINGLES—																				
1s to 10s	16	99	41	216	91	89	107	99	80	85	354	17	103	10	..	..	8	39	..	10
11s to 15s	63	99	114	148	55	36	102	81	22	26	551	30	6	5	10	10	13	2	..	6
16s to 20s	70	7,660	182	6,993	6,555	12,652	6,377	6,629	4,201	2,008	1,069	748	836	334	143	660	150	162	81	56
21s to 25s	23	..	32	128	900	449	231	168	168	136	140	357	78	49	5	7	11	54	16	11
26s to 30s	446	1,927	531	3,436	4,063	4,650	893	677	415	202	348	127	245	163	425	823	559	641	1,017	1,071
31s to 40s	2,255	12,805	2,079	13,885	19,035	21,061	12,943	21,383	21,680	20,924	25,049	13,826	15,996	14,897	13,025	18,299	15,085	6,100	11,618	7,077
41s to 50s	1,413	3,316	1,061	1,429	2,517	2,131	2,078	1,983	1,288	2,031	1,324	1,118	937	600	257	419	544	391	460	650
Above 50s	1,346	2,718	..	(See classifications below)	&	fcot no. te.	..	..	..	..	..	..	..	..	..	..	..	..	..	..
51s to 60s .. .. .	..	..	767	1,776	2,708	1,772	2,490	3,123	2,883	3,559	3,019	4,357	4,638	1,792	2,445	3,714	2,639	3,686	4,901	6,626
61s to 100s .. .. .	..	..	1,143	851	2,742	1,957	2,463	1,997	1,756	2,000	1,705	1,961	1,956	1,064	901	1,505	1,439	1,915	1,663	1,610
Above 100s .. .. .	..	..	50	37	135	123	137	114	242	165	117	137	153	137	113	82	75	128	118	80
GREY TWO FOLDS (Doubles)	..	..	840	3,183	4,974	4,063	3,434	5,023	5,222	5,799	6,656	3,815	5,600	3,072	3,440	5,149	3,713	5,848	8,137	4,877
WHITE (BLEACHED)	..	..	1,077	2,040	2,520	1,894	2,650	3,427	3,751	4,112	4,985	4,555	5,570	4,132	3,614	4,238	3,016	3,276	3,642	2,986
COLOURED SINGLES—																				
1s to 20s	205	132	120	234	260	292	271	361	469	293	445	266	201	197	177	247	125	182	152	153
21s to 25s	355	461	308	304	319	352	242	309	375	396	220	248	200	204	208	315	219	206	143	162
26s to 30s	155	136	136	321	174	58	100	257	160	199	114	78	28	23	25	6	5	12	10	13
31s to 40s	7,810	3,980	4,773	8,958	7,705	5,596	6,864	6,305	4,614	4,165	4,167	2,176	3,126	1,196	552	552	432	280	304	280
41s to 50s	403	221	92	455	221	5	68	50	84	232	87	52	92	49	48	15	58	24	25	10
Above 50s	408	480	478	473	558	235	503	391	433	533	459	270	446	248	181	224	132	133	177	266
COLOURED TWO FOLDS (Doubles)	..	..	448	1,060	772	490	598	810	973	694	579	498	433	420	280	348	256	347	263	206
MERCERISED COTTON YARN	1,135	902	470	1,280	794	1,320	2,019	2,664	2,845	4,165	5,181	3,895	5,874	3,674	4,624	7,547	5,225	6,509	9,932	10,621
UNSPECIFIED DESCRIPTION	3,297	3,161	353	127	24	49	4	57	27	29	76	27	30	11	21	24	40	40	16	30
SEWING THREAD	1,755	1,360	1,705	1,496	1,004	1,230	1,534	1,660	2,154	2,135	2,387	2,085	2,360	2,049	1,815	2,034	1,939	2,511	2,841	3,126
ARTIFICIAL SILK YARN	..	51	168	74	71	225	406	1,171	2,671	4,012	8,478	6,927	7,992	6,016	8,045	12,354	8,024	15,279	15,913	15,055
TOTAL	21,155	39,506	16,970	48,903	58,200	60,729	46,515	58,738	56,513	57,900	67,509	47,570	56,900	40,343	40,353	58,572	43,707	47,764	61,429	55,550

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NOTE.—Before the year 1919-20 all yarns above 50 Counts were grouped as "above 50s." It was only in 1920 that Government introduced the three additional classifications, viz., 51s to 60s, 61s to 100s, and above 100s. Before 1919-20 Greyfolds (doubles), white bleached and Coloured two folds were not separately shown. The same remark applies to artificial silk yarn prior to 1918-19; previously it was included in the general heading unspecified "descriptions."

TABLE No. 17.
IMPORTS OF COTTON YARN INTO BOMBAY.
(Quantities in thousands of pounds.)

Classifications of Yarn.	'17-18.	'18-19.	'19-20.	'20-21.	'21-22.	'22-23.	'23-24.	'24-25.	'25-26.	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	
GREY SINGLES—																					
1s to 10s	1	97	40	110	49	80	73	17	30	..	260	16	102	10	..	..	8	39	..	..
11s to 15s	1	42	71	29	8	..	..	4	..	5	541	13	..	..	1	..	12	..	..	2
16s to 20s	6	6,205	144	5,295	4,716	8,445	4,003	2,044	1,365	299	226	6	40	23	16	578	97	146	46	4	
21s to 25s	19	..	8	73	737	300	41	37	..	6	3	228	..	1	..	..	38	9	26	2
26s to 30s	430	1,384	451	2,302	3,354	4,480	833	574	397	152	210	89	182	106	8	10	9	26	16	15	
31s to 40s	953	8,208	1,046	7,510	10,300	11,244	8,238	11,933	12,874	12,250	15,820	6,075	6,334	3,282	3,183	4,493	2,123	1,351	1,304	1,525	
41s to 50s	867	3,089	775	682	1,673	1,482	1,372	1,358	743	884	856	521	588	422	69	96	207	221	297	207	
Above 50s	734	1,864	..	(See classifications below)	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
51s to 60s .. .. .	..	..	564	784	912	343	297	627	926	665	649	1,132	1,047	327	67	162	56	1,146	1,710	2,357
61s to 100s .. .. .	..	..	509	381	1,178	838	888	803	385	654	427	321	448	237	48	62	135	133	396	654
Above 100s .. .. .	..	..	8	22	33	13	17	39	127	41	51	19	22	37	..	2	..	2	15	1
GREY TWO FOLDS (Doubles)	..	..	839	3,089	3,948	3,564	2,888	3,954	4,123	5,521	5,323	3,124	4,509	2,240	2,504	3,618	2,105	3,306	5,538	3,098
WHITE (BLEACHED)	..	..	587	1,234	1,482	1,060	1,585	1,916	1,990	2,217	2,525	2,144	2,099	1,806	1,668	1,853	1,354	1,189	1,097	754
COLOURED SINGLES—																					
1s to 20s	1	..	2	24	2	7	3	36	3	..	1	..	2	1	1	..	1	..	4	2	
21s to 25s	3	..	..	13	1	2	..	8	..	..	..	..	1	..	..	..	5	..	..	..
26s to 30s	44	30	49	91	72	35	8	61	22	4	13	16	7	5	..	..	..	..	..	..
31s to 40s	871	445	630	1,172	1,146	443	892	753	376	339	254	171	240	50	23	2	11	6	1	..	
41s to 50s	10	79	71	100	211	..	58	31	57	62	86	43	26	13	22	6	18	..	..	..
Above 50s	13	17	5	16	25	1	6	13	27	8	..	2	..	..	..	..	..	..	..	4
COLOURED TWO FOLDS (Doubles)	..	..	306	2,743	566	242	385	487	463	430	213	123	84	50	6	..	2	..	10	6
MERCERISED COTTON YARN	1,047	874	453	1,209	770	1,286	1,964	2,607	2,731	4,076	5,162	3,794	5,502	3,045	4,123	6,338	4,054	4,514	7,342	8,098	
UNSPECIFIED DESCRIPTION	1,048	707	..	..	..	..	..	22	13	2	6	27	20	4	17	10	7	8	6	24
SEWING THREAD	906	642	412	545	384	465	601	681	721	664	822	721	830	747	661	816	756	974	994	1,123	
ARTIFICIAL SILK YARN	..	51	168	69	63	201	356	879	2,002	3,307	7,295	4,981	4,996	3,087	5,540	7,675	4,900	8,951	10,754	9,854	
TOTAL	6,962	23,794	7,139	25,556	31,631	34,535	24,509	28,875	29,376	31,647	40,743	23,573	27,080	15,494	17,958	25,721	15,860	22,052	29,541	27,732	

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(See footnote to Table 16.)

TABLE No. 18.

STATEMENT SHOWING THE VARIOUS CLASSES OF PIECEGOODS IMPORTED INTO BRITISH INDIA.

(Quantities in thousands of yards.)

DESCRIPTION.	1917-18	1918-19	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25	1925-26	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.
PIECEGOODS.																				
GREY, UNBLEACHED (PLAIN AND BORDERED) :-																				
Chadars	263	1	296	439	367	634	730	831	780	1,052	1,084	954	1,193	318	23	45	48	74	255	74
Dhuties, Saris, etc. .. .	398,001	304,314	348,193	291,255	383,411	506,657	432,658	489,881	429,271	509,089	508,666	454,127	490,653	304,944	87,149	113,683	120,265	92,894	122,156	106,306
Drills and Jeans .. .	7,575	13,673	9,811	17,616	16,123	14,275	16,802	17,282	19,427	15,329	14,802	10,132	13,179	5,411	2,862	1,721	1,789	830	1,542	812
Flannels .. .	36	19	..	..	..	412	6	61	19	22	16	12	2	298	4	..	..	..	21	..
Jaconets and Madapolams .. .	62,730	48,909	40,764	39,061	55,176	83,594	72,983	89,407	57,039	74,327	76,779	77,113	58,518	29,496	22,264	24,283	24,151	23,718	20,718	14,060
Longcloth .. .	122,847	159,611	114,484	181,893	129,364	280,131	119,036	206,741	171,327	166,635	242,408	207,860	344,623	213,600	130,970	190,983	116,895	134,497	187,970	172,650
Printers .. .	..	..	..	..	..	13	..	..	..	2	..	..	..	6	..	..	..	..	2,225	..
Sheetings .. .	30,272	53,793	17,778	46,358	50,164	44,516	60,742	39,361	30,413	19,870	24,000	8,652	14,296	4,471	3,827	3,591	2,523	1,007	1,618	..
T.cloth and Domestics .. .	2,815	2,696	1,564	2,912	398	584	510	531	482	369	576	95	113	89	28	14	..	..	..	..
Unspecified Sorts .. .	936	403	451	642	605	221	488	1,394	323	210	498	979	2,296	1,433	1,558	1,300	1,079	1,006	1,660	963
TOTAL	625,475	583,420	533,341	580,208	635,608	931,025	703,956	845,502	709,085	786,906	868,829	759,925	924,808	560,066	249,572	335,856	267,819	255,033	337,553	296,484
WHITE, BLEACHED :-																				
Chadars .. .	679	173	419	479	396	414	487	718	277	311	251	173	54	85	..	17	..	10	..	..
Checks, Spots and Stripes .. .	5,172	1,312	3,939	8,950	1,542	5,793	8,458	11,024	7,020	10,122	12,820	15,517	11,873	7,046	2,939	6,426	5,900	4,175	4,668	4,658
Dhuties, Saris, etc. .. .	41,623	35,797	37,913	35,672	31,944	4,959	45,693	68,896	72,590	109,993	87,197	40,907	51,704	20,921	2,845	2,636	5,694	8,859	5,638	3,293
Drills and Jeans .. .	3,301	4,447	3,259	6,315	2,023	3,140	3,421	6,347	6,106	5,499	6,586	5,603	4,767	3,694	4,918	4,621	4,094	3,578	3,318	3,318
Embroidered All-Overs .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	4,101	4,752	5,556
Flannels .. .	390	17	19	367	11	52	38	35	67	44	54	15	23	57	102	68	8	104	54	2
Jaconets, etc. .. .	13,549	4,424	10,314	11,824	5,737	7,118	8,292	9,294	9,398	13,762	13,950	16,610	16,181	14,273	8,669	17,438	14,880	23,275	21,283	18,994
Lawns .. .	5,929	4,157	8,666	4,688	8,679	7,698	9,193	8,855	16,100	8,650	7,481	11,953	7,344	4,867	5,223	7,182	6,005	7,182	4,680	..
Longcloth and Shirting .. .	113,337	65,940	77,328	108,521	48,163	69,365	67,215	122,724	93,787	93,073	113,352	121,773	100,408	91,883	71,903	109,325	73,440	72,709	71,017	67,348
Mulls .. .	151,218	129,483	109,609	93,911	138,314	159,134	164,857	185,629	168,603	205,565	217,704	203,978	149,462	142,391	194,224	144,275	131,314	139,592	107,376	..
Nainsooks .. .	150,193	27,134	59,128	121,718	67,551	90,752	88,468	105,367	76,998	66,861	82,629	86,882	53,173	40,034	20,329	28,504	21,007	14,155	10,544	3,510
Sheetings .. .	739	219	214	260	38	135	220	153	164	212	140	269	97	175	89	39	61	113	77	44
T-cloths and Domestics .. .	46	246	6	4	..	..	17	1	25	4	..	27	5	14	1	..	2	50	3	..
Twills .. .	6,974	2,255	6,207	13,409	3,349	6,382	7,275	13,342	12,226	11,553	14,395	17,467	16,166	11,448	3,309	9,938	7,997	6,407	9,436	8,352
Unspecified Sorts .. .	15,133	9,258	9,543	11,888	2,410	6,569	13,419	16,152	8,995	12,680	11,119	10,181	5,060	2,206	1,797	2,327	1,775	2,061	1,662	1,696
TOTAL	502,353	286,635	322,047	421,784	306,167	402,492	415,357	548,876	465,112	545,781	568,846	565,315	477,143	349,715	262,935	391,132	284,883	277,461	279,487	228,827
COLOURED, PRINTED OR DYED :-																				
Cambrics .. .	50,759	29,267	29,440	54,357	17,701	36,186	44,139	44,472	34,737	38,720	48,816	54,335	43,987	28,237	16,627	34,045	35,472	44,222	46,750	38,426
Chadars .. .	7	7	19	22	1	4	2	58	3	49	70	2	11	15	2	24	1	24	3	3
Checks, Spots and Stripes .. .	11,341	5,331	5,643	13,588	3,657	6,474	8,512	15,446	10,770	14,868	17,856	23,362	24,139	18,720	4,743	10,799	12,795	14,408	18,985	42,651
Dhuties, Lungis and Sarongs .. .	11,938	5,394	11,098	16,278	11,344	17,676	12,778	15,238	17,908	20,697	21,188	17,222	24,334	21,278	13,658	24,556	15,533	14,012	19,508	8,700
Drills and Jeans .. .	22,797	16,856	7,009	19,335	9,628	16,049	17,213	25,349	32,358	38,914	65,973	53,622	78,805	47,464	33,255	66,047	54,977	52,231	65,604	82,317
Embroidered All-Overs .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	2,710	3,734	3,431
Flannels .. .	9,672	4,175	1,294	9,744	1,413	1,610	3,900	6,302	10,301	18,677	21,363	18,980	10,436	7,078	10,050	19,159	3,719	9,413	10,355	7,291
Prints and Chintz .. .	100,986	70,025	48,905	114,722	28,735	44,689	61,529	59,533	56,026	49,801	64,878	76,079	65,297	42,859	21,243	48,142	25,865	28,392	21,961	10,113
Saris and Scarves .. .	28,608	17,320	14,125	38,177	15,944	19,166	32,655	30,772	29,280	34,400	34,116	37,059	33,920	24,788	7,915	15,836	17,034	22,645	21,554	19,172
Shirtings .. .	60,838	24,703	27,985	71,571	25,015	38,231	51,605	69,317	72,450	87,766	86,117	95,406	95,974	74,525	57,337	111,125	61,246	81,467	96,491	52,315
Twills .. .	23,465	10,812	7,524	31,179	5,753	9,289	16,810	22,243	20,368	24,530	40,217	48,975	35,004	22,329	17,252	22,279	15,378	18,644	14,497	13,852
Sateens .. .	..	..	..	..	..	..	..	..	3,588	3,660	5,068	4,736	2,903	1,747	866	3,653	1,004	969	1,130	562
Coatings and Trouserings .. .	..	..	..	..	..	..	..	..	7,283	10,320	8,867	12,027	7,802	3,079	2,333	3,283	2,273	3,451	3,357	2,489
Italian Cloth and Sateens .. .	..	..	..	..	..	..	..	..	12,934	26,004	20,799	34,060	16,510	13,383	11,259	21,123	10,563	22,210	10,732	7,707
Velvets and Velvetens .. .	..	..	..	..	..	..	..	..	1,219	1,526	1,757	2,465	1,673	1,070	910	2,862	2,702	6,311	5,771	5,108
Unspecified Sorts .. .	75,182	43,429	55,254	120,283	19,089	54,415	98,353	118,240	56,813	59,818	53,346	40,393	31,104	22,368	9,969	16,753	16,033	19,702	23,401	18,058
TOTAL	395,594	227,319	208,296	489,256	138,279	243,789	347,493	406,971	365,836	429,390	493,432	518,727	471,900	328,940	207,447	399,663	274,597	340,813	363,830	310,196
FENTS OF ALL KINDS .. .	32,086	24,600	17,064	18,472	9,746	15,989	19,020	21,862	23,680	21,883	34,032	36,778	36,456	14,846	21,420	28,583	32,807	45,180	52,001	* 78,092

*Is an approximation only on the basis that a lb. of art silk fents is equal to 8 yards.

TABLE NO. 19.

STATEMENT SHOWING THE VARIOUS CLASSES OF PIECEGOODS IMPORTED INTO BOMBAY.
(Quantities in thousands of yards.)

