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INDIAN TARIFF BOARD

Enquiry regarding the Grant of Protection

TO THE

CEMENT INDUSTRY

EVIDENCE TENDERED BY

APPLICANTS FOR PROTECTION.



CALCUTTA : GOVERNMENT OF INDIA
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. Press Communiqué.

In a communiqué dated the 17th April 1924, the Tariff Board outlined the procedure they had decided to adopt in their enquiries into the industries referred to them in the Resolution of the Government of India in the Commerce Department No. 38-T. dated the 10th April 1924. The first stage was to obtain the evidence of the applicants for protection, and the second to publish this evidence—whether written or oral—so that all interested might give their opinions after they had had an opportunity of considering the case put forward. The evidence tendered by the applicants for protection in the cement industry (together with four other representations received by the Board) has now been published, and copies may be obtained from the Manager, Central Publication Branch, 8, Hastings Street, Calcutta, price one rupee.

2. Replies to the Board's questionnaire have been received from the following cement manufacturing firms:—

1. The Central Provinces Portland Cement Co., Ltd.
2. The Indian Cement Co., Ltd.
3. The Gwalior Cement Co., Ltd.
4. The Dwarka Cement Co., Ltd.
5. The Bundi Portland Cement Co., Ltd.
6. The Punjab Portland Cement Co., Ltd.
7. The Katni Cement & Industrial Co., Ltd.
8. The Jubbulpore Portland Cement Co., Ltd.
9. The Sone Valley Portland Cement Co., Ltd.

The written statements of Nos. 1 to 8 are now published, together with the oral evidence given by the representatives of Nos. 1 to 4. The oral evidence of the other companies will be taken in the near future, but the Board have decided that the publication of the evidence should not be deferred in order to include it. The case for protection has been sufficiently elaborated in the evidence already taken, and a further delay would seriously retard the completion of the Board's enquiry.

3. The present duty on imported cement is Rs. 9 a ton, being 15 per cent. on a tariff valuation of Rs. 60 a ton. The manufacturing firms have asked that a specific duty of Rs. 25 a ton should now be imposed. If imported cement were admitted duty free, the price at the ports would not, apparently, exceed Rs. 50 a ton, and the proposed duty is therefore approximately equivalent to an *ad valorem* duty of 50 per cent. The applicants have informed the Board that the principal market for cement in India is at the great ports, that is, primarily at Calcutta and Bombay, and also at Madras, Rangoon and Karachi. The consumption of cement up-country is smaller than in the ports, but except in Burma, where cement is not manufactured at present, the Indian manufac-

turer is in a better position to hold his own, the advantage he possesses varying according to the distance from the port. The manufacturers anticipate that the proposed duty of Rs. 25 a ton will suffice to retain the whole of the Indian market for Indian cement. It is intended, therefore, to be practically prohibitive.

4. The Board will be glad to receive written representations from all Public Bodies, Associations, firms or persons who desire to be heard regarding the grant of protection to the Cement industry.

Oral evidence will be taken as follows:—

At Calcutta, between the 21st August and the 6th September.

At Bombay, between the 9th and the 30th September.

At Madras, between the 1st and the 14th November.

At Rangoon, between the 19th November and the 2nd December.

It is necessary that those who desire to supplement their written representations by oral evidence should inform the Board with the least possible delay, so that the dates for taking evidence may be definitely fixed. This is particularly important for those who desire to be examined at Calcutta where oral evidence will first be taken. The Board will leave Simla on the 29th July and, after visiting Dehra Dun, Lucknow and Katni, will arrive at Calcutta on the 10th August. The following dates have been fixed by the Board as the latest dates for receiving written representations or requests for taking oral evidence:—

Requests for oral examination at Calcutta 12th August

Submission of written representations by
those who desire to be examined orally
at Calcutta 19th August.

Requests for oral examination at Bombay 22nd August.

Submission of written representations by
those who desire to be examined orally
at Bombay 1st September.

All other written representations . . . 30th September.

The programme for oral examination at Madras and Rangoon will be arranged later. All requests for oral examinations should be addressed to the Secretary to the Board, No. 1, Council House Street, Calcutta, and should be despatched so as to arrive on or after the 1st August, the date on which the Board's office will open in Calcutta.

THE CEMENT INDUSTRY.

A.—QUESTIONNAIRE FOR APPLICANTS FOR PROTECTION.

I.—INTRODUCTORY.

1. When was the firm which you represent established? Is it a public or private registered Company, or is it an unregistered firm?

2. To what extent is the capital invested in your firm held by Indians? How many Indians are Directors? How many Indians (if any) form part of the superior management?

3. Does your firm manufacture cement only, or does it manufacture also lime or other products for sale?

4. At what date did the factory under the control of your firm commence to manufacture?

5. What is the full capacity of your factory, as at present equipped, for the manufacture of (a) cement and (b) other products if manufactured for sale?

6. What has been the actual output of the factory, for each year since manufacture commenced, of (a) cement and (b) other products if manufactured for sale?

7. Where is your factory situated? Do you consider it is advantageously situated in respect of—

- (a) vicinity to the areas from which your raw materials are drawn.
- (b) vicinity to the coalfields or other sources of power or fuel;
- (c) vicinity to an important market;
- (d) other considerations such as the existence of an abundant labour supply?

What do you consider the most important factors in selecting the site of a cement factory in India?

8. Do you manufacture different varieties of cement? Enumerate the principal varieties, showing on the average of the last five years, the proportion which each kind bears to the total output.

9. Does Portland cement constitute the bulk of your manufacture? Do you usually manufacture to the British or any other standard specification? Do you consider the British specification suitable to Indian conditions? If not, what modifications do you consider desirable?

10. Do you consider that your cement is equal in quality and appearance to imported cement? Does your cement command the same price in competitive markets as imported cement? If not, to what causes do you ascribe the lower price of the Indian product?

II.—RAW MATERIALS.

11. What are the raw materials used in your factory ?
12. What are your annual requirements of each of the raw materials—
 - (a) according to your present rate of output (which should be stated) ;
 - (b) according to the rate of output equivalent to the full capacity of the plant ?
13. What quantity of each of the raw materials is required for the production of one ton of cement ? What is the percentage of wastage :—
 - (a) before calcining
 - (b) during calcining
 - (c) after calcining ?
14. What quantity of slurry or dry mixture is required for the production of one ton of clinker ?
15. What quantity of clinker is required to produce one ton of finished cement ?
16. From what area or areas does the factory draw its main supplies of the raw materials, and at what distance from the factory are they situated ? If possible, a map should be given showing the site of the factory and the areas from which supplies are drawn.
17. How is the raw material collected and by what means is it transported from the quarry to the factory ? If more than one means of transportation is employed, please specify the distance covered by each such means.
18. What royalty (if any) per ton for raw materials is payable to Government or to private persons ?
19. Please give the cost per ton delivered at the factory of the raw material (or materials), for each year since the factory was established, divided under the following heads :—
 - (1) Royalty (if any)]
 - (2) Labour employed on extraction and collection
 - (3) Freight from quarry to factory by
 - road
 - rail
 - river
 - sea
 - other.
 - (4) Miscellaneous charges.
20. What are the terms of your concession (or concessions) for the principal raw material ? (A copy of the lease or other document in which the concession is embodied should be given). Do you consider these terms favourable ? If not, in what respect do you consider them unfavourable ?

21. Have you found the supply of the raw material constant in respect of quality, or have you noticed, or do you expect, any deterioration? In the latter case, the causes to which the deterioration is ascribable should be explained.

22. Do you find that your raw materials are deficient in particular respects either as a general rule or on particular occasions? If so, what measures do you take to correct such deficiencies?

23. How many years supply of your principal raw materials have you secured? Do you anticipate that, as time goes on, the cost of these raw materials will increase, either—

- (a) because they have to be won from a greater depth, or
- (b) because new sources of supply will have to be tapped at a greater distance from the factory?

24. Have you found it necessary to draw supplies from new areas since the factory was established?

25. Have you experienced any difficulty in obtaining leases or concessions for the collection of your raw materials? If so, what was the nature of the difficulty?

26. Do you import any of your raw materials? If you do, kindly state whether you import them because they are not available in India at all, or are not available in the required quantity and quality and at reasonable prices.