Description.	1917-18	1918-19	1919-20	1920-21	1921-22	1922-23	1923-24	1924-25	1925-26	Calendar Year 1926.	Calendar Year 1927.	Calendar Year 1928.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	
PIECEGOODS.																					
GREY, UNBLEACHED (PLAIN AND BORDERED).																					
Chadars .. .. .	..	..	7	..	..	4	..	39	145	61	32	76	90	..	..	..	..	..	..	..
Dhutis, Saris, etc.	8,024	7,626	6,493	5,625	2,460	7,683	7,965	11,015	7,062	6,695	8,014	11,072	18,032	10,189	..	363	2,254	4,113	1,723	2,916	1,480
Drills and Jeans	4,828	9,971	7,311	12,602	8,743	9,554	12,376	10,231	12,258	8,101	7,277	5,137	6,464	2,115	1,054	832	553	479	422	227	..
Flannels	16	..	..	..	..	..	..	50	10	22	11	04	..	..	..	..	..	..	..	..
Jaconets and Madapolams	24,250	20,259	10,876	12,556	22,282	20,816	16,500	25,161	13,188	13,913	20,977	25,629	20,002	9,933	9,360	11,775	11,540	9,988	9,940	7,563	
Lougcloth	31,115	78,241	26,204	66,247	35,661	58,580	35,834	54,777	65,388	55,804	78,421	81,226	144,078	71,631	41,208	66,340	48,989	63,908	79,063	60,586	
Printers .. .. .	..	..	..	..	..	..	..	13	4	2	..	1	22	6	..	..	..	..	..	..
Sheetings	29,930	44,757	17,481	44,019	46,849	36,612	53,781	29,262	21,662	11,971	16,101	5,466	11,876	2,090	4,635	3,671	2,657	853	140	2	
T-Cloth and Domestic	1,991	2,340	481	2,016	277	410	20	289	127	98	381	6	16	10	..	..	..	..	..	..
Unspecified Sorts	387	58	51	185	390	28	55	457	41	27	90	569	1,308	423	960	792	795	690	703	358	
TOTAL	100,541	163,261	68,904	143,250	116,862	133,696	126,540	131,303	120,791	99,694	131,907	129,876	202,487	96,396	57,583	85,665	68,647	77,641	93,184	70,135	
WHITE, BLEACHED:—																					
Checks, Spots and Stripes	1,202	273	613	916	236	682	1,073	1,360	1,547	2,305	1,560	1,664	881	505	140	795	1,173	845	934	761	
Dhutis, Saris, etc.	8,388	10,411	9,825	4,972	3,260	7,219	6,853	10,371	12,554	9,904	11,200	15,407	16,358	3,785	196	102	1,765	2,443	1,716	1,491	
Drills and Jeans	1,143	875	1,548	3,031	417	499	1,399	2,126	2,492	2,596	3,202	3,394	3,353	1,854	843	1,817	2,166	2,188	2,381	2,460	
Embroidered All-Overs .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Flannels	268	..	5	301	..	..	..	22	12	21	41	7	23	20	25	41	4	32	22	..
Jaconets, etc.	1,589	1,515	3,154	3,593	518	1,397	1,964	1,745	3,221	4,430	3,729	5,214	2,824	2,550	2,862	8,160	4,139	6,282	4,824	4,284	
Lawns .. .. .	..	360	852	1,036	190	1,132	538	495	389	508	318	591	325	500	331	580	445	312	88	78
Lougcloth and Shirting	31,022	30,724	25,445	27,671	11,607	11,610	16,350	32,882	21,640	18,769	28,417	31,884	25,344	18,889	12,352	28,095	21,074	30,785	15,748	19,954	
Mills	28,901	27,871	24,804	18,733	22,439	23,083	31,309	34,069	30,405	33,493	35,750	48,203	39,407	20,120	14,205	22,734	22,309	13,849	16,302	19,954	
Nainsooks	38,166	10,118	13,722	35,144	10,203	13,314	22,738	24,670	22,438	9,438	20,342	20,149	12,056	8,629	3,732	6,617	5,248	1,401	1,365	7,206	
Sheetings	592	25	104	105	7	14	38	84	74	62	37	106	46	31	9	6	7	3	4	211	
T-Cloth and Domestic	43	246	..	..	..	..	17	10	10	..	..	28	5	14	1	1	2	35	3	18
Twills	392	375	839	1,633	68	239	690	1,518	2,501	3,082	3,178	5,050	4,267	2,416	735	1,576	2,842	2,467	2,742	2,618	
Unspecified Sorts	8,797	7,174	4,970	4,915	957	2,681	4,431	5,864	4,249	5,181	3,699	4,432	2,043	562	236	444	170	193	290	372	
TOTAL	120,803	90,267	85,681	102,050	49,902	61,870	87,409	115,468	101,591	89,880	111,488	136,163	106,938	59,876	35,702	68,951	61,345	53,274	48,929	42,100	
COLOURED, PRINTED OR DYED:—																					
Cambries	19,527	11,652	11,988	14,010	3,312	10,717	15,356	4,884	14,624	15,441	19,081	26,284	20,506	11,601	4,469	10,727	11,588	14,560	13,129	12,429	
Chadars	6	6	18	22	..	..	2	29	..	18	5	2	11	..	..	..	..	24	..	..
Checks, Spots and Stripes	3,422	1,363	1,864	4,460	458	1,682	1,449	3,929	4,390	7,014	6,960	11,594	10,788	8,071	916	3,953	4,701	3,913	4,005	9,108	
Dhutis, Lungis and Sarongs	431	153	457	265	44	146	107	240	310	479	183	510	680	249	33	153	117	39	10	6	
Drills and Jeans	6,139	2,445	1,555	3,489	1,997	2,903	3,057	6,034	7,072	8,346	16,426	20,725	34,985	15,060	7,785	28,091	32,277	28,763	34,362	45,049	
Embroidered All-Overs .. .. .	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Flannels	3,416	397	464	1,928	214	145	721	1,398	2,334	5,400	5,460	4,990	3,788	1,079	1,731	4,021	1,086	1,617	2,672	2,221	
Prints and Chintz	60,290	48,431	27,452	66,480	11,586	23,268	40,707	37,136	39,123	31,701	44,297	55,917	40,767	20,841	9,965	28,447	14,898	15,792	10,296	5,294	
Saris and Scarves	7,371	6,493	5,335	11,739	3,049	6,324	12,296	14,079	8,399	8,624	16,183	16,775	7,621	953	5,352	7,987	9,645	8,151	9,704	..	
Shirtings	12,322	6,920	5,602	14,116	4,689	10,797	14,135	15,041	17,884	22,972	18,928	23,566	27,729	15,692	12,453	32,063	20,901	29,680	32,698	15,053	
Twills	3,466	4,908	1,334	4,469	903	1,126	1,573	3,273	5,523	7,185	13,394	20,648	15,983	7,583	3,751	7,408	7,186	7,304	5,906	5,171	
Sateens .. .. .	..	..	..	..	..	..	..	10	1,111	808	1,314	1,418	1,418	981	27	491	268	346	356	107
Coatings and Trouserings .. .. .	..	..	..	..	..	..	..	..	2,776	4,687	4,564	6,748	2,666	1,101	359	747	582	1,141	797	525
Italian Cloth and Sateens .. .. .	..	..	..	..	..	..	..	..	5,115	10,855	3,563	15,743	8,235	5,069	2,930	7,326	4,389	9,472	4,519	2,742
Velvet and Velveteens .. .. .	..	..	..	..	..	..	..	..	738	782	733	1,209	547	456	416	1,102	1,363	3,273	2,388	1,772
Unspecified Sorts	36,283	26,230	27,711	36,844	7,819	22,684	46,917	49,538	16,217	10,488	8,764	6,666	5,802	2,892	1,614	3,069	3,143	5,420	8,086	5,900	
TOTAL	152,673	108,998	83,780	177,842	34,071	79,792	136,320	143,850	131,296	133,976	159,296	211,890	190,679	98,296	47,811	130,982	110,487	130,902	129,619	117,495	
Fents of all Descriptions	23,567	21,271	13,274	13,787	8,813	15,283	17,770	20,250	22,058	20,133	32,069	34,156	33,126	12,839	12,828	24,551	21,985	30,296	44,981	63,204	

(See footnote to Table 18 regarding figures of Fent.)

TABLE NO. 20.
SUMMARY OF IMPORTS OF COTTON YARN INTO INDIA.
(In thousands of pounds.)

Description of Yarn.	United Kingdom.			Japan.			China (including Hongkong.)			U. S. of America.			Italy.			Netherlands.			Switzerland.			Germany.			Other Countries.			Total.		
	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936
Grey Singles	5,149	5,812	5,242	2,036	5,114	4,898	5,834	8,934	7,081	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	97	15	5	13,117	19,875	17,206
Coloured Singles ..	810	774	847	13	3	16	..	..	11	..	..	..	3	1	..	..	..	..	10	27	9	..	..	..	..	6	1	837	810	835
White Bleached. . .	2,417	2,534	1,899	847	1,098	1,045	..	10	21	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	12	..	22	3,276	3,642	2,987
Grey Folded	372	477	180	1,299	2,145	2,634	4,146	5,500	2,063	4	..	..	..	..	..	..	..	..	..	..	..	..	..	..	27	15	..	5,848	8,137	4,877
Coloured Folded ..	347	245	160	..	18	43	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	3	347	263	206
Mercerised	79	59	76	6,419	9,870	10,532	11	2	..	..	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	12	6,509	9,932	10,621
Artificial Silk .. .	1,166	393	368	7,977	9,220	13,077	..	13	19	..	..	..	5,419	5,941	1,181	97	170	160	19	..	66	146	6	48	454	170	135	15,279	15,913	15,055
Unspecified Descriptions	27	11	28	8	5	2	10	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	40	16	30
Rope	643	733	536	64	21	17	..	..	..	21	4	3	..	..	..	..	..	..	..	..	..	..	..	..	..	1	..	728	760	556
Sewing Thread .. .	1,847	1,976	1,919	287	482	785	1	..	..	1	..	..	..	..	..	201	194	187	..	..	..	6	4	16	167	184	218	2,511	2,841	3,126
TOTAL	12,857	13,015	11,257	18,946	27,977	33,050	10,002	14,459	9,175	26	5	3	5,423	5,942	1,181	299	364	347	29	27	75	152	10	64	758	391	396	48,492	62,189	55,550

TABLE No. 22.
SUMMARY OF IMPORTS OF COTTON YARN INTO BOMBAY.
(In thousands of pounds.)

Description of Yarn.	United Kingdom.			Japan.			China (Including Hongkong).			U. S. of America.			Italy			Netherlands.			Switzerland.			Germany.			Other Countries.			Total.		
	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936	1934	1935	1936
Grey Singles ..	544	1,156	1,227	119	653	1,138	2,358	1,909	2,398	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	83	15	4	3,104	3,799	4,767
Coloured Singles ..	..	..	7	..	..	..	..	..	..	..	..	..	..	..	..	..	..	6	..	..	..	..	..	..	5	..	6	6	7	
White Bleached ..	997	548	276	192	538	476	..	10	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	2	1,189	1,097	754	
Grey Folded ..	279	433	146	797	1,640	1,652	2,204	3,450	1,300	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	27	15	..	3,306	5,538	3,098
Coloured Folded ..	..	10	6	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	10	6	
Mercerised ..	59	81	54	4,444	7,279	8,032	11	2	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	12	4,514	7,343	8,098
Artificial Silk ..	525	80	195	3,277	5,252	8,201	..	13	19	..	..	..	4,527	5,150	1,051	83	92	156	19	..	66	84	7	31	436	169	135	8,951	10,754	9,855
Unspecified ..	8	6	24	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	6	6	24
Rope ..	493	608	439	64	14	16	..	..	..	21	4	3	..	..	..	..	..	..	..	..	..	..	..	..	..	1	..	578	827	453
Sewing Thread ..	749	815	856	19	15	102	..	..	..	..	..	..	..	..	..	127	114	85	..	..	..	4	3	13	75	19	67	974	994	1,123
TOTAL ..	3,635	3,718	3,230	8,910	15,392	19,617	4,573	5,444	3,717	21	4	3	4,527	5,150	1,051	210	196	241	25	..	67	88	10	44	620	218	220	22,630	30,168	28,191

TABLE No. 26.
SUMMARY OF IMPORTS OF COTTON PIECEGOODS INTO INDIA.
(In thousands of Yards.)

	United Kingdom.			Japan.			China (including Hongkong).			U. S. of America.			Italy.			Netherlands.			Switzerland.			Germany.			Other Countries.			Total.		
	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.
Grey Plain	24,529	23,872	15,988	131,628	190,973	173,999	425	..	..	296	316	156	25	..	..	..	..	..	..	..	2	3	..	28	52	37	156,932	215,217	190,160	
Grey Bordered	69,053	68,479	47,342	28,976	53,858	58,955	29	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	42	..	6	98,101	122,337	106,304	
White Bleached	221,879	214,386	170,147	48,858	58,801	51,853	2	1	2	22	14	3	376	236	49	2,130	1,440	1,527	3,166	3,568	4,543	90	146	86	939	895	816	277,461	279,487	228,827
Printed	86,299	79,746	54,582	97,821	139,655	150,297	..	..	..	217	70	17	521	1	21	38	1	13	2	26	3	..	..	90	598	106	50	185,497	219,606	205,074
Dyed	99,351	85,370	67,395	20,134	21,903	15,228	596	321	108	280	287	245	601	713	464	153	188	261	1,702	2,916	2,706	33	37	44	1,051	690	661	123,901	112,424	87,112
Woven Coloured.. ..	13,730	9,324	4,985	16,698	21,692	12,527	35	34	67	62	4	..	315	288	38	4	13	9	37	108	80	108	162	144	426	174	159	31,415	31,800	18,010
Fents of all descriptions	9,762	7,634	9,545	25,630	38,890	64,660	5	12	1	8,631	5,278	3,724	20	16	6	..	..	..	34	106	90	62	10	..	36	55	7	45,180	52,001	78,032
Towels in the piece	3	4	5	..	..	22	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	3	4	27
Piecegoods of Cotton and Artificial Silk	3,421	2,991	1,332	67,570	71,066	105,438	12	5	7	..	1	7	2,387	773	140	1	2	1	1,218	3	33	101	104	209	752	315	239	75,461	75,259	107,405
Canvas	541	674	458	89	138	100	..	..	..	..	1	..	14	..	..	..	..	..	..	..	..	25	108	124	10	1	1	680	921	684
TOTAL ..	528,568	492,480	371,780	437,404	596,976	632,878	1,105	374	185	10,508	5,970	4,152	4,260	2,028	718	2,326	1,644	1,812	6,159	6,727	7,455	429	570	699	3,881	2,287	1,976	994,631	1,109,057	1,021,654

(See footnote to Table 18 regarding figures of Fents)

TABLE No. 29.

SUMMARY OF IMPORTS OF COTTON PIECEGOODS INTO BOMBAY.

(In thousands of yards.)

	United Kingdom.			Japan.			China (including Hongkong).			U.S. of America.			Italy.			Netherlands.			Switzerland.			Germany.			Other Countries.			Total.			
	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	
Grey Plain	11,451	10,710	7,892	64,168	79,232	60,592	..	..	..	290	316	150	..	..	..	..	..	..	..	..	..	2	3	..	8	6	36	75,918	90,267	68,675
Grey Bordered	1,532	2,862	1,016	151	54	444	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	40	..	..	1,723	2,916	1,480
White Bleached	29,399	27,373	23,635	20,301	18,485	15,505	..	..	..	5	1	2	267	204	49	919	659	520	1,841	1,564	1,775	75	119	82	468	524	531	53,274	48,929	42,100
Printed	29,946	22,988	20,005	53,807	67,224	65,452	..	..	..	43	62	11	77	1	21	..	..	1	2	26	3	..	..	90	64	71	41	83,940	90,372	85,624
Dyed	35,518	27,282	21,458	2,979	4,560	3,660	43	1	..	206	266	206	269	321	35	..	1	3	1,142	2,498	1,976	11	14	20	654	333	410	40,823	35,275	27,769	
Woven Coloured	2,421	1,230	925	3,539	2,607	3,017	..	..	..	..	..	..	79	62	8	2	..	4	11	..	..	33	45	74	54	27	73	6,139	3,972	4,101
Fents of all descriptions	5,569	4,519	4,993	17,437	35,379	54,941	5	5	1	7,228	4,928	3,193	9	2	..	..	..	..	22	98	69	1	1	..	25	49	7	30,296	44,981	63,204
Towels in the piece	1	2	4	22	1	2	28
Piecegoods of Cotton and Artificial Silk	1,956	1,867	556	52,293	52,838	69,527	3	..	1	..	..	3	1,699	496	80	..	..	..	1,266	2	33	29	22	89	519	228	153	57,785	55,453	69,449
Canvas	200	209	183	12	15	46	14	12	54	54	10	247	278	283
TOTAL	117,993	99,042	80,667	214,687	260,394	292,206	52	6	2	7,772	5,573	3,570	2,413	1,085	200	921	660	529	4,284	4,188	3,856	164	257	411	1,842	1,237	1,251	350,127	372,445	382,692	

(See footnote to Table 18 regarding figures of Fents.)

TABLE No. 32.
RE-EXPORTS OF FOREIGN MANUFACTURED PIECEGOODS AND YARN FROM BRITISH INDIA.

	YARN (In thousand pounds).												PIECEGOODS (In thousand yards).														
	Twist & Yarn.			Rope.			Sewing Thread.			Total.			Grey.			White.			Coloured, etc.			Fents.			Total.		
	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.
European Countries ..	1	..	1	..	..	..	..	..	..	1	..	1	4	18	2	45	6	29	124	187	247	2	..	30	176	226	307
China & Hongkong ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	3	3	..	31	30	5	..	..	..	34	33	6
Egypt & North Africa ..	13	21	11	..	..	..	..	..	..	13	21	11	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Red Sea Ports ..	44	9	44	..	..	..	..	..	..	45	9	44	518	2,127	1,548	344	152	168	347	111	342	..	..	6	1,210	2,390	2,064
East Africa ..	2	3	..	..	..	..	6	4	3	8	7	4	293	297	392	248	357	193	959	514	344	..	..	..	1,499	1,168	929
Levant & Black Sea Ports ..	97	62	44	..	..	..	..	..	..	97	62	44	..	..	..	..	..	..	1	1	..	..	..	..	..	1	1
Ceylon & Straits ..	15	7	2	..	..	..	3	2	2	18	9	4	604	297	104	459	524	142	1,181	581	341	70	..	..	2,316	1,403	587
Persian Gulf ..	198	90	10	..	..	..	5	4	5	203	94	14	1,913	1,827	1,094	1,921	882	1,479	4,623	2,513	3,267	..	..	..	8,456	5,222	5,839
South Africa ..	..	..	..	..	..	..	6	12	6	6	12	6	..	..	..	7	..	4	26	19	21	..	..	2	33	20	27
Other Countries ..	6	4	43	..	..	..	..	..	..	6	4	43	2	2	5	9	..	2	30	61	45	261	469	205	300	532	257
TOTAL ..	375	197	155	..	..	..	22	22	17	397	220	173	3,335	4,569	3,144	3,036	1,924	2,016	7,320	4,017	4,614	333	469	244	14,025	10,994	10,018

TABLE No. 33
RE-EXPORTS OF FOREIGN MANUFACTURED PIECEGOODS AND YARN FROM BOMBAY.