27. Do you get any special freight rate by sea, river or rail for your raw materials? Do you consider you are at any disadvantage in this respect?

III.—LABOUR.

A.—Quarry labour.

28. How many labourers are employed in extracting and collecting your raw materials? Please give for each year since the factory was established :—

- (a) the total wages bill for such labour, and
- (b) the average wages per man.

The increases in the rates of wages (if any) during the interval should be stated, and the dates when they were given.

29. Have you any difficulty in obtaining such labour? If so, what?

30. Is the labour indigenous, or has it to be imported from other parts of India? Whether the one or the other, is it always available in sufficient quantities?

31. Does this labour require any special training? If so, is it readily trained?

B.—Factory labour.

32. Do the processes of manufacture require much expert supervision involving the employment of skilled labour imported from abroad ?

33. What number of imported labourers are employed at present, and what would be the number required if the factory were worked to full capacity ?

34. What progress has been made since the factory was established in the substitution of Indian for imported labour ? Is it anticipated that eventually the employment of imported labour will be unnecessary ? What facilities are given to Indian workmen to acquire training in skilled work or for training apprentices ?

35. How do the rates of wages paid to imported workmen compare with the rates paid for similar work in other countries ?

36. What is the total number of Indian workmen employed and what are the average rates of wages of the different classes ?

37. Please give for each year since the factory was established :—

(a) the total wages bill for Indian factory labour,

(b) the average wages per man in the different classes.

The increases in the rates of wages between the two years should be stated, and the dates when they were given.

38. Is the Indian labour force sufficient ? Is it drawn from the vicinity of the factory or from other parts of India ?

39. Has it been found that the Indian labourer improves with training ? How does his efficiency compare with that of workmen in Western countries employed on similar work ?

40. What arrangements have you made for housing your labour and for promoting its welfare in other directions ?

IV.—POWER (INCLUDING FUEL).

41. Is the power used in the factory derived from electricity, or steam, or from some other source ?

42. If electric power is used, from what source is it obtained and what is the cost per unit ? How does the cost compare with the rates obtained elsewhere in India and in other countries ?

43. If steam power is used, is coal the fuel employed ? If not, what is the fuel ? Is the latter available in sufficient quantities ?

44. What is the total quantity of fuel required per unit of output, whether for power production or for other purposes ?

If you purchase electric current from an outside supply, please give also the number of units required per unit of output in addition to the fuel used.

45. From what distance is the fuel brought, and what is the free-on-truck price in the case of coal, and in the case of other fuel at the source of supply? And what is the cost of transport per ton in each case? If fuel is purchased locally, what is the price per ton delivered at the factory?

46. Do you own or control your own sources of supply of fuel? If so, how many years supply have you of the kind of fuel used by you?

47. If your fuel is wood, have you obtained any concession from the Government or other person? What is the royalty payable, and what are the conditions of the concession? (Supply a copy of your concession).

V.—MARKET.

48. What is the total Indian production of cement so far as it can be ascertained or estimated for each year since the factory was established?

49. What do you estimate is the total Indian demand for cement, Portland and other?

50. Is it likely that the Indian demand will substantially increase in the near future? If so, what are the reasons for your belief?

51. In what parts of India are your principal markets situated, and what are the distances which separate them from the factory?

52. Are there any markets in India in which, owing to their distance from the ports, you are more easily able to compete against the foreign manufacturer? If so, please state which these markets are, and the approximate demand in each.

53. Do you consider that the export of cement from India to any foreign countries is probable? If so, to what countries and what kinds of cement? Can you form any estimate of the quantities which India might eventually be able to export?

54. Is the cement manufactured by you purchased by (a) Government (b) Railways and (c) Public bodies, such as Municipalities and Port Trusts? If so, please state the extent of their purchases and the prices paid during—

(i) the war period

(ii) each of the last five years.

Were the prices received by you during the war the market prices then prevailing?

VI.—FOREIGN COMPETITION.

55. Which are the foreign countries from which competition in the Indian markets is keenest?

56. Is the competition keener in some kinds or qualities of cement than in others? If so, please specify these kinds and qualities.