Countries	YARN (In thousand pounds).												PIECEGOODS (In thousand yards).														
	Twist & Yarn.			Rope.			Sewing Thread.			Total.			Grey.			White.			Coloured.			Fents.			Total.		
	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.	1934.	1935.	1936.
European Countries ..	..	..	1	..	..	..	..	..	..	..	..	1	4	18	..	8	6	..	15	61	33	2	..	16	30	85	50
China and Hongkong ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	2	..	91	30	3	..	..	..	31	32	3
Egypt and North Africa ..	13	21	11	..	..	..	..	..	..	13	21	11	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Red Sea Ports ..	44	9	44	..	..	..	..	..	..	45	9	44	518	2,127	1,548	344	152	168	347	103	342	..	..	6	1,210	2,381	2,064
East Africa ..	2	3	..	..	..	..	6	4	3	8	7	4	293	297	392	233	350	190	959	514	344	..	..	..	1,485	1,161	926
Levant and Black Sea Ports ..	97	62	44	..	..	..	..	..	..	97	62	44	..	..	..	..	..	..	..	1	..	..	..	..	..	1	..
Ceylon and Straits ..	15	7	2	..	..	..	3	2	2	18	9	4	566	283	79	356	520	139	610	406	239	..	..	..	1,539	1,210	458
Persian Gulf ..	184	90	10	..	..	..	5	4	5	183	94	14	1,827	1,779	1,056	1,837	821	1,465	4,323	2,241	3,139	..	..	..	7,887	4,840	5,661
South Africa ..	..	..	..	..	..	..	6	12	6	6	12	6	..	..	..	1	..	4	26	19	21	..	..	..	27	20	25
Other Countries ..	6	2	..	..	..	..	..	..	..	6	2	..	..	2	..	7	..	..	4	56	30	109	326	102	102	385	132
TOTAL ..	361	194	113	..	..	..	21	22	17	382	217	129	3,210	4,506	3,075	2,788	1,851	1,967	6,315	3,431	4,152	111	326	124	12,424	10,116	9,319

TABLE No. 34.
TABLE SHOWING THE APPROXIMATE YARDAGE OF PIECEGOODS AVAILABLE FOR CONSUMPTION IN INDIA.
(In millions of Yards.)

	'17-18.	'18-19.	'19-20.	'20-21.	'21-22.	'22-23.	'23-24.	'24-25.	'25-26.	'26-27.	'27-28.	'28-29.	'29-30.	'30-31.	'31-32.	'32-33.	'33-34.	'34-35.	'35-36.
Total Indian Mill Production	1,614	1,451	1,640	1,581	1,732	1,725	1,792	1,970	1,954	2,259	2,357	1,893	2,419	2,561	2,990	3,170	2,945	3,397	3,571
Less—Exports by Sea	189	149	197	146	161	157	165	181	165	197	169	149	133	98	105	66	56	58	71
Exports by Land	45	38	42	24	26	29	36	49	68*	83*†	88*†	95*†	86*†	90	103	103	113*	99	120
Balance	1,380	1,264	1,401	1,411	1,545	1,539	1,591	1,740	1,721	1,979	2,100	1,649	2,200	2,373	2,782	3,001	2,776	3,240	3,380
Imports	1,556	1,212	1,081	1,510	1,090	1,593	1,486	1,823	1,564	1,788	1,973	1,937	1,919	890	776	1,225	796	943	995
Total	2,936	2,476	2,482	2,921	2,635	3,132	3,077	3,563	3,285	3,767	4,073	3,586	4,119	3,263	3,558	4,226	3,572	4,183	4,375
Less—Exports by Sea	85	114	89	61	74	75	61	54	35	29	34	24	22	17	16	22	25	11	10
Exports by Land	65	53	56	44	36	51	51	59	116*	131*†	118*†	121	89	64	75	70	74	76	86
Total quantity of Piecegoods available for consumption in India	2,786	2,309	2,337	2,816	2,525	3,006	2,965	3,450	3,134	3,607	3,921	3,441	4,008	3,182	3,467	4,134	3,473	4,096	4,279

From 1917-18 to 1924-25 the figures in both the tables are taken *en bloc* from the "Notes on Hand Loom Weaving" by Mr. R. D. Bell.

NOTE:—With effect from 1st April 1925, the Government of India discontinued the publication of "Accounts relating to the trade by land of British India with other countries." Since then, the statistics in question are published in Special Supplements to the *Indian Trade Journal* in an abbreviated form. The revised form does not affect the above table materially but in Table 35 it has not been possible to separate the land export figures for Indian and foreign yarn. This, however, does not affect the approximate accuracy of the figure showing the balance of yarn available for consumption in India.

† Maunds converted into lbs. and lbs. converted into yds: 1 Maund=82½ lbs; 1 lb.=4.27 yds.

TABLE No. 35.
TABLE SHOWING THE APPROXIMATE POUNDAGE OF YARN AVAILABLE FOR CONSUMPTION IN INDIA.
(In millions of Lbs.)

	'17-18.	'18-19.	'19-20.	'20-21.	'21-22.	'22-23.	'23-24.	'24-25.	'25-26.	'26-27.	'27-28.	'28-29.	'29-30.	'30-31.	'31-32.	'32-33.	'33-34.	'34-35.	'35-36.
Total Indian Mill Production	660	615	636	660	693	706	617	719	686	807	809	648	833	867	906	1,016	921	1,001	1,058
Less—Exports by Sea	122	64	152	83	81	57	39	37	32	42	25	24	25	23	22	15	16	13	10
Exports by Land	8	8	9	6	7	7	7	9	7*	8*†	5*†	5*†	6*†	7*†	6*†	6	8	7	8
Balance	530	543	475	571	605	642	571	673	647	757	779	619	802	837	938	995	897	981	1,040
Imports	19	38	15	47	57	59	45	56	52	49	52	44	44	29	32	45	32	34	45
Total	549	581	490	618	662	701	616	729	699	806	831	663	846	866	970	1,040	929	1,015	1,085
Less—Exports by Sea	1	1	3	..	1	2	2	1	1	1	1	..	..	..	..	..	..	..	..
Exports by Land	6	5	4	3	3	5	4	4	..	..	..	..	..	..	..	..	..	..	..
Quantity of Yarn available for consumption in India	543	574	483	615	658	692	610	724	698	805	830	663	846	866	970	1,040	929	1,015	1,085
Cloth produced in India in millions of pounds, Approximate equivalent in Yarn (taking 100 lbs. of yarn=112 lbs. of piecegoods.)	381	350	384	367	403	405	402	459	465	539	568	446	562	590	672	695	646	736	761
Real balance of Yarn available for sale in India.	203	262	141	287	298	335	251	314	283	324	323	279	344	339	370	419	352	358	406

*Includes re-exports also.

† Maunds converted into lbs. at the rate of 82½ lbs.=1 Maund.

See foot-note to Table 12 regarding strikes in Bombay mills.

TABLE NO. 36.
PROGRESS OF JAPANESE COTTON MILLS DURING THE LAST 17 YEARS.
 (The information is extracted from the half-yearly statistics published by the Japan Cotton Spinners' Association.)

Term.	No. of Companies.	Capital.		Reserve Funds.	No. of Mills.	Spindles		Doubling Spindles.	Looms.
		Authorised.	Paid up.			Ring.	Mule.		
Half-year ending		Yen.	Yen.	Yen.					
June, 1920	56	315,427,650	248,180,420	153,923,042	198	3,637,310	52,330	434,736	49,826
December, 1920	56	394,327,650	276,535,896	165,697,053	198	3,761,250	52,330	466,460	50,583
June, 1921	58	410,017,650	286,789,308	172,110,853	201	3,939,534	49,370	492,204	51,761
December, 1921	61	429,577,650	295,648,358	182,040,774	217	4,116,616	44,510	533,384	54,994
June, 1922	67	472,807,650	319,612,328	194,010,558	232	4,338,759	44,510	573,486	59,693
December, 1922	64	462,107,650	317,148,075	202,774,376	235	4,472,112	45,500	602,032	60,765
June, 1923	62	468,427,650	321,654,393	209,984,818	235	4,618,946	48,470	635,212	62,205
December, 1923	70*	530,277,650	376,272,935	217,407,870	241	4,422,428	14,370	510,031	64,460
June, 1924	69*	559,750,000	390,081,600	213,411,662	245	4,832,552	17,340	581,583	66,283
December, 1924	69*	575,302,500	398,163,443	219,043,315	247	5,100,546	25,150	685,995	68,579
June, 1925	64*	570,612,500	394,567,318	223,098,069	242	5,266,000	26,040	723,824	71,702
December, 1925	64*	551,362,500	382,714,817	223,531,448	243	5,413,094	34,090	759,632	73,381
June, 1926	65*	558,416,650	394,488,167	228,827,952	247	5,551,607	34,420	780,404	74,193
December, 1926	64*	539,237,500	391,305,247	231,149,181	247	5,644,772	35,080	789,688	77,043
June, 1927	64*	539,527,500	390,703,307	233,953,175	247	5,892,620	36,994	788,916	76,163
December, 1927	64*	535,077,500	391,550,767	238,367,331	257	6,079,272	36,994	787,490	78,352
June, 1928	68*	562,902,500	426,376,017	243,987,627	258	6,230,512	41,674	792,138	79,777
December, 1928	72*	552,196,250	419,792,127	249,978,831	259	6,425,500	41,674	809,452	81,209
June, 1929	72*	558,696,250	428,098,852	257,406,526	259	6,487,720	41,674	807,100	78,870
December, 1929	70*	560,846,250	429,415,222	259,756,504	258	6,795,502	41,014	808,324	77,898
June, 1930	73*	567,596,250	433,018,087	258,259,496	262	7,047,832	41,464	801,184	77,850
December, 1930	74*	561,989,750	425,346,487	252,094,974	263	7,171,527	42,474	803,094	79,466
June, 1931	74*	560,664,750	411,327,167	243,860,512	262	7,269,120	42,474	810,294	79,173
December, 1931	72*	537,964,750	398,855,292	240,828,488	263	7,498,152	36,994	801,594	77,782
June, 1932	71*	545,114,750	397,903,277	242,704,877	265	7,762,448	35,320	798,420	77,528
December, 1932	71*	540,561,100	397,674,627	245,939,643	265	7,929,530	35,320	810,492	79,277
June, 1933	71*	540,261,100	397,974,777	249,828,487	267	8,173,994	35,320	833,016	81,552
December, 1933	69*	543,761,100	403,898,752	255,398,338	268	8,608,608	35,320	842,808	86,343
June, 1934	70*	555,222,600	413,338,448	261,998,722	272	9,090,344	35,320	849,870	89,766
December, 1934	72*	567,228,600	438,573,910	273,315,614	275	9,495,254	35,320	868,440	91,146
June, 1935	74*	606,802,600	455,985,565	279,359,885	276	9,925,680	35,320	906,844	93,260
December, 1935	74*	609,202,600	458,955,915	282,588,696	281	10,613,728	35,320	912,912	95,982
June, 1936	75*	621,377,600	467,590,453	285,684,455	285	10,970,128	19,780	988,697	98,080
December, 1936	71*	670,302,600	476,592,095	289,359,293	276	11,967,664	7,920	1,166,720	95,813

* Including non-members of the Japan Cotton Spinners' Association.

TABLE No. 37.
JAPAN'S COTTON CONSUMPTION.

(Figures extracted from the half-yearly publication of the Japan Cotton Spinners' Association.)

Years.	Indian.	American.	Chinese.	Egyptian and African.	Annam and Saigon.	Korean.	Sundries.	Total.
	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.	lbs.
1910	372,808,800	69,456,508	79,219,308	11,374,717	4,823,683	..	5,909,009	543,502,025
1911	297,798,250	111,540,908	110,200,125	13,500,525	1,837,833	..	4,321,184	539,204,825
1912	368,062,933	214,251,250	31,654,633	15,086,558	3,735,384	..	3,441,058	636,231,816
1913	434,685,660	202,441,016	46,621,300	16,699,942	7,547,250	..	4,143,508	712,138,691
1914	549,868,658	170,397,933	36,528,292	15,161,483	4,742,225	..	7,158,842	783,857,433
1915	559,320,525	209,035,492	18,389,108	13,436,266	2,641,083	..	4,998,742	807,821,216
1916	593,978,108	235,615,875	29,506,075	16,421,546	9,069,166	6,744,540	4,251,590	895,586,900
1917	590,521,080	242,144,925	42,305,808	14,717,091	3,715,905	8,194,558	4,344,308	905,943,675
1918	453,072,641	280,374,975	83,091,375	14,769,342	3,187,334	11,790,775	6,941,733	853,228,175
1919	376,648,588	355,589,221	130,970,193	15,588,908	2,265,292	11,454,470	5,037,182	897,553,824
1920	482,881,416	310,370,393	30,684,616	11,558,208	2,041,258	9,412,820	5,367,604	852,316,315
1921	521,998,441	304,763,617	3,037,340	14,600,500	3,923,158	8,744,408	3,479,358	860,540,824
1922	615,242,183	389,759,225	3,626,017	19,652,842	5,593,967	8,354,600	5,080,941	1,047,879,775
1923	652,798,508	296,423,592	25,836,858	22,140,542	2,519,492	12,054,233	7,029,408	1,019,702,633
1924	563,969,233	282,197,025	58,888,450	36,176,192	1,461,775	20,443,692	5,877,333	969,613,700
1925	637,749,440	378,526,322	47,050,425	34,567,864	2,712,025	18,994,691	9,742,440	1,129,343,210
1926	664,655,716	486,464,350	19,956,425	43,557,383	1,011,383	12,512,942	8,763,400	1,236,921,599
1927	551,571,275	562,091,700	15,841,558	39,414,575	2,958,633	9,768,591	7,474,050	1,189,120,382
1928	510,871,795	511,694,394	60,928,568	36,900,193	1,663,337	11,052,982	7,069,534	1,140,180,803
1929	643,388,869	565,561,191	29,604,654	42,942,636	572,363	14,876,498	7,260,005	1,303,606,216
1930	627,594,598	468,778,932	11,443,473	34,718,189	1,931,984	20,269,592	6,330,650	1,171,067,418
1931	580,912,185	562,947,021	2,600,976	34,950,377	1,218,158	14,086,629	4,837,025	1,201,552,371
1932	331,599,316	908,859,160	2,029,745	37,576,519	482,167	5,054,240	7,185,856	1,292,787,003
1933	461,207,207	870,256,491	7,857,146	51,725,839	575,257	16,659,397	10,823,516	1,419,104,853
1934	608,343,495	856,692,099	11,402,307	71,522,108	1,286,479	16,101,950	31,506,901	1,596,855,339
1935	672,895,959	838,550,421	4,302,554	76,672,190	286,537	22,164,430	40,612,537	1,655,544,628
1936	728,982,817	694,618,808	21,289,342	101,600,534	337,233	30,890,117	111,657,816	1,689,376,667

NOTE.—Korean cotton before 1916 is totalled under "Sundries."

TABLE No. 38.
JAPAN'S COTTON YARN PRODUCTION AND EXPORTS.

YEAR.	Average Working Spindles.	Production. (Bales of 400 lbs.)				Exports. (Bales of 400 lbs.)							
		16s. warp.	20s. weft	Others.	Total.	China.	Hongkong.	British India.	Philippine Islands.	Korea.	Other countries.	Total.	
1909	1,569,080	295,802	229,763	499,679	1,025,244	236,102	3,389	15	1,524	14,725	3,123	258,878	
1910	1,741,168	338,175	258,412	538,143	1,134,780	301,535	17,953	701	3,503	19,825	4,118	347,635	
1911	1,784,064	295,065	202,248	571,904	1,129,267	234,324	12,918	1,809	3,076	22,828	10,054	285,009	
1912	1,984,191	346,844	335,821	669,544	1,352,209	304,199	29,091	989	3,625	21,034	15,994	374,933	
1913	2,167,926	396,645	371,522	749,815	1,517,982	389,297	34,031	3,258	3,296	15,237	23,620	468,739	
1914	2,309,801	388,992	439,672	837,517	1,666,181	455,124	66,124	3,144	4,791	19,020	21,787	569,990	
1915	2,463,376	393,027	443,040	884,197	1,720,264	463,921	65,241	1,565	3,629	26,688	14,848	575,892	
1916	2,757,299	409,053	497,291	1,019,235	1,925,579	440,158	50,381	11,744	1,889	26,137	16,839	547,148	
1917	2,850,637	359,623	528,603	1,035,015	1,923,841	356,576	58,405	9,313	3,260	27,597	15,702	470,853	
1918	2,936,495	228,818	511,539	1,063,509	1,803,866	231,689	62,598	79,426	5,685	13,053	29,062	421,513	
1919	3,179,568	204,486	539,748	1,176,548	1,920,782	156,261	35,638	4,753	693	16,047	16,945	230,337	
1920	3,191,753	196,928	191,141	1,128,907	1,816,976	166,711	58,349	47,615	2,548	5,535	24,167	304,925	
1921	3,162,353	215,682	436,620	1,159,039	1,811,350	174,584	56,211	37,164	1,418	..	22,884	292,261	
1922	3,967,265	205,489	746,731	1,276,026	2,228,246	212,862	83,394	68,319	2,806	..	26,591	394,062	
1923	4,079,855	170,357	680,708	1,320,088	2,171,153	121,568	40,108	58,937	2,267	..	28,778	248,325	
1924	4,115,692	135,844	631,476	1,305,497	2,072,817	96,536	61,493	80,840	1,799	..	29,692	270,361	
1925	4,669,753	142,796	779,203	1,514,784	2,436,783	132,778	58,788	87,172	3,176	..	28,888	310,801	
1926	5,002,932	146,983	795,170	1,665,593	2,607,746	72,640	29,286	72,283	3,201	..	28,140	205,550	
1927	4,831,429	140,924	784,673	1,605,095	2,530,692	28,762	12,887	54,508	1,921	..	19,577	117,654	
		Under 20.	20s.	Medium Counts.	Fine Counts.	Total.							
1928	4,983,089	721,557	736,767	906,924	86,614	2,451,862	22,626	15,921	17,260	1,217	..	14,632	71,656
1929	6,149,365	827,303	878,405	964,992	101,826	2,792,586	17,637	6,988	27,514	1,826	..	13,436	67,401
1930	5,698,030	780,498	808,560	834,426	101,215	2,524,699	13,493	13,272	20,390	1,255	..	10,976	59,386
1931	5,904,342	809,822	803,442	814,308	139,471	2,567,133	3,839	2,349	16,004	1,367	..	7,793	31,442
1932	6,307,884	797,180	896,921	957,915	158,421	2,810,437	9,100	8,103	50,591	962	..	20,049	88,895
1933	6,771,692	877,043	941,139	1,145,009	136,665	3,099,856	428	1,133	18,286	638	(a) 13,260	14,178	47,923
			20s—22S	23S—44S	Above 45S								
1934	7,502,504	962,110	1,100,937	1,305,406	103,989	3,472,442	324	353	24,318	1,085	(a) 13,803	24,961	64,844
1935	8,197,422	999,282	1,026,007	1,412,900	5	3,500,832	419	3,518	44,880	2,509	(a) 18,979	26,277	96,582
1936	8,392,024	1,015,599	1,027,276	1,425,635	138,948	3,607,458	565	6,783	42,176	4,646	(a) 24,954	31,399	110,524

(a) Manchuria.