57. Please state in respect of those kinds of cement which form the bulk of your output—

(i) The prices at which imported cement has entered the country and been sold during:—

(a) 1912, 1913 and 1914

(b) 1917 and 1918

(c) 1921-22 ; 1922-23 and 1923-24.

(ii) The prices realised by you for the same kinds.

If possible the f. o. b. price (in sterling) of imported cement should be given and the following items shown separately:—

Freight.

Insurance and trade charges.

Customs duty.

Landing charges.

If this is not possible, then please state the c. i. f. price *plus* Customs duty and landing charges.

58. From what sources is information obtainable as to the prices at which imported cement enters the country? How far do you consider the information obtained from these sources reliable?

59. How far are the quotations in the Trade Journals in accord with the prices at which transactions actually take place? To what extent do such quotations form the basis of the terms on which you yourself do business? Are the prices at which cement is actually exported appreciably below the home prices quoted in foreign Trade Journals? If so, by what percentage approximately should the quoted price be reduced?

60. Have you any reason to suppose that prices at which foreign producers sell for export to India are unremunerative, i.e., below the cost of production, or leaving only a small margin of profit to the producer? If so, please state fully your reasons and the evidence on which you rely.

61. In which of the Indian markets is foreign competition keenest?

62. To what causes do you attribute the low prices at which foreign cement has entered India since the war? How far do you consider these causes permanent or temporary?

63. Please compare the freight you have to pay to reach your markets in India with the total freights—sea and rail—payable on imports to the same markets.

64. Compare the Railway freight paid by importers from the ports to selected up-country markets and the Railway freights paid on the produce of your factory to the same markets.

N.B.—What is desired is concrete instances giving the name of the port, the names of the up-country station, the distances, rates per maund per mile, etc.

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65. Have any instances recently come to your notice in which Continental cement has been re-exported from the United Kingdom as British manufactures? If so, please give the evidence on which you rely, and state whether you ascribe the fact to depreciated exchanges or to other causes.

66. Do you consider that, as compared with the foreign manufacturer, the Indian manufacturer is at a disadvantage in all or any of the following points—

- (a) the cost of plant and machinery
- (r) the cost of expert labour
- (c) the cost or efficiency of ordinary labour
- (d) the collection and transport of raw materials
- (e) the cost of raw materials and consumable stores
- (f) freights on finished goods
- (g) the maintenance of stocks of spare parts
- (h) customs duty on imported materials
- (i) the raising of capital.

Where possible, definite figures should be given, *e.g.*, comparing the cost of plant and machinery erected in India with the corresponding cost in Western countries, or comparing the wages of imported expert workmen in India with the wages they would draw in their own countries. If there are "seasonal" difficulties in connection with the collection and transport of the raw materials, these should be explained.

67. Which of the disadvantages mentioned in your answer to question 66 do you regard as permanent and which as temporary? For what period in your opinion are the temporary disadvantages likely to operate?

68. Do you consider that the Indian manufacturer of cement is at a disadvantage owing to:—

- (a) the distance between the sources of fuel and the areas where the raw materials are found, and
- (b) the distance between the factory and the principal markets?

VII.—EQUIPMENT.

69. Do you consider that your factory is sufficiently large as an economic unit of production to ensure economy? What in your opinion is the smallest unit of production which can be operated economically under present-day conditions?

70. Does the manufacture of cement require the use of elaborate and expensive machinery?

71. What percentage of your total capital outlay has been incurred on plant and machinery?

72. Give a brief description of your plant and machinery, stating the number and makes of the principal machines operated, and the dates on which they were first brought into use.

73. Do you consider your machinery and other equipment sufficiently up-to-date and efficient to enable you to compete successfully against the foreign manufacturer ?

74. Is it a fact that during, and since, the war many improvements have been effected in cement making processes and machinery ?

75. Have you, since 1916, adopted any new processes of manufacture, or have you installed new plant and machinery in replacement of, or in addition to, the old plant ? If so, give a brief description of them and state whether the results have fulfilled the expectations entertained.

76. Do you contemplate either :—

(a) any important replacement of the existing plant in your factory, or

(b) any extension of the plant by the addition of new machinery ?