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TABLE No. 39.
JAPAN'S CLOTH PRODUCTION.

Year.	Average Working looms.*	Production of cotton piece-goods.*	Yarn consumed.*
		Yards.	lbs.
1908	9,496	147,443,838	47,676,427
1909	11,585	181,976,972	57,388,586
1910	14,911	226,313,958	71,197,654
1911	17,884	289,039,671	82,498,136
1912	20,208	342,584,684	93,562,721
1913	23,299	416,725,357	11,159,616
1914	24,911	454,901,674	126,863,966
1915	27,687	502,076,621	124,632,631
1916	30,110	560,181,108	136,413,408
1917	31,920	594,649,419	142,770,758
1918	36,365	656,935,420	160,301,569
1919	40,969	739,390,012	179,788,560
1920	44,635	762,037,360	189,651,320
1921	44,109	700,697,985	179,427,501
1922	51,033	869,327,652	214,327,505
1923	52,972	1,000,708,890	240,979,975
1924	56,351	1,030,905,658	241,319,095
1925	62,976	1,179,524,733	274,472,668
1926	65,699	1,277,726,954	294,334,545
1927	66,733	1,294,668,822	293,166,913
1928	70,606	1,382,034,413	303,008,225
1929	67,070	1,538,249,015	336,276,152
1930	62,767	1,388,423,325	296,592,495
1931	64,392	1,404,668,382	301,231,848
1932	68,028	1,532,850,514	325,907,959
1933	73,966	1,673,880,702	362,300,980
1934	79,606	1,793,845,440	384,958,215
1935	82,397	1,843,470,714	392,640,350
1936	85,974	1,802,400,624	384,296,367

*Sub-work by spinners only.

Sub-work by spinners means that the table in question was prepared from the reports of the weaving companies which are affiliated to the Japan Cotton Spinners' Association.

TABLE No. 40.
STATISTICS.

STATEMENT of Imports of Piecegoods of British Manufacture (Grey, Bleached, Coloured and Printed) and of Yarns (Grey and Dyed) from Great Britain into Bombay, Calcutta and Madras, from the years 1866 to 1936, both inclusive.

YEAR.	PIECEGOODS.			YARNS.		
	Bombay.	Calcutta.	Madras.	Bombay.	Calcutta.	Madras.
	Sq. Yards.	Sq. Yards.	Sq. Yards.	Lbs.	Lbs.	Lbs.
1866.....	243,476,368	351,572,331	22,081,805	6,877,968	10,795,517	4,629,986
1867.....	316,784,109	528,434,956	23,258,498	6,568,619	13,006,019	4,684,638
1868.....	555,337,050	619,101,683	31,793,397	7,780,033	13,236,453	6,873,398
1869.....	296,158,439	518,741,346	29,683,469	7,981,949	11,858,210	7,773,636
1870.....	272,898,226	687,639,911	45,750,099	9,946,299	16,816,936	6,649,598
1871.....	305,416,233	684,926,367	47,560,133	6,097,531	12,041,848	8,876,841
1872.....	262,849,273	657,123,291	48,177,871	6,163,813	11,490,636	8,616,040
1873.....	349,631,830	664,987,114	57,666,809	8,667,090	11,192,248	8,918,841
1874.....	292,843,697	765,762,164	49,878,834	8,867,978	14,041,520	10,510,639
1875.....	305,917,934	744,439,224	44,683,288	6,863,763	12,945,102	10,104,020
1876.....	356,940,508	733,913,330	54,875,423	8,246,211	12,090,167	9,664,609
1877.....	354,779,192	885,688,850	39,106,318	10,624,710	14,364,841	8,683,595
1878.....	344,068,807	749,233,431	47,038,579	7,754,005	13,967,396	8,373,916
1879.....	343,811,233	788,759,250	61,375,691	7,469,113	10,580,436	9,581,363
1880.....	531,050,559	1,007,531,497	77,010,037	13,024,923	16,446,089	12,108,002
1881.....	544,890,697	947,329,460	82,451,852	12,326,706	13,597,371	11,099,762
1882.....	500,248,293	883,611,784	106,615,818	12,019,123	14,780,667	13,069,871
1883.....	572,738,196	878,949,353	107,868,579	16,220,463	13,478,764	11,033,824
1884.....	568,220,318	908,294,475	120,841,003	14,299,380	15,313,840	13,114,875
1885.....	547,773,459	911,987,148	93,757,204	14,132,372	13,473,067	99,597,197
1886.....	700,061,881	1,159,407,968	143,318,736	17,087,709	14,177,149	13,937,810
1887.....	585,502,258	988,370,500	117,502,619	14,990,151	14,040,137	13,432,638
1888.....	652,344,548	1,045,951,384	138,271,060	16,595,176	14,778,545	14,570,258
1889.....	634,608,171	1,031,000,980	144,140,943	13,011,348	11,836,681	13,393,848
1890.....	665,550,786	1,037,911,379	115,224,797	15,805,515	12,455,601	13,284,690
1891.....	572,065,309	961,686,226	108,083,576	15,526,869	12,484,617	14,666,189
1892.....	548,944,867	1,013,742,658	93,892,712	12,427,053	10,108,327	10,390,439
1893.....	604,439,138	1,009,441,511	106,086,291	10,466,233	13,124,097	11,387,889
1894.....	719,324,449	1,161,138,343	140,749,235	11,723,808	10,529,734	12,547,763
1895.....	484,780,087	925,203,136	99,427,366	10,857,586	10,689,066	10,188,466
1896.....	574,410,316	1,163,967,702	86,265,292	11,649,977	13,403,663	15,402,931
1897.....	472,597,133	932,328,974	121,396,515	11,788,246	13,299,211	13,650,022
1898.....	557,597,951	1,202,254,978	91,950,978	10,238,969	11,412,068	11,673,878
1899.....	611,556,220	1,266,926,546	93,492,746	10,441,484	10,729,842	11,532,812
1900.....	461,938,302	1,086,463,274	120,383,837	5,892,081	9,435,371	9,496,085
1901.....	629,976,200	1,127,753,500	129,392,500	7,911,750	11,050,890	9,564,200
1902.....	475,541,800	1,176,051,500	119,878,000	6,299,820	7,411,640	9,438,560
1903.....	520,373,400	1,119,542,300	129,898,800	5,300,460	6,442,050	6,699,580
1904.....	593,591,100	1,193,265,900	145,618,800	6,221,400	6,613,460	8,056,710
1905.....	637,039,600	1,292,516,900	119,829,700	11,368,420	11,443,550	10,175,810
1906.....	611,705,100	1,189,552,900	142,636,200	10,548,720	10,300,210	10,260,270
1907.....	646,598,400	1,298,662,500	131,107,800	10,419,750	9,921,670	7,601,280
1908.....	470,956,400	1,005,027,600	200,636,400	10,894,540	9,019,320	10,432,380
1909.....	481,389,100	1,180,586,000	108,497,400	16,251,580	8,448,010	6,169,190
1910.....	624,859,600	1,129,898,600	109,976,800	8,410,140	6,384,450	6,891,410
1911.....	622,516,400	1,226,065,400	138,414,300	12,842,440	9,179,460	8,364,340
1912.....	658,026,700	1,451,819,200	173,698,700	13,298,110	11,913,170	10,745,130
1913.....	804,333,100	1,547,872,400	210,797,700	13,628,700	7,519,860	9,497,740
1914.....	617,498,700	1,378,930,300	160,552,000	13,538,110	9,985,330	8,280,700
1915.....	354,966,900	1,052,246,400	106,332,200	15,423,650	8,974,950	10,801,200
1916.....	481,857,500	1,035,437,900	88,153,700	8,931,510	5,922,490	7,583,020
1917.....	851,853,300	898,872,200	78,896,500	5,185,900	5,646,600	6,295,900
1918.....	429,754,300	449,044,800	33,046,000	2,054,500	2,211,400	3,490,800
1919.....	275,575,100	423,299,200	37,684,300	3,217,300	2,401,100	3,201,100
1920.....	569,054,700	656,277,100	69,872,000	10,850,000	5,096,900	6,011,600
1921.....	265,737,000	744,049,100	50,486,100	18,383,900	7,573,200	7,257,800
1922.....	410,565,000	854,974,300	77,837,700	21,204,800	7,284,200	7,471,600
1923.....	476,873,200	797,622,700	89,096,800	9,024,500	5,154,800	5,978,300
1924.....	553,405,800	938,652,800	91,324,300	9,281,600	4,280,600	5,613,800
1925.....	524,457,900	767,338,700	72,441,200	6,244,300	4,184,500	4,465,500
1926.....	504,044,100	902,411,700	93,138,100	8,809,600	4,286,100	6,244,000
1927.....	576,045,900	924,941,700	84,499,100	8,681,600	5,262,900	6,660,400
1928.....	687,653,200	710,112,300	92,249,700	9,089,800	4,960,500	6,791,500
1929.....	511,977,900	687,826,200	108,049,200	8,318,800	4,031,000	8,447,700
1930.....	317,988,200	345,331,500	75,803,600	4,734,900	1,959,400	4,620,200
1931.....	231,407,000	77,021,300	59,272,200	3,407,400	2,608,000	4,785,400
1932.....	339,930,400	129,501,100	78,127,500	3,792,200	2,964,900	7,036,100
1933.....	268,655,100	131,375,900	66,094,000	2,416,400	3,088,000	4,740,800
1934.....	326,065,000	161,206,000	59,385,000	2,106,300	2,968,600	3,687,300
1935.....	306,200,000	138,804,000	56,439,000	2,569,000	3,744,600	3,896,000
1936.....	258,847,000	96,010,000	36,014,000	2,173,100	3,018,400	2,996,400

Report for the year 1936.

Section VI,

RULES AND REGULATIONS:

**Rules for the Registration of Trade Marks, Trade Numbers,
Trade Names, Rules for Arbitration on Piecegoods, Standard
Contract Form, Etc., Etc.**

RULES AND REGULATIONS.

*Revised and adopted down to the Special General Meeting held on
13th February 1930.*

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 Associa-
tion.
 - (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) And generally to do all that may be necessary in the interests of the realisation of the above objects of the Association directly or indirectly.

Persons eligible for membership. 4. Any individual, firm or Company owning one or more mill or mills or one or more press or presses or one or more ginning or other factory or factories actuated by steam, water, electric and/or other power shall be eligible for membership of the Association.

Definition of the term "member." 5. The expression "Member" in these rules shall ordinarily mean the person, firm or Company, as the case may be, by whom or by which any such mill or mills, press or presses, or factory or factories as last aforesaid is or are actually owned, but shall where the context so requires or permits also mean and include the person or persons for the time being entitled or empowered in accordance with these rules to act and vote on behalf of any member of the Association.

Voting power of members. 6. At any General Meeting of members of the Association every member shall be entitled to one vote for every complete sum of Rs. 50 paid by him as annual subscription under Rule 35 hereof.

7. Each individual, who, as an individual, shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled either to act and vote on his own behalf or to empower, subject as hereinafter mentioned, any one or more persons, who shall have been duly authorized to sign his name per procuracy, to act and vote on his behalf.

8. Every partner in any firm, which shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled to act and vote on behalf of his firm, and the firm may also empower, subject as hereinafter mentioned, any one or more persons, who shall have been duly authorized to sign the name of the firm per procuracy, to act and vote on behalf of the firm.

9. Every Director of a Joint Stock Company, which shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled to act and vote on behalf of such Company, and the Agent, Secretary or Manager, as the case may be, of such Company, and every partner in any firm, which shall be Agents, Secretaries or Managers, as the case may be, of such Company, and likewise any one or more persons, who shall have been duly authorized by the Agent, Secretary or Manager, as the case may be, of such Company, or by the firm, which shall be Agents, Secretaries or Managers, as the case may be, of such Company, to sign either the name of such Agent, Secretary or Manager or the name of such firm, per procuracy, shall also, subject as hereinafter mentioned, be entitled to act and vote on behalf of such Company.

10. The name of every person entitled or empowered to act and vote on behalf of any member of the Association, whether such person be the member himself or any other person, shall be notified in writing by such member to the Secretary of the Association to be entered by the Secretary of the Association as hereinafter provided in the register hereinafter mentioned, and if more than one person shall be entitled or empowered to act and vote on behalf of any member, such member shall notify in writing to the Secretary of the Association to be entered by the Secretary of the Association as hereinafter provided in the register hereinafter mentioned, the order of precedence in which such persons shall be entitled to act and vote on behalf of such member.

11. When any member shall notify to the Secretary of the Association that any one or more persons, other than the member himself, is entitled or empowered to act and vote on behalf of such member, such member shall, in such notification, state the capacity in which such person or each of such persons is so entitled or empowered to vote, that is to say, either as a member of a firm or as a Director or Agent or Secretary or Manager of a Company or as the holder of a power to sign per procuracy or otherwise as the case may be.

12. If the name of any person shall be notified as a person empowered to act and vote on behalf of a member by virtue of being the holder of a power to sign per procuracy, the notification shall be accompanied by the document authorizing such person to sign per

procuration, in order that the same may be registered by the Secretary, and the Secretary shall, after registering the document, return it to the person who sent it.

13. The Association shall provide a Register, to be called "Register of members and of persons entitled to act and vote for members" (hereinafter in these rules referred to as "the said Register"), and the names of all members of the Association shall be entered in the said Register together with the name of each person entitled or empowered, in accordance with these rules, to act and vote for such members, so soon as the name of such persons and all particulars regarding him and all formalities shall have been duly notified and observed in accordance with these rules, and when the name of more than one person shall have been notified as entitled to act and vote for any one member of the Association, the names of such persons shall be numbered in the order of precedence in which such persons are entitled to act and vote for such member.

14. No person shall be entitled to act or vote on behalf of any member of the Association unless and until his name shall have been entered in the said Register as a person entitled to act and vote for such member.

15. If two or more persons, who shall be entitled to act and vote on behalf of one and the same member of the Association, shall be present at any meeting of the Association, that one, who takes priority in the order of precedence in the said Register, shall alone be entitled to vote at such meeting.

16. If any one person shall, according to these rules, be entitled to act and vote for more than one member of the Association, such person shall be entitled to act and to exercise the right of voting, according to these rules, for each member, on whose behalf he is entitled to act and vote.

17. Members of the Association shall be elected by ballot in the manner hereinafter mentioned. Mode of
electing
members.

18. Every candidate for election as a member of the Association must be proposed by one member of the Association and seconded by another, and a letter of proposal signed by the proposer and seconder must be sent to the Managing Committee of the Association (hereinafter called "the Committee").

19. After the receipt by them of a proposal duly made and seconded according to these rules of a candidate for election as member of the Association, the Committee shall fix a day for the commencement of the ballot for the election of such candidate.

20. Not less than seven days before the day so fixed as aforesaid for the commencement of the ballot for the election of any candidate, notice in writing shall be given by the Committee to all members of the Association of the name of the candidate and of his proposer and seconder and of the date so fixed as aforesaid for the commencement of the ballot for the election of such candidate.

21. The Committee shall, before the day appointed for the commencement of the ballot for the election of a candidate for membership of the Association, appoint a scrutineer for such election.

22. The Association shall, for the purposes of all elections by ballot, provide a ballot-box with a lock and key and with an aperture sufficiently large to admit of the deposit therein of voting papers.

23. Before the time appointed under these rules for the commencement of the ballot for the election of any candidate for membership of the Association, the Secretary of the Association shall satisfy himself that the ballot-box is empty and shall lock the same, and the same shall not be opened until after the expiration of the full time appointed for such ballot.

24. The Committee shall provide voting papers for the election of a member of the Association in such form as they shall, from time to time, think fit and shall send one of such voting papers to each member of the Association, not less than seven days before the day fixed according to these rules for the commencement of the ballot for the election of any candidate for membership of the Association.

25. If any person entitled or empowered to vote concerning the election of a candidate for membership of the Association shall desire to exercise his right of voting he shall fill up a voting paper in accordance with the directions contained therein stating whether he votes for or against the election of such candidate and shall sign the paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover.

26. Voting papers may be deposited in the ballot-box in accordance with these rules at any time between the hours of 10-30 a.m. and 4 p.m. on the day appointed for the commencement of the ballot or on any one of the six succeeding days, exclusive of Sundays or Gazetted Holidays.

27. The ballot-box shall, at 4 p.m. on the seventh of the days appointed for the election of any candidate for membership, be opened by the Secretary in the presence of the scrutineer, and the votes shall be counted and scrutinized by the scrutineer, and the scrutineer shall report to the Committee in writing under his hand the result of the election according to his counting and scrutiny.

28. No candidate for election as a member shall be deemed to have been elected unless the number of votes recorded is greater than one-fourth of the total number of the votes which would have been recorded if all members had voted. One adverse vote in every six votes recorded shall exclude. The result of every election shall be recorded in the Minutes of the Proceedings of the Committee.

29. If any candidate for election as a member of the Association shall not be elected, his proposer shall be informed of his non-election by the Secretary.

30. Particulars of the voting for the election of any candidate for election as a member of the Association shall be confidential and shall not be disclosed by the scrutineer or by the Secretary to anyone whomsoever.

31. A candidate, who shall have been proposed for election as a member of the Association and shall not have been elected, shall not be again eligible for election as a member of the Association until after the expiration of six months from the date of the election at which he shall not have been elected.

32. If a candidate for election as a member of the Association be elected, his election shall be notified in writing by the Secretary to his proposer and likewise to the candidate himself, and a copy of the last annual report of the Association and also a copy of the Rules of the Association, together with a bill for the entrance fee payable by such member on election and the amount of the annual subscription payable in accordance with these rules shall be sent to him by the Secretary.