If so, please give particulars.

77. What parts of the machinery, if any, are made in India ?

VIII.—CAPITAL ACCOUNT.

78. What is the block value of your property, as it stood in your books at the end of the last complete year for which figures are available, under the following heads :—

(a) Leases and concessions.

(b) Lands.

(c) Buildings

(d) Plant and Machinery.

(e) Other miscellaneous assets.

79. Do the figures given in answer to question 78 represent the actual cost of the various assets, or their value after depreciation has been written off ? In the latter case, please state the total amount written off for depreciation since manufacture commenced, and in the former case the total of the depreciation fund (if any) which has been accumulated.

80. Apart from any question of an increase in the replacement cost of plant and machinery due to a general rise in the price level, are the sums actually set aside for depreciation since manufacture commenced equal to, greater than, or less than, the sums which ought to have been set aside according to the rates of depreciation which you consider suitable ? (See Question 98.)

81. What do you estimate would be the present-day cost under the heads (a) buildings, and (b) plant and machinery, of erecting a factory having the same output as your present factory ? How does the figure compare with the block value of your present factory under the same heads ? Would the operating cost of a new factory established now be greater or smaller than yours ?

82. Give brief particulars of the sums spent on the purchase of plant and machinery in each of the years 1917 to 1924, and the rate of exchange at which funds were remitted.

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83. What is the total (a) authorized, (b) subscribed, (c) paid up capital of the Company? How is it divided between Preference, Ordinary and Deferred shares?

84. At what rate of interest is the dividend payable on the Preference shares? Are these shares entitled to cumulative dividends? If so, state the dates on which they were first entitled to rank for dividends and whether any dividends are in arrears.

85. Under what conditions do the Deferred shares participate in the profits of the Company?

86. Please prepare a statement showing for each year since the establishment of the Company:—

- (a) the amount of the paid up share capital (Preference, Ordinary and Deferred) ranking for dividend,
- (b) the actual amounts distributed as dividends on each class of capital, and
- (c) the percentage on the paid up share capital of each class which the dividend represented.

87. What is the average rate of dividend on the Ordinary shares for the full period?

88. What is the amount of the debenture loans (if any) raised by the Company? At what dates were they issued, and what is the rate of interest payable? If any period has been fixed for the redemption of the debenture loan, it should be stated. Similarly, if a debenture sinking fund has been established, the annual rate of contribution should be given.

89. What is the amount of the Reserve Fund (if any) created by the Company? Has this amount been accumulated from surplus profits, or from other sources, *e.g.*, by the issue of shares at a premium?

90. What additional capital (if any) would it be necessary to raise in order to carry out any scheme of replacement or extension of plant which the Company contemplate?

IX.— COST OF PRODUCTION.

The cost of production falls under two heads:—

- (a) Works costs, and
- (b) Overhead charges.

The latter head—overhead charges—includes:—

- (i) Interest on working capital.
- (ii) Depreciation.
- (iii) Head office expenses and Agents' commission.

The head 'Works Cost' covers all other expenditure on the production of cement. The dividends on share capital are not included in the cost of production, nor is the interest on debenture and other loans in so far as the sums so raised have been devoted to fixed capital expenditure.

(a) WORKS COSTS.