Membership
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.

39. Each member shall, on election to the Association, sign a form of adherence to the rules of the Association in the form from time to time approved by the Committee and until such form shall have been signed a member shall not be entitled to exercise any of the privileges of membership.

Form of adherence to be signed by members.

40. Every member of the Association shall have power to terminate his membership thereof by giving not less than three calendar months' previous notice in writing (expiring at any time) to the Secretary of the Association of his desire to terminate such membership and upon the expiration of any such notice such member shall cease to be a member of the Association and his name shall forthwith be removed from the said Register.

Mode of resigning from membership.

41. The affairs and funds of the Association shall be managed by a Managing Committee hereinbefore and hereinafter called "the Committee" to be constituted as hereinafter mentioned.

The Committee, its constitution and mode of election.

42. The members of the Association shall, in each year between the 1st and the 31st day of January, elect the Committee from amongst the list of persons whose names appear in the said Register as persons entitled to act and vote for members.

43. The Committee shall consist of a Chairman, a Deputy Chairman and not more than eighteen ordinary members, making a maximum of twenty members in all.

44. The Committee, holding office for the time being, shall appoint a day between the 1st and the 31st day of January in each year for the election of the Chairman, the Deputy Chairman and the eighteen ordinary members of the Committee for the ensuing year, and shall cause notice of the day so appointed for such election as aforesaid to be advertised in at least one English and one Vernacular newspaper published in Bombay.

45. The Secretary of the Association shall also give to each member of the Association not less than seven days' notice in writing of the day appointed for the said elections and of the names of all authorized representatives of members who are eligible for election as members of the Committee.

46. The members of the Committee shall be elected by ballot.

47. The Committee shall, before the day appointed for the said election, appoint a scrutineer for each of the said elections.

48. Before the time appointed under these rules for the commencement of the ballot upon the day appointed for the said elections the Secretary of the Association shall satisfy himself that the ballot-box is empty and shall lock the same and the same shall not be opened until 4 p.m. upon that day.

49. The Committee shall provide separate voting papers for

- (a) the election of a Chairman of the Committee
- (b) the election of a Deputy Chairman of the Committee,
- (c) the election of eighteen ordinary members of the Committee,

in such form as they shall, from time to time, think fit and shall send to each member of the Association not less than seven days before the day fixed for the said elections, one voting paper in respect of the election of the Chairman, one voting paper in respect of the election of the Deputy Chairman and one voting paper in respect of the election of the ordinary members of the Committee.

50. On the day appointed for the said elections voting shall commence at 10-30 a.m. and terminate at 4 p.m.

51. If any person entitled or empowered to vote concerning the election of the members of the Committee shall desire to exercise his right of voting, he shall, in the case of the election of a Chairman, write on a voting paper relative to the election of a Chairman the name of the person representing a member of the Association whom 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 whom 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 whom he desires should be appointed as ordinary members of the Committee as aforesaid and shall sign the said voting paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover.

52. Voting papers regarding the elections of a Chairman, Deputy Chairman and the ordinary members of the Committee may be deposited in the ballot-box in accordance with these rules between the hours of 10-30 a.m. and 4 p.m. on the day which shall have been appointed under these rules for such elections.

53. At 4 p.m. on the day appointed for the said elections the ballot-box shall be opened by the Secretary of the Association in the presence of the scrutineer and the votes shall be counted and scrutinized by the scrutineer, who shall report to the Committee in writing under his hand the result of the election according to his counting and scrutiny.

54. Particulars of the voting for the election of the members of the Committee shall be confidential and shall not be disclosed by the scrutineer or by the Secretary to anyone whomsoever.

55. Those persons in whose favour the largest number of votes shall have been cast for the respective appointments of Chairman, Deputy Chairman and ordinary members of the Committee shall be deemed to have been appointed Chairman, Deputy Chairman and ordinary members of the Committee respectively.

56. Two representatives of any one member entitled under Rule 6 to ten votes or less shall not be on the Committee at the same time, and if two representatives of any one such member shall be elected to serve on the Committee at the same time, the election of that representative who obtains the lesser number of votes shall be void. In case of an equality of votes, the Chairman of the retiring Committee shall have a casting vote.

57. No member of the Association shall vote for more than one Chairman, one Deputy Chairman and eighteen ordinary members of the Committee.

58. If any person who shall have been elected according to these rules either as Chairman of the Committee or as Deputy Chairman of the Committee shall decline to accept the appointment there shall be a fresh election by the members of the Association for the appointment of a Chairman or Deputy Chairman as the case may be.

59. If any person who shall have been elected in accordance with these rules as an ordinary member of the Committee shall decline to accept the appointment the person who shall have received the next largest number of votes shall be considered to have been elected, and if there shall be no such person then the vacancy shall be filled by the retiring Committee.

60. If in any ballot for a Chairman or Deputy Chairman of the Committee there shall be an equality of votes for the appointment, there shall be a fresh election by the members of the Association for the appointment of a Chairman or Deputy Chairman as the case may be. If in any ballot for the election of the eighteen ordinary members of the Committee there shall be an equality of votes for the eighteenth appointment, the Chairman of the retiring Committee shall have a casting vote.

61. The new Committee shall take office upon the conclusion of the first Annual General Meeting of the members of the Association held after their election, and shall continue to hold office until the conclusion of the next Annual General Meeting of the members of the Association, when they shall retire but shall be eligible for re-election.

62. If any member of the Committee shall be absent from the regular meetings of the Committee for more than three consecutive months he shall, unless he shall have previously obtained leave of absence from the Committee, be deemed to have vacated his office.

63. When any vacancy other than a vacancy in the office of Chairman or Deputy Chairman shall occur in the Committee, the members of the Committee shall have power to appoint any duly qualified person to fill such vacancy who shall hold office until the conclusion of the next Annual General Meeting of the members of the Association when he shall retire but shall be eligible for re-election. Similarly if any member of the Committee shall have previously obtained leave of absence from the General Meetings of the Committee, the members of the Committee shall have power to appoint any duly qualified person to act as a member of the Committee during the absence of such member.

64. If any vacancy other than a temporary vacancy shall occur in the office of Chairman or Deputy Chairman of the Committee, such vacancy shall be filled by the election according to these rules by the members of the Association of any duly qualified person. A temporary vacancy may be filled by the members of the Committee from their own number.

65. The Chairman of the Committee shall, if present, preside at all meetings of the Committee held during his term of office. In the absence of the Chairman, the Deputy Chairman shall preside, and failing both, the chair shall be taken by one of the members of the Committee who shall be appointed by the other members of the Committee present at such meeting. The procedure to be adopted by the Committee in conducting business.

66. In case of a tie in voting in Committee the Chairman for the time being shall have a casting vote in addition to his own vote.

67. Five members of the Committee shall constitute a quorum.

68. The Committee shall meet at least once in every month.

Powers of
the Com-
mittee.

69. The Committee shall have power to require from any member an explanation as to any act done or conduct pursued by such member which in the opinion of the Committee shall be in contravention of the rules of the Association or to the detriment or discredit of the Association or shall be injurious to the welfare and interests of the Association. If any such explanation shall be refused or having been given shall be deemed unsatisfactory, the Committee shall cause a Special General Meeting of the Association to be convened to consider the acts and conduct of such member, and the Association shall have power if a quorum be present at such Special General Meeting to resolve by a majority of not less than two-thirds of the votes cast at the meeting to declare that such member is expelled from the Association.

70. Whenever a resolution shall have been passed as in the last preceding rule mentioned such resolution shall be final and conclusive and the member thereby declared to be expelled shall thenceforth cease to be a member of the Association and shall not be entitled to claim any refund on account of subscription which may have already been paid.

71. Previous to each Annual General Meeting of the members of the Association, the Committee shall prepare a report of the proceedings of the Association during the year prior to such General Meeting and shall cause the same to be printed and shall send at least one printed copy thereof to each member of the Association not less than seven days prior to the date fixed for the said Annual General Meeting. The Committee may also, if they see fit to do so, send any one or more copies of the said report to any individual or Corporation or Association to whom or to which they may think it desirable in the interests of the Association to send the same.

72. The Committee shall have authority to appoint Solicitors to the Association and the Committee may consult them whenever they deem it expedient to do so.

73. The Committee shall have authority at any time and from time to time, if for any reason they shall consider it advisable to do so, to attach to the office of the Chairman of the Committee a remuneration or honorarium of such amount, and to operate from such date and for such period as the Committee may determine, and such remuneration or honorarium shall be met from the revenues of the Association.

74. At the first meeting of the Committee held after the holding of the Annual General Meeting of the members of the Association in each year, the Committee shall appoint three or more of their number to form a Sub-Committee for the purpose of deciding questions other than arbitrations, arising under the rules of the Association relating to the registration of trade marks, and the decision of such Sub-Committee on such questions shall have the same effect as if given by the entire Committee. Any vacancy which may from time to time occur in any such Sub-Committee shall be filled by the Committee by the appointment thereto of another member of the Committee.

75. The Committee may from time to time appoint a Sub-Committee to investigate and to report upon any matter whatsoever and may invite any member of the Association not being a member of the Committee to serve on any such Sub-Committee, or may consult any outside authority if for any special reason such a course may seem to them advisable.

76. Sub-Committees other than a Sub-Committee appointed under Rule 74 shall have no executive or substantive power or authority, and the duty of every Sub-Committee shall be to report to the Committee the result of its investigations, deliberations or other proceedings.

Duties of
Secretary &
Assistant
Secretary.

77. A Secretary of the Association shall be appointed and his remuneration shall be fixed by the Committee. The Secretary shall devote himself entirely to the business and affairs of the Association except in cases where he has received the special permission of the Committee. He shall have charge of all correspondence and shall keep an account of the funds of the Association and of funds connected with or in any way controlled by the

Association. He shall have the care of the rooms, furniture, library, pictures and of all documents belonging to the Association. He shall give notice as desired by the Chairman or Deputy Chairman of all meetings of the Association, of the Committee, of the Departmental Committees and Sub-Committees of the Association and of all Associations working in connection with the Association. He shall duly notify members of their election, collect all dues from members of the Association or from any Committee or any Association working in connection with the Association. He shall prepare the Annual Report of the Association and the reports of all Committees and of all Associations connected with the Association under the guidance of the Chairman and the Committee and generally shall perform all such duties as are incidental to his office and generally act under the orders of the Chairman or in his absence of the Deputy Chairman and the Committee. In all matters appertaining to the detailed duties of his office as above enumerated he shall follow the policy and instructions laid down by the Chairman or in the absence of the Chairman by the Deputy Chairman.

78. An Assistant Secretary of the Association may be appointed, and if so appointed, his remuneration shall be fixed by the Committee. The Assistant Secretary shall during any temporary absence of the Secretary owing to sickness or any other cause or during the absence of the Secretary on leave perform all or any of the duties of the Secretary as may be assigned to him.

79. Minutes of all proceedings of the Committee shall be made and shall be entered or ^{Minutes} caused to be entered regularly by the Secretary in a Minute Book to be kept by him. ^{Book of the} This ^{Committee.} book shall be open to the inspection of any member of the Association at any reasonable time.

80. A general meeting of the members of the Association to be called the Annual ^{General} General Meeting shall be held in each year at such time as the Committee may appoint. ^{Meetings of} members.

81. The Committee may also at any time call a General Meeting should it seem to them expedient to do so.

82. If any four members of the Association shall by a requisition in writing signed by the said four members respectively addressed to the Committee and containing a statement of their reasons for the requisition request the Committee to call a General Meeting of the members of the Association the Committee shall call such General Meeting to be held within fourteen days after the receipt by the Committee of the said requisition, and if the Committee shall refuse or neglect to call such General Meeting to be held within the time aforesaid, the said four members who shall have signed the said requisition, shall have power themselves to call such General Meeting to be held on such day as they themselves shall appoint.

83. Seven clear days' notice of every Annual General Meeting shall be given by advertisement in at least one English and one Vernacular newspaper published in Bombay and seven clear days' notice shall also be given to members of every Special General Meeting, except Urgent General Meetings specially convened by the Chairman or the Committee.

84. No business shall be transacted at any General Meeting unless a quorum according to these rules shall be present at such meeting.

85. At any General Meeting a quorum shall be constituted if the number of votes of the members represented at the meeting shall exceed 25 per cent. of the total number of votes of all the members for the time being of the Association.

86. If on the day originally appointed for holding a General Meeting a quorum according to these rules shall not, within thirty minutes of the time appointed for the commencement of the meeting, be present, the meeting shall be adjourned to such time on such day not being less than 10 days thereafter as the Committee may determine and if a quorum shall not, within fifteen minutes after the time appointed for the commencement of such adjourned meeting, be present, the members then present shall constitute a quorum and may transact the business for which the meeting was convened.

87. Whenever any meeting shall be adjourned under Rule 86 on the ground that a quorum was not present within the prescribed time, seven clear days' notice shall be given by the Committee by advertisement in at least one English and one Vernacular newspaper published in Bombay of the day and time to which such meeting shall have been adjourned.

88. The Chairman of the Committee shall, if present, preside at all General Meetings of the members of the Association held during his term of office. In the absence of the Chairman, the Deputy Chairman shall preside, and, failing both of these, the chair shall be taken by one of the members of the Committee, who shall be appointed by the other members of the Committee, present at such meeting.

89. The voting at any General Meeting shall be in the first instance, by show of hands, but this shall not preclude any member present from demanding a poll. If a poll is demanded the number of votes to which each member shall be entitled shall be calculated in accordance with Rule 6. The result of a poll shall supersede a vote taken by show of hands. In the case of a tie in voting at any General Meeting the Chairman for the time being of the meeting shall have a casting vote.

90. Minutes of all proceedings at every General Meeting of the members of the Association shall be made and shall be entered or caused to be entered regularly by the Secretary in a Minute Book to be kept by him. This book shall be open to the inspection of any member of the Association at any reasonable time.

91. Every resolution which shall have been duly passed according to these rules at any General Meeting of the members of the Association shall be binding upon all the members of the Association.

Special General Meeting for concerted general action. 92. All proposals or recommendations for concerted general action respecting the mills which the Committee of the Association may consider to be concerned in respect to a strike, lockout, short-time working or organized lessening of production, payment of bonus, increases or reductions in wages, or any other matter whatsoever, shall only be adopted if passed by a majority of not less than 85 per cent. of the votes cast at a Special General Meeting duly called for the purpose of considering such proposals or recommendations.

Expulsion of members for contravening resolutions adopted at the General Meeting. 93. Any member of the Association who shall contravene the terms of any proposal which has been approved and adopted by the members of the Association under Rule 92 hereof shall be liable to be summarily expelled from the Association by a resolution of the Committee declaring that such member is expelled; provided that such resolution shall be passed by a majority of not less than three-fourths of the members of the Committee present at a Special Meeting called for the purpose of considering such contravention.

94. Whenever a resolution shall have been passed as in the last preceding rule mentioned such resolution shall be final and conclusive and the member thereby declared to be expelled shall thenceforth cease to be a member of the Association, and shall not be entitled to claim from the Association any refund on account of subscription which may have already been paid.

95. A firm or Joint Stock Company or other Corporation which shall be expelled under the last preceding rule shall be eligible for re-election after the expiry of six months from the date of expulsion provided not less than three members in addition to the proposer and seconder concur in the proposal for re-election.

Funds and properties of the Association. 96. The control of the funds of the Association shall be vested in the Committee, who in addition to the powers expressly conferred on them by these rules may exercise all such powers, and do all such acts and things as may be exercised or done by the Association and are not hereby or by law expressly directed or required to be exercised or done by the Association in General Meeting, and in particular may from time to time at their discretion raise or borrow or secure the repayment of any sum or sums of money in all respects as they think fit.

97. If at any time during the year the funds at the disposal of the Committee are insufficient or are likely to be insufficient to defray the estimated expenditure for the remaining portion of the year, then the Committee shall, in such case, call a General Meeting of the members of the Association and lay the accounts of the Association before such meeting.

98. The Committee shall cause proper books of account to be kept of the transactions of the Association and of the assets, credits and liabilities thereof, which books of account shall be kept at the office of the Association or at such place or places, and in the charge of such person or persons as the Committee may from time to time direct.

99. At least seven days previous to each Annual General Meeting of members of the Association the Committee shall send to each member of the Association a duly audited income and expenditure account, and a balance sheet, containing a summary of the property and liabilities of the Association and made up to the 31st December of the year immediately preceding the meeting, and such account and balance sheet shall be laid before the members at the Annual General Meeting of the Association in each year.

100. The Committee for the time being shall have power to invest and deal with any of the moneys of the Association not immediately required for the purposes thereof in such securities and in such manner as they may think fit and from time to time to vary or realize such investments.

101. The Committee shall have the power to determine the manner in which bills, loans, receipts, acceptances, endorsements, cheques, releases, contracts and documents shall be signed or executed by and on behalf of the Association.

102. There shall be two Trustees of the Association and the first Trustees shall be Mr. H. P. (now Sir Hormasji) Mody and Mr. Ratansi D. Morarji. Subsequent Trustees shall be appointed by resolution of the Committee. Any person for the time being entitled to act and vote for a member shall be eligible as a Trustee. Any Trustee who shall cease to be entitled to act and vote for a member shall *ipso facto* cease to be a Trustee. Any Trustee may be removed by a majority of three-fourths of the members of the Association present at a meeting duly convened for the purpose of considering such removal.

103. All the funds and properties of the Association shall be vested in the Trustees who shall have the custody of all securities and documents of title relating thereto and shall deal with and dispose of the same and the income thereof in accordance with the written directions from time to time given to them by the Committee for the time being.

104. Neither the Chairman, Deputy Chairman, nor any ordinary member of the Committee nor the Secretary nor any Trustee shall be answerable for anything other than his own acts or defaults, nor shall he be answerable for any act done by him for the sake of conformity only, nor for any moneys of the Association other than such as shall come into his own hands, nor for any collector or receiver of moneys appointed by the Committee, nor for any misfortune, loss or damage happening to the Association by reason of any deed done or executed by him as a Chairman, Deputy Chairman or ordinary member of the Committee or as Secretary or Trustee, nor by reason of any error in judgment or mere indiscretion on his part in the performance of his duties, nor otherwise on any account, except for wilful negligence or fraud. Every person being Chairman, Deputy Chairman, or an ordinary member of the Committee or Secretary or Trustee of the Association, his heirs, executors or administrators shall at all times be indemnified and saved harmless out of the funds of the Association from and against all costs, losses, damages and expenses whatsoever incurred or sustained by him in the execution of his power or duties, and every person having been or being a Chairman, Deputy Chairman, or ordinary member of Committee or Secretary or Trustee of the Association, his heirs, executors and administrators shall be indemnified and saved harmless out of the funds of the Association against all actions, suits, claims and demands whatsoever brought or made against him or them in respect of any engagement of the Association save such as may be incurred by his own personal wilful neglect or default.