91. Please fill up the two Forms annexed to the questionnaire regarding Works Costs.

The following explanations may be useful :—

- (a) The Board are anxious to have as full information as possible regarding the cost of production, but they recognise the difficulty which manufacturers may feel in disclosing to the public the details of their practice and their works costs. Great stress was laid on the importance of publicity in paragraph 303 of the Fiscal Commission's Report, and the Board also have explained the views they hold in paragraph 41 of their Third Report on the Grant of Protection to the Steel Industry. It rests with the manufacturers themselves to decide what information can be given publicly, and nothing will be published which the witness desires to be treated as confidential. At the same time, the Board cannot base their recommendations merely on confidential information. The publication of the details of the works costs of each firm may not be essential because the Board may be able by comparison of the various figures submitted to arrive at a standard or average figure for each item. But it is very desirable that the total of the works costs should be disclosed in all cases.
- (b) In Form I the actual expenditure of the year under the various heads should be shown, whereas in Form II it is the cost per unit of output that is desired.
- (c) Figures have been asked for for the first year of production and for 1921-22, 1922-23 and 1923-24. If, however, the costs during the first year of manufacture are not regarded as typical, the figures for the next year may be given. For the post-war period, the figures of the last three complete years for which figures are available should be taken.
- (d) The figure given against raw materials should be the cost delivered at the factory, and will include the cost of all labour employed in collection or transport. The cost of such labour therefore is necessarily excluded from the item 'Labour' in the forms.
- (e) If at any stage of the process of manufacture materials are recovered and can be used again, the credits taken for such recoveries should be entered in the forms, and the manner in which such credits are taken explained.
- (f) In both Forms, Power and Fuel are shown as one item, but it is preferable (if possible) that they should be shown separately.

92. Was the works cost increased in any of the years for which figures have been given owing to the fact that the factory was working at less than its full capacity? If so, which were the items principally affected? To what extent would they probably have been reduced if a full output had been obtained?

93. Do you regard the works cost of the last year for which figures have been given as abnormally high for any other reason? If possible, furnish an estimate of the works cost for some future year on the assumption that—

(a) conditions are normal,

(b) an output is obtained equivalent to the full capacity of the plant.

94. Have you adopted a system of cost accounting? If so, will you place before the Board, for examination and return, your cost sheets for the last complete year for which they have been prepared?

95. Are you in a position to furnish the Board with information as to the works costs of cement in any competing country for any year since the war?

(b) OVERHEAD CHARGES.

(i) *Depreciation.*

96. What are the rates of depreciation allowed by the Income-tax authorities? Do you consider that, in calculating the cost of production of cement, these rates of depreciation are suitable? If not, what rates do you suggest, and why?

97. What is the sum required annually for depreciation at Income-tax rates on the total block account—

(a) if the assets are valued at cost,

(b) if the assets are taken at their value after deducting all depreciation written off up-to date?

The depreciation should be shown separately for:—

Buildings.

Plant and machinery in continuous operation.

Other plant and machinery.

Other assets.

If you consider that rates other than the Income-tax rates should be adopted, please calculate the sums required annually for depreciation at these rates also.

98. Taking the figures given by you in answer to question 81 as the present-day cost of the buildings and machinery required for a factory having the same output as your present factory, calculate the sum required annually for depreciation at Income-tax rates and at the rates you consider should be adopted if you think the Income-tax rates are unsuitable.

99. Taking the total amount of depreciation to be written off according to the various methods given in questions 97 and 98, what is the incidence per ton of cement:—

(a) according to the present output of the factory (which should be stated),

(b) according to the output equivalent to the full capacity of the plant?

(ii) *Working Capital.*

100. What is the working capital which the Company requires—

(i) according to its present output, and

(ii) according to the output equivalent to its full capacity ?

101. Is the Company able to provide all the working capital it requires from share and debenture capital, or is it necessary to borrow additional capital for this purpose ?

102. If additional working capital has to be borrowed, what is the amount borrowed and the rate of interest payable ?

103. Compare the working capital with the cost of one month's output (works cost only, excluding overhead charges).

104. What is the average value of the stocks of finished goods held by the Company ? What period normally elapses between production and payment ?

105. Do the Company find it necessary to hold large stocks of coal or raw materials ? If so, the average value of the stocks held should be stated.

(iii) *Agents' Commission and Head Office expenses.*

106. Has the Company a head office other than the office of the local management ? Is it under the control of a firm of Managing Agents ?

107. If the answer to (a) is in the affirmative, state :—

(i) the annual amount of the head office expenses,

(ii) the Agents' commission.

108. How is the amount of the Agents' commission determined ?

109. What is the cost of :—

(i) Head office expenses ;

(ii) Agents' commission ;

per ton of cement according to :—

(i) the present output ;

(ii) the output equivalent to the full capacity of the plant ?