Responsibility of the Chairman, Deputy Chairman, Secretary & members of the Committee.

The date when the rules come into force & the mode of altering the rules. 105. These rules shall come into force on the First day of March 1925 on which date the present rules shall stand cancelled. No alterations in these rules shall be made save and except by a majority of not less than three-fourths of the votes cast at a General Meeting of the members of the Association duly convened and held for the purpose of considering such alteration, the terms of which shall have been fully set forth in the notice convening the meeting.

RULES FOR THE REGISTRATION OF TRADE MARKS.

Revised and adopted down to the Annual General Meeting of the Association held on 3rd March 1927.

1. Throughout all these rules the following words shall bear and include the following meanings :— Interpretation.

- (a) 'The Association' means the Millowners' Association, Bombay.
- (b) 'Member' means a member of the Millowners' Association, Bombay.
- (c) 'The Secretary' means the Secretary of the Millowners' Association, Bombay.
- (d) 'The Managing Committee' means the Managing Committee of the Millowners' Association, Bombay.
- (e) 'Trade mark' includes 'ticket' and 'stamp.'
- (f) 'Colourable imitation' includes a trade mark, which is likely to become known by or to acquire the same name as that by which another trade mark is already known or which such other trade mark has already acquired.

2. For the purposes of these rules a registrable trade mark must consist of a distinctive mark, device or design not being a name, signature or word or words (invented or otherwise) either alone or in combination with one or more of the following :— Essentials of a registrable trade mark.

- (a) The name of a Company, individual or firm represented in a special or particular manner.
- (b) An invented word or invented words.
- (c) A word or words having no direct reference to the character or quality of the goods and not being according to its ordinary signification a geographical name or surname.

Provided—

- (1) that any trade mark registered in the Permanent Register of the Association prior to the 31st March 1924 shall be registrable as a trade mark under this rule ;
- (2) that no trade mark shall be accepted for registration which contains or consists of any scandalous design, or any matter the use of which would by reason of its being calculated to deceive or otherwise be disentitled to protection in a Court of Justice, or would be contrary to law or morality ;
- (3) that no trade mark shall be accepted for registration which contains or consists of a representation of the Royal Arms (or Arms so closely resembling the Royal Arms as to be calculated to deceive), or of a photograph or photographs of any member or members of the Royal Family.

3. All goods to which these rules apply shall be divided into the following classes :— Classification of goods.

Class 1.—Cotton yarns and threads being either grey or bleached.

Class 2.—Cotton yarns and threads being coloured either in whole or in part.

Class 3.—Cotton piecegoods of all kinds.

Registers.

4. The Association shall keep two registers, one of which shall be called 'The Permanent Register' and the other 'The Suspense Register.'

Duty of members to register trade marks and mode of applying to register same.

5. Every member shall send to the Secretary an application in writing addressed to the Secretary and signed by the member or by some person duly authorized to sign the same on behalf of the member, to register with the Association every trade mark, not already registered by such member with the Association, which is or is to be the property of such member and which such member desires to apply to any produce of the mill or mills, factory or factories, owned by such member.

6. Every such application shall specify the name by which the trade mark to which the application relates is intended to be known and the class or classes of goods to which the trade mark is intended to be applied and shall be accompanied by one copy of the trade mark for the use of the Association and also by such further number of copies thereof as the Managing Committee may from time to time prescribe in that behalf, regard being had to the total number of members.

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

Secretary to enter every trade mark which a member shall apply to register in the Suspense Register.

8. The Secretary shall forthwith on receipt of an application for registration of a trade mark with the Association made in conformity with these rules enter the said trade mark in the 'Suspense Register' for use on goods of the class or classes specified in the application.

Notice of every application to register a trade mark to be sent to every member.

9. The Secretary shall so soon as may be after any application shall have been made for the registration of any trade mark with the Association, send to every member a copy of such application with an intimation of the date when it was made and that such trade mark has been entered in the Suspense Register and shall also send with such intimation one copy of such trade mark, and also if the application shall have been accompanied by a notification in conformity with Rule 21 that the member, who shall have made the application, is not willing to refer to arbitration any matter relating to the application, one copy of such notification and shall after the expiration of three weeks from the date of the despatch of such intimation send a reminder to each member who shall not in the interval have acknowledged the receipt of such intimation or otherwise intimated that such intimation has been received by such member.

Effect of entry of trade mark in Suspense Register.

10. The entry of a trade mark in the Suspense Register shall not confer upon the member upon whose application the same shall have been so entered any right against any other member in respect of the trade mark so entered save and except a right to apply for the removal of any other trade mark from the Suspense Register as in Rule 11 hereinafter set forth.

Applications for removal of trade mark from the Suspense Register.

11. Any member may apply that any trade mark which has been entered in the Suspense Register may be removed therefrom on the ground that it is an imitation colourable or otherwise of another trade mark which at the time of the entry of the trade mark objected to was then already in the Suspense Register and had been entered therein on application of the member applying for such removal and was intended to be applied to the same class or classes of goods as the class or classes to which the trade mark objected to is intended to be applied.

12. Every application for removal of a trade mark from the Suspense Register shall be made in writing addressed to the Secretary and signed by the applicant or by some person duly authorized to sign on behalf of the applicant and shall set forth the ground on which the same is made.

13. Every application for removal of a trade mark from the Suspense Register shall be determined in the manner hereinafter prescribed ; and if, when the same shall have been so determined, the application shall be upheld, the trade mark for the removal of which the application shall have been made, shall forthwith be removed from the Suspense Register.

14. Any member may object to any trade mark being entered in the Permanent Register on the ground that such trade mark is an imitation colourable or otherwise of a trade mark which has already, on the application of such objecting member, been entered in the Permanent Register for use on goods of a class or classes similar to the class or classes of goods to which the trade mark, in respect of which an application has been made, is intended to be applied, and that such trade mark so already entered, is habitually applied by such objecting member to such class or classes of goods.

Objections to entry of a trade mark in the Permanent Register.

15. Every such objection shall be made within one month after the application to register the trade mark objected to shall have been made and shall be in writing addressed to the Secretary and signed by the objecting member or by some person duly authorized to sign on behalf of the objecting member and shall set forth the grounds of objection.

16. Any member may within three calendar months from the date of his becoming a member for the first time apply that any trade mark which shall have been registered in the Permanent Register, at any time before the expiration of the said period of three months, shall be removed therefrom on the ground—

That the trade mark so already registered in the Permanent Register is an imitation colourable or otherwise of a trade mark for the registration of which such member has applied for use on goods of a class or classes similar to the class or classes of goods to which the trade mark so already registered in the Permanent Register is applied, and that such trade mark for the registration of which such newly joined member has so applied as aforesaid has been habitually applied by such newly joined member to the said class or classes of goods.

17. When any member being the owner of a mill shall have ceased to be a member for any reason, other than expulsion, and shall subsequently again become a member by virtue of the ownership of the same mill, or, when any mill, being the property of a member, shall have passed to a new owner and such new owner shall become a member by virtue of the ownership of the said mill, such member, who shall have again become a member, may at any time, within one month from the date of his having so again become a member or such new owner, who shall have become a member, may at any time within one month from the date of his becoming a member apply—

(a) That a trade mark which shall have been entered in the Permanent Register subsequent to the date on which such member shall have ceased as aforesaid to be a member but prior to the date of the application under this rule or subsequent to the date when such mill as aforesaid passed to such new owner as aforesaid but prior to the date of the application under this rule, as the case may be, shall be removed from the Permanent Register ;

or

(b) That if any trade mark shall have been or shall be entered in the Permanent Register in compliance with an application for the registration of the same which has been made subsequent to the date on which such member shall have ceased as aforesaid to be a member but prior to the date of the application under this rule, or subsequent to the date when such mill as aforesaid passed to such new owner as aforesaid but prior to the date of the application under this rule, as the case may be, the said trade mark shall be removed from the Permanent Register, on the ground either in the case (a) or in the case (b)—

That the said trade mark is an imitation colourable or otherwise of a trade mark previously registered with the Association by the member who shall have so ceased to be a member as aforesaid or by the member who was for the time being the owner of the mill which has so passed to a new owner as aforesaid for use on goods of a class or classes similar to the class or classes of goods for use on which the trade mark so objected to shall have been registered and that a fresh application for the registration of the mark so previously registered as aforesaid has been made by the applicant.

18. Every application for removal of a trade mark from the Permanent Register shall be made in writing addressed to the Secretary and signed by the applicant or by some person duly authorized to sign on behalf of the applicant and shall set forth the grounds on which the same is made.

19. Every application under Rules 16 and 17 for removal of a trade mark from the Permanent Register shall be accompanied by twelve or such other number of copies as the Managing Committee may from time to time prescribe of the trade mark said by the applicant to have been previously registered with the Association.

20. If any member, being the owner of a trade mark which shall have been registered in the Permanent Register shall so alter the trade mark as in the opinion of a majority of the Trade Marks Sub-Committee to render it likely to deceive, or materially different, either in name or design, from the registered trade mark, and shall use the mark so altered on goods of a class or classes similar to the class or classes of goods for use on which registration of the original mark was obtained, the member concerned may be required to apply in the manner prescribed for registration of the altered trade mark as a new trade mark and in default of compliance with any such requisition within one month after receipt thereof by the member concerned, the altered trade mark shall be deemed an unregistered trade mark.

Liberty to refuse
to refer to arbitra-
tion in certain
cases.

21. Notwithstanding anything contained in these rules or in the Form of Adherence prescribed under Rule 39 of the Rules and Regulations of the Association any member who shall have become a member for the first time may send a notification in writing addressed to the Secretary with any application, made by such member, to register a trade mark, which shall be sent to the Secretary within one month from the date when such member shall have become a member notifying that he is not willing to refer to arbitration any matter relating to the application with which the notification is sent ; and whenever any such notification is sent as aforesaid no member shall in the matter to which the notification relates be bound by the rules relating to arbitration.

22. In like manner, notwithstanding anything contained in these rules or in the Form of Adherence in Rule 39 mentioned, if any member who shall have received notice of any application to register a trade mark, which shall have been sent to the Secretary, by a member who shall have become a member for the first time, within one month from the date when such member shall have become a member shall object, in the manner prescribed by these rules, to the said trade mark being entered in the Permanent Register on the ground specified in Rule 14, such objecting member may send with such objection, a notification in writing addressed to the Secretary notifying that he is not willing to refer to arbitration any matter relating to such objection to the application of which he shall have so received notice as aforesaid and specifying such application and objection ; and whenever any such notification is sent no member shall in the matter to which such notification relates be bound by the rules relating to arbitration.

Provided always that if a member who shall have become a member for the first time shall prove to the satisfaction of the Managing Committee that for a period of not less than five consecutive years immediately preceding the date when such member shall have become a member he has habitually applied the said trade mark to goods of a class or classes similar to the class or classes of goods to which such objecting member shall have habitually applied the trade mark of which the said trade mark is alleged by such objecting member to be an imitation colourable or otherwise, then such objecting member shall be deemed to have

sent to the Secretary such a notification in writing as above mentioned, and the provisions of Rules 37 to 43 (inclusive) so far as the same are applicable shall forthwith operate and have effect.

23. All questions in dispute between two members arising out of or incidental to any
- (a) application to register a trade mark,
 - (b) application to remove a trade mark from the Suspense Register,
 - (c) application to remove a trade mark from the Permanent Register,

Determination of questions relating to any application to register a trade mark or to any application to remove a trade mark from the Suspense Register or from the Permanent Register, as to which notice of refusal to refer to arbitration has not been given.

shall, if no such notice, as is permitted by these rules, of unwillingness to refer to arbitration shall have been given in connection with the same, be determined by arbitration in the manner prescribed by the following rules :—

24. Either member may give the other member notice of the appointment of an arbitrator on behalf of the member giving such notice and may call upon such other member to appoint and to notify to the member who shall give the notice of the appointment of an arbitrator within seven days from the date of the giving of the notice ; and on receipt of such notice such other member must, if he should desire to appoint an arbitrator, appoint him within seven days from the receipt of such notice and notify such appointment within the same time to the member from whom he shall have received the notice to appoint an arbitrator.

25. If the member to whom such notice as in Rule 24 mentioned shall have been given fail to appoint and to notify to the member who shall have given the notice of the appointment of an arbitrator within seven days from the service of the notice upon him the matter in dispute shall stand referred to the arbitrator already appointed as sole arbitrator.

26. If a matter in dispute shall stand referred to an arbitrator as sole arbitrator he shall make his award within fourteen days from the date when the matter in dispute shall first stand referred to him.

27. If two arbitrators shall be duly appointed in accordance with these rules, they shall within 3 days from the date when such one of them as was last appointed shall have been appointed and before proceeding with the reference appoint an umpire.

28. If two arbitrators and an umpire shall have been duly appointed, the two arbitrators shall, if they can agree upon their award, make their award within fourteen days after the appointment of the umpire.

29. If two arbitrators and an umpire shall have been duly appointed but the two arbitrators shall either fail to agree upon their award or fail to make it within fourteen days from the appointment of the umpire, the matter in dispute shall stand referred to the umpire.

30. When a matter in dispute shall stand referred to an umpire he shall make his award within fourteen days from the date when the matter in dispute shall stand referred to him.

31. If

- (a) a matter in dispute shall stand referred to a sole arbitrator but such arbitrator shall fail, from any cause whatever, to make his award within fourteen days from the date when the matter in dispute shall first stand referred to him ;
or

- (b) two arbitrators shall have been duly appointed but shall fail, from any cause whatever, to appoint an umpire within three days from the date of the appointment of such one of the arbitrators as shall have been last appointed ;
or

- (c) a matter in dispute shall stand referred to an umpire but such umpire shall fail, from any cause whatever, to make his award within fourteen days from the date when the matter in dispute shall first stand referred to him ;

the matter in dispute shall in any of such cases stand referred to a referee who shall be appointed by the Managing Committee.

32. When a matter in dispute shall stand referred to a referee he shall make his award within fourteen days from the date when the matter in dispute shall first stand referred to him and it shall be deemed to stand referred to him so soon as he shall have been informed of his appointment by the Managing Committee.

33. The sole arbitrator, two arbitrators, umpire or referee, as the case may be, shall, when he or they make an award, reduce it into writing, sign it and forward it to the Managing Committee who shall file it in a separate file, in which such awards shall alone be filed.

34. Every award, whether made by a sole arbitrator, two arbitrators, an umpire or a referee, which shall be duly made under the authority of and in conformity with these rules, shall be conclusive and binding upon the parties to the arbitration in which the award was made and the Association shall give effect to it.

(a) No person shall be appointed an arbitrator, umpire or referee, under the foregoing rules, who shall not be either a member of the Association or a person entitled to act and vote on behalf of a member of the Association, and any appointment made in contravention of this rule shall be null and void.

Fees on arbitrations.

35. The following fees on arbitrations shall be chargeable by the Association to members :—

- (a) In cases where there is a sole arbitrator, Rs. 15, which shall be paid by the member who has failed to appoint an arbitrator within the time prescribed by these rules.
- (b) In cases where each party has appointed one arbitrator, the sum of Rs. 30, whereof each member, a party to the arbitration, shall pay Rs. 15.
- (c) In cases where an umpire is appointed, Rs. 15, whereof each member, a party to the arbitration, shall pay Rs. 7-8-0.
- (d) In cases where a referee is appointed Rs. 15 whereof each member, a party to the arbitration, shall pay Rs. 7-8-0.

The sole arbitrator, two arbitrators, umpire or referee, as the case may be, shall have power to direct by any award made by him or them under these rules that any fee paid by any member, a party to the arbitration in which such award shall have been made, shall be refunded to him by the other member, a party to the said arbitration.

36. The Association shall, whether the fees payable under these rules in connection with any arbitration shall have been duly paid to it or not, pay to each arbitrator, umpire and referee who shall have acted in such arbitration a fee of Rs. 15.

Procedure when any application made to register a trade mark, or any objection made to register a trade mark as to which notice of refusal to refer to arbitration has been given.

37. If, in any case permitted by these rules, any member shall, in the manner prescribed by these rules, make

- (a) any application to register a trade mark,
or
(b) any objection to a trade mark being entered in the Permanent Register,

accompanied by a notification that the member is not willing to refer to arbitration any matter relating to the application or objection, as the case may be, with which the notifica-

tion is sent, no steps shall be taken by the Association in the matter of the application or objection specified in such notification for a period of two months from the receipt by the Secretary of such notification.

38. Any member, who shall have made any such application or objection as in Rule 37 mentioned, accompanied by such a notification as in the said Rule 37 mentioned, may, at any time during the said period of two months in the said Rule 37 mentioned, institute legal proceedings either to establish the right of such member to the trade mark to which such application or objection relates or to restrain any other member from using such trade mark or to procure the punishment of such member for using the same and such proceedings may be taken either in a Civil or a Criminal Court.

39. If, in any case permitted by these rules, any member shall, in the manner prescribed by these rules, have made any such application as in Rule 37 mentioned, accompanied by such a notification as in the said Rule 37 mentioned, and at the expiration of the said period of two months in the said Rule 37 mentioned, no such legal proceedings as in Rule 38 mentioned shall have been instituted in connection with the trade mark to which the application relates, the said application shall be rejected and the said trade mark be removed from the Suspense Register and shall not be entered in the Permanent Register.

40. If, in any case permitted by these rules, any member shall, in the manner prescribed by these rules, have made any such objection as in Rule 37 mentioned, accompanied by such a notification as in the said Rule 37 mentioned, and at the expiration of the said period of two months in the said Rule 37 mentioned, no such legal proceedings as in Rule 38 mentioned shall have been instituted in connection with the trade mark to which the objection relates, the said objection shall be rejected, and the application to register the trade mark, to which such objection relates, shall be dealt with under these rules, as if no such notification had been given.

41. If, within the said period of two months in Rule 37 mentioned, such legal proceedings as in Rule 38 mentioned shall have been instituted, no steps shall be taken in the matter of the application or objection concerning the trade mark to which such legal proceedings relate until such legal proceedings shall have been finally determined.

42. When such legal proceedings as in Rule 38 mentioned shall have been finally determined, if it shall have been held by the Court—

- (a) That a trade mark, to register which an application shall have been made, or in respect of which an objection to the same being entered in the Permanent Register shall have been made, is an imitation colourable or otherwise of another trade mark, the trade mark so held to be an imitation colourable or otherwise shall not be registered ;

or, if it shall have been held by the Court—

- (b) That a trade mark, to register which an application shall have been made, or in respect of which an objection to the same being entered in the Permanent Register shall have been made, is not an imitation colourable or otherwise of another trade mark, the same shall, if it be in the opinion of the Managing Committee a proper mark to be registered as a trade mark, be entered therein.

43. The production to the Managing Committee of a certified copy of a decree passed by a Civil Court of competent jurisdiction in British India from which no appeal lies or in respect of which the time for appealing has expired or the production of a certified copy of a judgment of a Criminal Court from which no appeal lies, or in respect of which the time for appealing has expired, shall be conclusive evidence of everything therein appearing to have been held, decided or found, and the Managing Committee shall act in accordance therewith.

All trade marks registered with the Association on or before the First day of April 1912 to be entered in the Permanent Register.

44. All trade marks which shall have been registered with the Association on or before the First day of April 1912 either under the Rules for Primary Registration or under the Rules for Secondary Registration, which were in force prior and down to the said First day of April 1912, shall be entered in the Permanent Register and shall be deemed respectively to have been entered therein as of the respective dates on which the same were originally registered with the Association.

Effect of entry of trade mark in Permanent Register.

45. Registration of a trade mark in the Permanent Register under these rules for use on goods of the class or classes specified in the entry in such register shall, *prima facie*, be held to secure to the said member an exclusive right as against all other members to the use of the said trade mark on goods of the class or classes so specified.

46. These rules shall come into force on the First day of April 1924 on which date they shall supersede all other rules relating to the Registration of Trade Marks.

RULES FOR THE REGISTRATION OF TRADE NUMBERS.

*Adopted at the Special General Meeting of the Members of the Association
held on 10th October 1932.*

THE object of these Rules is to protect quality numbers used on cloth by member mills and registered with the Association, against all possible imitations and infringements. It has been recognised that this object can only be achieved by exercising systematic control over numbers introduced in future by members. The Rules will provide mills with a ready guide, which they can always consult before introducing a number, as to the minimum difference which has to be maintained between a number already registered and a number proposed for registration. It should be clearly understood, however, that the maintenance of the differences referred to in Rule 16 will not necessarily result in a member obtaining a certificate of registration from the Association. The real test of registrability will be whether a number is likely to become known by or acquire the same name, or be passed off as another number already registered with the Association.

1. These Rules shall be called the "Rules for the Registration of Trade Numbers" and shall come into force on the 1st day of January 1933.

2. Throughout these Rules, the following words shall bear and include the following meanings, namely :— Definitions.

- (a) "The Association" means "The Millowners' Association, Bombay."
- (b) "Member" means a member of the Millowners' Association, Bombay.
- (c) "The Secretary" means "The Secretary of the Millowners' Association, Bombay."
- (d) "Number" means and includes :—
 - (i) ANY COMBINATION OF NUMBERS of not less than two nor more than six digits.
 - (ii) ANY COMBINATION OF LETTERS of not less than two nor more than six letters.
 - (iii) ANY COMBINATION OF NUMBERS AND LETTERS of not more than eight digits, a letter representing a digit.
 - (iv) ANY NUMBER FRACTION of not more than eight digits in the numerator and denominator together.
 - (v) ANY LETTER FRACTION of not more than eight letters in the numerator and denominator together.
 - (vi) ANY COMBINED LETTER AND NUMBER FRACTION of not more than eight digits (each letter representing a digit) in the numerator and denominator together.
 - (vii) ANY COMBINATION OF NUMBERS AND FRACTIONS of not more than six digits, each fraction representing a digit.
 - (viii) ANY COMBINATION OF NUMBERS, LETTERS AND FRACTIONS of not more than eight digits, each letter and fraction representing a digit.

3. The following combinations shall not be capable of registration, namely :—

- (a) A combination of numbers and letters ending with a fraction of more than one digit in the numerator and the denominator ;

Unregistra-
ble Numbers.

(b) A combination of numbers and/or letters representing cloth dimensions ;

(c) A combination of letters making a word.

Portion of Number relating to design, etc.

4. Where a portion of a number submitted for registration relates to the design, colour or border of the cloth on which it is used, or indicates that the cloth on which it is used is dyed, bleached, calendered, etc., that portion of the number shall not be capable of registration, but will be recorded against the number in the Exclusive Register.

Registers.

5. The Association shall keep two Registers, one of which shall be called the "Exclusive Register" and the other the "Suspense Register."

Suspense Register.

6. There shall forthwith be entered in the Suspense Register all numbers which prior to the 1st April 1930, were being used by more than one member on the same class or classes of goods, together with the names of the members by whom and the class or classes of goods on which such numbers were being so used.

Effect of entry in Suspense Register.

7. The entry of a number in the Suspense Register shall not confer upon the members whose names shall be entered therein as the users of such number prior to the 1st April 1930, any right against any other member in respect of the number so entered.

Agreement as to user of numbers in Suspense Register.

8. If and when the members whose names shall be entered in the Suspense Register as the users of a number on the same class or classes of goods prior to the 1st April 1930, shall agree that the number in question shall henceforth be the exclusive property of one of them for use on a particular class of goods, and shall signify such agreement in writing to the Secretary signed by all of them, the Secretary shall forthwith enter the number in the Exclusive Register together with the name of the member entitled under such agreement to the exclusive use of the number on the particular class of goods on which it is to be used.

Exclusive Register (Old Numbers).

9. There shall forthwith be entered in the Exclusive Register every number which, prior to the 1st April 1930, was being used exclusively by a member on a particular class or particular classes of goods together with the name of the member by whom and the class or classes of goods on which such number was being used.

Exclusive Register (Intermediate Numbers).

10. Every number introduced by a member for use on any class of goods after the 1st April 1930, but before the date on which these Rules shall come into force, shall, provided such number differs in any respect from any number, already registered in the Suspense Register or the Exclusive Register, forthwith be entered in the Exclusive Register together with the name of the member by whom and the class or classes of goods on which such number is entitled to be exclusively used.

Exclusive Register (New Numbers).

11. Every number which shall, after the date on which these Rules shall come into force, be certified for registration under these Rules shall forthwith be entered in the Exclusive Register together with the name of the member by whom and the class or classes of goods on which such number is entitled to be exclusively used.

Effect of entry in Exclusive Register.

12. Registration of an old or new number in the Exclusive Register under these Rules for use on goods of the class or classes specified in the entry in such register shall *prima facie* be held to secure to the said member an exclusive right as against all other members to the use of the said number on goods of the class or classes so specified.

Use of New Number.

13. A new number shall not be used by any member after the date on which these Rules shall come into force until he shall have obtained from the Secretary a certificate of registration of the number under these Rules.

Form of Application for Registration.

14. An application for the registration of a new number shall be signed by a Director, or the Secretary or other principal officer of the applicant member, and shall be addressed and

sent to the Secretary at the office of the Association for the time being, accompanied by a sample of the cloth upon which the number is intended to be used. The application shall specify :—

- (i) The number to be registered ;
- (ii) The class of cloth on which the number is intended to be used ;
- (iii) The dimensional particulars of the cloth on which the number is intended to be used ; and
- (iv) Whether any, and if so, which portion of the number submitted for registration refers to the design, border or width of the cloth, or indicates that it is bleached, dyed or calendered.

A separate application must be made for each class of goods.

15. Upon receipt of an application for registration of a new number, the Secretary, if satisfied that the number is capable of registration under these Rules, shall cause a search to be made amongst the numbers registered in the Suspense Register and the Exclusive Register for the purpose of ascertaining whether there are on record any numbers for the same goods or description of goods identical with the number applied for or so nearly resembling it as to be calculated to deceive. Search by Secretary.

16. A number shall be deemed to be so nearly resembling a registered number as to be calculated to deceive if it does not differ from the registered number :— What is calculated to deceive.

- (i) in the case of a number not exceeding four digits, in at least one corresponding digit ;
- (ii) in the case of a number of five digits, in at least two corresponding digits ;
- (iii) in the case of a number of six digits, in at least three corresponding digits ;
- (iv) in the case of a letter number of two letter digits, in at least one corresponding letter digit ;
- (v) in the case of a letter number of three or four letter digits, in at least two corresponding letter digits ;
- (vi) in the case of a letter number of five or six letter digits, in at least three corresponding letter digits ;
- (vii) in the case of a number consisting of one letter digit and one number digit, in at least one corresponding digit ;
- (viii) in the case of a number consisting of one letter digit and two or three number digits, in at least one corresponding number digit ;
- (ix) in the case of a number consisting of one letter digit and four or more number digits, in at least two corresponding digits ;
- (x) in the case of a number consisting of two or more letter digits and one or more number digits, in at least one corresponding letter digit and one corresponding number digit ;
- (xi) in the case of a number fraction, in which the total number of digits in the numerator and denominator is three or four, in at least one digit from either the numerator or denominator ;

- (xii) in the case of a number fraction in which the total number of digits in the numerator and denominator is five or more, in at least one corresponding digit in the numerator and one corresponding digit in the denominator, or two corresponding digits in either the numerator or the denominator ;

PROVIDED that no fractions of less than three digits in the numerator and denominator together will be accepted for registration.

Sub-rule (xi) applies also to letter fractions and letter and number fractions where the total number of letters is three or four ; and sub-rule (xii) applies where the total number of digits in the numerator and denominator is five or more.

(xiii) in the case of a combination consisting of a number and fraction :—

- (a) where the number portion consists of not more than four digits, in at least one corresponding digit ;
- (b) where the number portion consists of five or more digits, in at least two corresponding digits ;

PROVIDED always that a combination of a number and a fraction shall not be capable of registration if the number portion is already registered.

(xiv) in combinations of letters, numbers and fractions :—

- (a) where the total number of digits, excluding the fractional digit, is not more than three, in one corresponding digit ;
- (b) where the total number of digits excluding the fractional digit is four or more, in at least two corresponding digits ;

PROVIDED that the restrictions mentioned in this rule are not applicable to “ BALANCED NUMBERS.”

17. *The standards set forth in Rule 16 shall constitute the minimum requirements in each case, and the Trade Marks Sub-Committee or the Arbitrators as the case may be, shall, in the event of an appeal or arbitration, take into consideration such other factors or possibilities directly bearing on the question as may appear to them feasible. They shall in all cases consider whether the number which forms the subject of appeal or arbitration is likely to become known by or acquire the same name, or is likely to be passed off as another number already registered with the Association.*

Temporary
certificate.

18. (a) After such search as aforesaid, the Secretary shall either reject the application, if he shall be satisfied that the number in question is not capable of registration under these Rules, or, if he shall be satisfied that the number in question is capable of registration under these Rules, he shall issue to the applicant a Temporary Certificate intimating that the number has been accepted by the Association as registrable under these Rules.

(b) The Secretary shall publish at the end of every week a list of the numbers in respect of which temporary certificates have been issued since the last publication together with the names of the members to whom such certificates have been issued and the classes of cloth on which it is intended that such numbers shall be used.

Certificate
registration.

of (c) If no objection to the registration of any such number on the ground that apart from these Rules, the number is likely to lead to deception in the market shall be received by the Secretary in writing within ten days after such publication, the Secretary shall forthwith thereafter issue to the applicant in exchange for the Temporary Certificate previously issued to him a certificate of registration which shall be conclusive evidence of the fact that the use of the number in question has been authorised. If any such objection as aforesaid shall be received by the Secretary within the prescribed period, he shall reject the application.

19. If as the result of such search or any objection as aforesaid an application is rejected, the Secretary shall send to the applicant a statement in writing of the reasons for such rejection, and if within two weeks from the date of the communication notifying such rejection, the applicant does not give notice of appeal he shall be deemed to have withdrawn his application. Notice of rejection to be given to applicant.

20. (a) An appeal against the rejection of an application by the Secretary of the Association on the ground that the use of the number has been objected to by another member of the Association shall be dealt with by arbitration in accordance with the procedure laid down in the rules for the registration of Trade Marks. Appeal.

(b) An appeal against the rejection of an application by the Secretary of the Association on the ground that the number is likely to be passed off as a number already registered by another member shall lie to the Trade Marks Sub-Committee of the Association.

21. The Committee of the Association shall from time to time prescribe such fees as they consider necessary for temporary certificates and certificates of registration. Fees for Registration.

22. A "Balanced Number" means a number consisting of not less than three nor more than seven identical digits (numbers or letters). A "Balanced Number" shall not be capable of registration under these Rules unless it comprises at least 2 more or 2 less digits than a "Balanced Number" of the same series already registered either in the Suspense Register or the Exclusive Register. Balanced Numbers.

23. It shall be lawful for the Secretary, subject to appeal to the Trade Marks Sub-Committee, to reject an application for registration of a number which would otherwise be capable of registration under these Rules, if, in his opinion, it is likely to lead to deception in the market in regard to a number already registered. Rejection of Number likely to bear same name as a registered number.

24. (a) These Rules shall not apply to numbers introduced by members prior to their becoming members, if they shall become members for the first time after the date on which these Rules shall come into force. Such numbers shall be capable of registration provided they differ from numbers already registered and are submitted for registration within one month after the date on which the member became a member. Numbers excluded from operation of Rules.

(b) Where a number submitted by a member within one month after the date on which he became a member corresponds exactly with a number already registered in the Exclusive Register or the Suspense Register, the fact will be communicated to such member with a request to settle the rights in respect of that number by direct negotiation with the member or members interested in the registered number.

(c) An application for the registration of a number submitted more than one month after the date on which the applicant became a member will be governed by these Rules.

RULES FOR THE REGISTRATION OF TRADE NAMES.

1. These Rules shall be called the "Rules for the Registration of Trade Names" and shall come into force on such day as may be fixed by the Committee of the Association in this behalf.

Definitions.

2. Throughout these Rules, the following words shall bear and include the following meanings, namely :—

- (a) "The Association" means "The Millowners' Association, Bombay."
- (b) "Member" means a member of the Millowners' Association, Bombay.
- (c) "The Secretary" means "The Secretary of the Millowners' Association, Bombay."

Registrable Trade Names.

3. For the purposes of these Rules a registrable trade name shall be :

- (a) An invented word or words printed or written in English characters ; or
- (b) An English Dictionary word or words having no direct reference to the character, quality, design, colour, border or dimensions of the cloth on which it is used ; or
- (c) An Indian vernacular Dictionary word or words having no direct reference to the character, quality, design, colour, border or dimensions of the cloth on which it is used.

PROVIDED that such vernacular word or words shall only be used in the vernacular or vernaculars from which it/they is/are taken and shall be recorded in the Trade Names Registers of the Association (phonetic spelling) in English characters.

Unregistrable Trade Names.

4. Notwithstanding anything contained in the foregoing Rules, the following types of words shall not be registrable :—

- (a) Personal Names.
- (b) Geographical Names.
- (c) Mis-spelt Words.
- (d) Names of Gods and Goddesses.
- (e) Names of mythological persons.
- (f) Word or Words describing scenes from scriptures, or mythology of any religion whatsoever.
- (g) Word or words likely to offend religious susceptibilities.
- (h) Indecent or obscene word or words.
- (i) Trade names known to be current on imported goods.
- (j) Recognized textile terms, for example, African Domestics, Alhambra Quiltings, etc.
- (k) Word or words already registered with the Association as the name of a trade mark.

(l) Monograms.

(m) Names or colourable imitations of names of Indian Mills.

(n) Colourable imitations of letter combinations already registered with the Association as trade numbers.

5. These Rules shall be applicable only to cotton mill members of the Association. Application

6. On and after the introduction of these Rules, the Association shall keep two Registers, one of which shall be called the "Exclusive Register" and the other the "Suspense Register."

7. There shall forthwith be entered in the Exclusive Register all trade names which comply with the requirements set forth in Rules 3 and 4, and which on the date of the introduction of these Rules are being used exclusively by one member together with the names of the members by whom such trade names are being used.

8. There shall forthwith be entered in the Suspense Register all trade names which comply with the requirements set forth in Rules 3 and 4 together with the names of the members by whom such trade names are used and which on the date of the introduction of these Rules are being used by two or more members.

9. If and when the members whose names shall be entered in the Suspense Register as the users of a trade name prior to the introduction of these Rules, shall agree that the trade name in question shall henceforth be the exclusive property of one of them, and shall signify such agreement in writing to the Secretary signed by all of them, the Secretary shall forthwith enter the trade name in the Exclusive Register together with the name of the member entitled under such agreement to the exclusive use of the trade name. Agreement as to user of names in Suspense Register.

10. A trade name entered in the Exclusive Register shall preclude any member other than the member whose name is set opposite such trade name and a trade name entered in the Suspense Register shall preclude any member other than those whose names are set opposite such trade names from using such trade name. Effect of an entry in the Suspense Register or Exclusive Register.

11. Every trade name which shall after the date of the introduction of these Rules be certified for registration under these Rules, shall forthwith be entered in the Exclusive Register together with the name of the member by whom such trade name is entitled to be exclusively used. Exclusive Register (New Trade Names).

12. A trade name which is registrable under these Rules shall not be used by any member until he shall have obtained from the Secretary a certificate of registration of the trade name as provided in these Rules. Use of a new Trade Name.

13. An application for the registration of a new trade name shall be made in writing and shall be signed by a Director or the Secretary or other principal officer of the applicant member, and shall be sent to the Secretary at the office of the Association for the time being. Form of application for Registration.

The applicant shall write in his application in English characters the trade name for which registration has been applied and shall state whether it falls under Rule 3(a), 3(b) or 3(c).

In case the trade name applied for registration falls under Rule 3(c), the applicant shall clearly state the Indian vernacular or vernaculars from which the word has been taken, the Indian vernacular or vernaculars in which it is to be used and its English meaning.

14. A separate application shall be sent in respect of each trade name.

15. Upon receipt of an application for the registration of a new trade name, the Secretary, if satisfied that the trade name is capable of registration under these rules, shall cause a search to be made amongst the trade names already registered in the Exclusive Register and Suspense Register, for the purpose of ascertaining whether there are on record Search by Secretary.

any trade name or names identical in spelling or pronunciation with the trade name for which registration is applied, or so nearly resembling it as to be calculated to deceive.

Temporary Certificates.

16(a) If the Secretary shall be satisfied that the trade name in question is not capable of registration under these Rules, or if after such search as aforesaid he is satisfied that there is in the Exclusive or the Suspense Register a name identical in spelling or pronunciation with the trade name for which registration is applied or so nearly resembling it as to be calculated to deceive he shall reject the application. Otherwise he shall issue to the applicant member a Temporary Certificate intimating that the trade name has been accepted by the Association as registrable under these Rules.

16(b) The Secretary shall circulate to all members of the Association a description of every trade name for which a Temporary Certificate has been issued together with the name of the member to whom such Certificate has been issued.

Certificate of Registration.

16(c) If no objection by a member to the registration of such trade name is received by the Secretary in writing within 10 days, he shall forthwith thereafter issue to the applicant in exchange for the Temporary Certificate previously issued to him, a Certificate of Registration which shall be conclusive evidence of the fact that the trade name in question has been entered in the Exclusive Register and its use by the member concerned has been authorized.

17. If any objection or objections to the registration of a trade name is/are received by the Secretary within the prescribed period, he shall reject the application for registration.

Notice of Rejection to be given to Applicant.

18. When an application is rejected, whether under Rule 16 or 17, the Secretary shall forthwith send to the applicant a statement in writing of the reasons for such rejection, and in the case of a rejection under Rule 17, the name or names of the member or members objecting, and if within 14 days from the date of the communication notifying such rejection, the applicant does not give notice of appeal, he shall be deemed to have withdrawn his application.

APPEALS.

19(a) An appeal against the rejection of an application by the Secretary of the Association on the ground that the trade name does not comply with the conditions laid down under these rules or so nearly resembling a trade name already registered by another member in the Exclusive or the Suspense Register as to be calculated to deceive shall lie to the Trade Marks Sub-Committee of the Association.

19(b) An appeal against the rejection of an application by the Secretary of the Association on the ground that the registration of such trade name has been objected to by another member of the Association shall be dealt with by arbitration in accordance with the procedure laid down in the Association's Rules for the Registration of Trade Marks.

20. The Committee of the Association shall from time to time prescribe such fees as they consider necessary for Temporary Certificates and Certificates of Registration.

21(a) These Rules shall not apply to names introduced by members prior to their becoming members if they shall become members for the first time after the date on which these Rules shall come into force. Such names shall be capable of registration provided they differ from trade names already registered and are *prima facie* capable of registration under Rules 3 and 4 and are submitted for registration within one month after the date on which the member became a member.

21(b) Where a trade name submitted by a new member within one month after the date on which he became a member corresponds exactly with a trade name already registered in the Exclusive Register or entered in the Suspense Register, the fact will be communicated to the parties concerned with the request that they should settle the rights in respect of such trade name by direct negotiation.

21(c) An application from a new member for the registration of a trade name submitted more than one month after the date on which the applicant became a member will be governed by these Rules.

RULES FOR ARBITRATIONS ON INDIAN PIECEGOODS AND YARN.

PREAMBLE.—Whereas it is desirable that disputes and differences arising out of contracts for the sale and purchase of Indian piecegoods and yarn which it is desired to submit to arbitration in accordance with the Rules of the Millowners' Association, Bombay, shall be speedily and economically decided by competent practical authorities on Indian piecegoods, and with that end in view the following Rules have been framed for the conduct of such arbitrations.

1. In these rules unless the context otherwise requires:—

“The Association” means The Millowners' Association, Bombay.

“The Committee” means the Committee for the time being of the Association.

“Member” means a member of the Association.

“The Secretary” means the Secretary or Acting Secretary for the time being of the Association.

Words importing the singular number only shall include the plural, and the converse shall also apply.

2. These rules shall apply to any dispute or difference 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, which specifically provide for arbitration in accordance with these rules, and also to any dispute or difference arising out of similar contracts entered into between any other parties who shall have applied in writing to the Secretary to have such dispute or difference decided by arbitration in accordance with these rules, and whose application shall have been sanctioned by the Committee.

3. The Committee shall select triennially a panel of Arbitrators consisting of 30 persons, of whom fifteen shall be selected from representatives of members and fifteen shall be selected in consultation with the Bombay Country Fancy and Grey Piecegoods Merchants' Association, from dealers in Indian-made piecegoods. Panel of Arbitrators.

4. The Committee shall also select triennially from the panel of Arbitrators selected in accordance with Rule 3, a panel of ten persons to act as Umpires. Panel of Umpires.

5. If a member of the Arbitration or Umpire panel shall resign or refuse to act or become incapable of acting or shall die, the Committee shall forthwith select in accordance with Rule 3 or Rule 4 as the case may be some other person to fill the vacancy so caused.

6. The Secretary shall keep a record, in the form, from time to time prescribed by the Committee, of all arbitrations conducted by the Association and of the awards made therein, and shall collect all fees in connection therewith and do all such things as are prescribed by or are necessary under these rules.

7. (a) The parties to a dispute may appoint an arbitrator selected from the panel of arbitrators to act as sole arbitrator or Appointment of Arbitrators.

(b) Either party to the dispute may appoint an arbitrator selected as aforesaid to act on his behalf and the Secretary shall immediately upon receipt of notice of such appointment give written notice thereof to the other party and shall call upon the other party to appoint within 10 days of the receipt of such notice an arbitrator selected as aforesaid to act on his behalf, and if such other party shall fail to make such appointment within the prescribed period the dispute shall stand referred to the arbitrator appointed by the first party as sole arbitrator. Reference to sole arbitrator if second arbitrator not appointed within 10 days.

Arbitrators not to be appointed without previous consent.

(c) No person shall be appointed to act as arbitrator under these Rules whose consent to so act shall not previously have been obtained.

Appointment of arbitrators to be made on the form prescribed by the Association.

(d) The appointment of an arbitrator under these rules shall be made on the form prescribed by the Association, which form shall be signed by the person making the appointment, and submitted to the Secretary for necessary action.

(e) All applications for appointment of an arbitrator or arbitrators shall be accompanied by a deposit of Rs. 60, or such other sum as the Committee may direct, as a cover against the expenses of the arbitration.

Where the expenses of an arbitration remain unpaid by the party liable thereto for a period of 10 days after the award is made, the Secretary shall appropriate the deposit or a portion thereof towards the amount recoverable from the party. A refund of the amount of the deposit shall be made to the parties concerned on payment of all expenses of the arbitration in accordance with the terms of the award.

Arbitrators to be disinterested.

8. No party to a dispute shall appoint an arbitrator, and no person shall consent to act as arbitrator, who is or whose employers are interested directly or indirectly, in the subject-matter of the dispute. Any appointment made in contravention of this rule shall be deemed to be invalid and of no effect.

Appointment of Umpire by arbitrators.

9. When two arbitrators are appointed they shall, before proceeding with the reference, select from the panel of Umpires an umpire, who is willing to act, and communicate his name to the Secretary.

10. If the arbitrators are unable to agree as to the umpire they shall proceed with the reference and notify the Secretary of their disagreement, and the Committee shall thereupon select a person from the panel of Umpires to act as umpire. No person shall be appointed to act as umpire either by the arbitrators or the Committee who is or whose employers are interested either directly or indirectly in the subject-matter of the dispute. Any appointment made in contravention of this rule shall be deemed to be invalid and of no effect.

11. The arbitrators shall fix a time and place for the hearing of the reference and notify the Secretary thereof. The date so fixed shall be not later than 10 days after their appointment. The Secretary shall forthwith notify the parties of the time and place appointed.

Submission of statements.

12. Parties to the reference shall attend at the time and place appointed for the hearing of the reference, either in person, or (subject to the provisions of Rule 18) by any person duly authorised by them acquainted with all matters in dispute and they shall if so required by the arbitrators submit written statements of their respective cases to the arbitrators and answer all material questions relating to the dispute.

13. Parties to the reference shall, if required, submit to be examined by the arbitrators on oath or solemn affirmation or otherwise in relation to the matters in dispute.

Samples for inspection.

14. At the time appointed for the reference the parties shall have ready at the rooms of the Association or elsewhere as directed the sale samples duly attested, and if required sample packages or complete bales. Samples, packages or bales so sent will be at the sender's risk and must be accompanied by a peon in charge and by a cooper to open the packages.

15. The parties to the reference and all persons claiming through them respectively shall produce before the arbitrators all books, deeds, papers, accounts, writings and documents within their possession or power which may be required or called for and do all other things which during the proceedings on the reference the arbitrators may require.

16. The arbitrators shall have general authority to require from either or both of the parties to the reference such further statements, explanations, and other information, evidence and materials as they may consider necessary for the adjudication of the dispute

and may, in such a case, 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 a final 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 be extended for a period not exceeding 28 days.

20. 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.

21. If the arbitrators fail to make an award or to agree upon their award within the prescribed period or any permitted extension thereof or if the arbitrators make an award on part only of the subject-matter of the reference, the Secretary shall forthwith call upon the umpire to enter upon the reference and the umpire shall thereupon proceed with the reference. The arbitrators shall, in such case, 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 for awarding on part only of the subject-matter of the reference as the case may be.

22. The foregoing rules as to the practice and procedure before the arbitrators shall apply *mutatis mutandis* to the proceedings before the umpire.

23. If an arbitrator or umpire duly appointed neglects or refuses to act or is otherwise incapable of acting, or dies, a new arbitrator or umpire shall be appointed in accordance with the foregoing rules.

24. 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.

25. 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 21 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.

26. 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.

27. 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.

28. 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.

29. 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.

30. 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.

31. 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.

32. 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 31 hereof.

33. 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 27, and shall be paid within seven days of the receipt thereof.

34. In addition to the fees mentioned in Rule 31, 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.

35. 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.

36. The provisions of the Indian Arbitration Act, 1899, 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.

37. These rules shall come into force on the Eleventh day of October 1932, on which date they shall supersede all previous rules relating to Arbitrations on Piecegoods.

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.

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22. Notwithstanding any such reference to arbitration as aforesaid the buyers shall take delivery of the goods the subject of the reference and pay for the same as herein agreed and unless the arbitration award is to the effect that the goods under dispute are "no tender" the buyers shall be bound to accept the said goods on payment by the Company of the allowance (if any) awarded to the buyers. If, however, the arbitration award is to the effect that the goods are "no tender" the buyers shall be entitled to invoice back the said goods with any penalty the arbitrators may award.

23. Nothing appearing in the contract in any vernacular language, save only the name or signature of the buyer or his agent, shall be binding upon the Company.

RULES FOR THE ELECTION OF REPRESENTATIVES OF THE
ASSOCIATION ON THE BOARD OF THE VICTORIA JUBILEE
TECHNICAL INSTITUTE.

The Association is entitled to elect two members on the Board of the Victoria Jubilee Technical Institute so long as it continues to contribute not less than Rs. 2,000 per annum for the maintenance of the Institute.

1. Any member of the Association shall be eligible to act as Representative of the Association on the Board of the Victoria Jubilee Technical Institute.

2. The period of office of any elected Representative of the Association on the Board of the said Institute shall be one of three years. At the end of such period he shall retire but may be re-elected.

3. The appointment of the Association's Representatives shall be made at a general meeting of the Association and such Representatives shall *ex officio* be members of the Committee of the Association.

4. In the event of the disqualification of any of the Association's Representatives under Section 9 or 10 of the Rules and Regulations of the said Institute, or in the event of the decease or resignation of such Representative, or in the event of his ceasing for any reason to be a member of the Association, the Committee shall appoint a successor, who shall hold office up to that date at which the Representative whom he succeeds would, under Rule 2, have retired.

5. In the event of the absence of any of the Association's Representatives from three or more consecutive meetings of the Board, or in the event of any of the Association's Representatives applying for leave of absence, the Committee may, if they think fit and with the consent of the Board of the said Institute, appoint a substitute who shall hold office until the Representative whom he replaces resumes attendance or up to that date at which the Representative whom he replaces would, under Rule 2, have retired.

**RULES FOR THE ELECTION OF A REPRESENTATIVE OF THE
BOMBAY MILLOWNERS' ASSOCIATION TO SERVE ON THE
BOARD OF TRUSTEES OF THE PORT OF BOMBAY.**

1. Candidates shall be nominated in writing signed by one proposer and one seconder, who must be both members of the Association, and the nomination papers must be sent in to the Secretary fifteen clear days before the day fixed for the election.
2. The Secretary of the Association shall circulate the names of the applicants ten clear days before the election.
3. The Committee shall appoint a day, which shall be duly advertised, upon which the balloting shall take place. The ballot-box shall be open from 10-30 A.M. till 5 P.M. on that day.
4. Votes may be given either in person or through any one duly authorized by a member of the Association, each subscribing member being entitled to one vote for every complete sum of Rupees fifty paid by him as annual subscription to the Association.
5. The Committee shall appoint two scrutineers, who, at 5 P.M. on the day of the ballot, shall open the box and declare the result.
6. The candidate who has the largest number of votes shall be declared duly elected.
7. In the event of an equality of votes preventing the due election of any of the candidates, the members of the Association shall vote afresh in the manner above laid down, the voting in such case to be confined to the candidates who have secured an equal number of votes.
8. In the event of only one candidate being duly nominated, the circulation of the name of such candidate and the ballot may be dispensed with, and the Committee may declare such candidate duly elected.
9. In the event of a casual vacancy the above course shall be followed in the appointment of a substitute.
10. In the event of the temporary absence of a Representative of the Association on the Board of Trustees, necessitating the appointment of a substitute, such appointment shall be made by a majority of the votes of the Committee of the Association at a meeting called for the purpose.

**RULES FOR THE ELECTION OF A REPRESENTATIVE OF THE
BOMBAY MILLOWNERS' ASSOCIATION TO SERVE ON THE
BOMBAY MUNICIPAL CORPORATION.**

1. Candidates shall be nominated in writing signed by one proposer and one seconder, who must be both members of the Association, and the nomination papers must be sent in to the Secretary fifteen clear days before the day fixed for the election.
2. The Secretary of the Association shall circulate the names of the applicants ten clear days before the election.
3. The Committee, in consultation with the Municipal Commissioner, shall appoint a day, which shall be duly advertised, upon which the balloting shall take place. The ballot box shall be open from 11 A.M. till 5 P.M. on that day.
4. Votes may be given either in person or through anyone duly authorized by a member of the Association, each subscribing member being entitled to one vote for every complete sum of Rupees Fifty paid by him as annual subscription to the Association.
5. The Committee shall appoint two Scrutineers, who, at 5 P.M. on the day of the ballot, shall open the box and declare the result.
6. The candidate who has the largest number of votes shall be declared duly elected.
7. In the event of an equality of votes preventing the due election of any of the candidates, the members of the Association shall vote afresh in the manner above laid down, the voting in such case to be confined to the candidates who have secured an equal number of votes.
8. In the event of only one candidate being duly nominated, the circulation of the name of such candidate and the ballot may be dispensed with, and the Committee may declare such candidate duly elected.
9. In the event of a casual vacancy, an appointment to fill such vacancy shall be made by a majority of the votes of the Committee of the Association at a meeting called for the purpose.

*Sections of the City of Bombay Municipal Act, III of 1888, as amended by Act IX of 1928,
pertaining to the Election of Councillors by the Bombay Millowners' Association.*

Section 5. (1) The Corporation shall consist of one hundred and eight Councillors, as follows, namely :—

Seventy-six Councillors elected at Ward elections ;

Fourteen Councillors appointed by Government ;

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 ;

Four Councillors elected by delegates,

and ten co-opted Councillors elected by transferable vote by the Councillors elected and appointed under the preceding clauses of this section.

(1) [*Repealed by Act XVI of 1895.*]

Section 6.

(2) Councillors selected or appointed to succeed retiring Councillors shall come into office on the day for the retirement of the Councillors whom they are to succeed.

All members of the Corporation constituted as aforesaid 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.

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 resides in the city.

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.

Thirdly.—The day for the Fellows' election shall be fixed at an interval not exceeding fourteen days after the day fixed for the elections by the Chamber and Association mentioned in sub-section (1) of Section 5.

Fourthly.—The election of co-opted Councillors shall be held on a day fixed by the Commissioner subsequent to the above-mentioned elections and the appointment of Councillors by Government but prior to the day for retirement.

(1) Elections of Councillors by the Chamber and 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 subject to the provisions of Section 15, in such manner as shall from time to time be determined at a meeting of the said Chamber or Association convened in accordance with the rules at the time in force 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.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

LIST SHOWING THE VARIOUS STATISTICAL RETURNS PUBLISHED BY THE ASSOCIATION, THEIR RESPECTIVE SUBSCRIPTIONS, ETC.

	MEMBERS.		NON-MEMBERS.		POSTAGE.	
	Yearly.	Charge per copy.	Yearly.	Charge per copy.	Yearly.	Per copy.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Yarn and Piecegoods Trade Statistics of Bombay	1 copy free, additional copies @ Rs. 2-8-0 each.		24 0 0	2 8 0	Free	Free
Yarn and Piecegoods Trade Statistics of British India	Do.		24 0 0	2 8 0	Do.	Do.
Current Quotations of Local-made Piecegoods and Yarns— Issued fortnightly .. .. .	....	....	6 0 0	0 6 0	0 12 0	0 0 6
Rules and Regulations of the Association .. .. .	....	0 8 0	....	1 0 0	....	{ 0-2-0 Inland. 0-4-0 Foreign
Rules for Registration of Trade Marks .. .. .	....	0 8 0	....	1 0 0	....	Do.
Rules for Registration of Trade Numbers .. .. .	....	0 8 0	....	1 0 0	....	Do.
Rules for Registration of Trade Names .. .. .	....	0 8 0	....	1 0 0	....	Do.
Rules for Arbitrations on Indian Piecegoods and Yarn .. .. .	....	0 8 0	....	1 0 0	....	Do.
Annual Report of the Association.	1 copy free and for additional copies each Rs. 12-8-0.		....	{ 12 8 0 for current issues 15 0 0 for back numbers.	....	{ 1-8-0 Inland. 3-0-0 Foreign.
Mill Statement showing Cotton Spinning and Weaving Mills working and in course of erection in India on 31st August each year issued yearly.	2 paper and 1 cloth copies free and for additional copies each— Paper .. 3 0 0 Cloth .. 4 0 0		Paper .. 3 0 0 Cloth .. 4 0 0		Paper .. 0 4 0 Cloth .. 0 8 0	
List of Mill Holidays and Pay-days	Free		0 4 0 per copy.			
Special Warranty Labels :						
Cloth : large size	Rs. 1-2-0 per 1000	} Issued to members only.				
small size	0-13-0					
Yarn :	0-13-0					
Standing Orders for Mill operatives			0 8 0 per copy			

MILL STATEMENT FOR 1936
AND
SPINNING AND WEAVING SUPPLEMENT.