X.—**MANUFACTURER'S PROFITS.**

110. What rate of dividend do you consider a fair return on Ordinary and Deferred shares ?

111. If your Company contemplated the establishment of a new cement factory or the purchase of new machinery for the existing factory—whether by the way of extension or replacement—what rates of interest do you consider it would be necessary to offer on (a) Preference shares and (b) Debentures in order to attract capital, assuming that the profits made in the industry showed a substantial margin after providing the interest on the existing shares or debentures ?

112. If it were decided to issue Ordinary shares, what do you consider would be the minimum probable return which would be likely to attract investors ?

113. What is the incidence per ton of cement of :—

(a) the fair return on the Ordinary and Deferred shares as given in answer to question 110,

(b) the full dividends on the paid up Preference shares

(c) the full interest on the debentures in so far as the proceeds of the debentures have been devoted to fixed capital expenditure and not used as working capital ?

N.B.—The figure should be given both on the present rate of output and the output equivalent to the full capacity of the plant.

XI.—CLAIM FOR PROTECTION.

114. In paragraph 97 of their Report, the Fiscal Commission laid down three conditions which in ordinary cases ought to be satisfied by industries claiming protection. Do you consider that those conditions are satisfied in the case of the cement industry ? And in particular :—

- A. Do you claim that the industry possesses natural advantages, such as an abundant supply of raw materials, cheap power, a sufficient supply of labour or a large home market ?
- B. Do you claim that, without the help of protection, the industry is not likely to develop at all or is not likely to develop so rapidly as is desirable in the interests of the country ?
- C. Do you claim that the industry will eventually be able to face world competition without protection ?

These conditions have been approved by the Government of India and by the Legislative Assembly, and it is therefore of great importance to ascertain whether they are satisfied. If you consider that the cement industry fulfills these conditions, the reasons for your opinion should be fully explained.

115. Do you claim that the cement industry satisfies either, or both, of the conditions mentioned in paragraph 98 of the Fiscal Commission's Report, *viz.*—

- (a) That the industry is one in which the advantages of large scale production can be achieved, and that increasing output would mean increasing economy of production ?
- (b) That it is probable that in course of time the whole needs of the country could be supplied by the home production ?

116. Do you consider that the cement industry is of importance on national grounds and therefore deserves protection apart from economic considerations ?

117. Do you consider that there are any features of the industry which make it peculiarly suitable to Indian economic conditions ?

118. Do you claim that protective duties should be imposed on cement of all kinds or only on such kinds as compete with Indian products ? In the latter case, please specify clearly the kinds of cement on which you desire that protective duties should be imposed. Can these kinds be readily distinguished for Customs purposes from other kinds ?

119. What special measures (if any) do you suggest to safeguard the cement industry against under-selling by reason of :—

- (a) depreciated exchanges
- (b) subsidized freights
- (c) any cause other than a reduction in the foreign cost ?

120. What is the amount of protection the industry receives at present owing to—

- (a) the existing Customs duties,
- (b) transport charges between the country of production and the port of entry, i.e., freight, insurance, trade charges and landing charges?

121. What is the amount of the protection which you consider necessary?

N.B.—The reasons for proposing the particular rate recommended should be explained.

122. Is it a fact that the productive capacity of the Indian cement factories exceeds the total consumption of the country? If so, how in your opinion will protection, if given, benefit the industry?

FORM I.

Statement showing the total expenditure incurred on the production of cement during certain years.

(See question 91.)

	First year of production.	1921-22.	1922-23.	1923-24.
(1) Raw materials				
(2) Factory labour				
(3) Power and fuel				
(4) Ordinary current repairs and maintenance of buildings, plant and machinery.				
(5) General services, supervision and local office charges.				
(6) Miscellaneous, <i>e.g.</i> , rent, municipal taxes, insurance, etc.				
(7) Any other single item not enumerated above which amounts to 5 per cent. or more of the total expenditure.				
Total ..				
Total production of cement for the year				

FORM II.

Statement showing the works cost per ton of cement.

(See question 91.)

	First year of production.	1921-22.	1922-23.	1923-24.
(1) Materials				
(2) Factory labour				
(3) Power and fuel				
(4) Ordinary current repairs, and maintenance of buildings, plant and machinery.				
(5) General services, supervision and local office charges.				
(6) Miscellaneous, e.g., rent, municipal taxes, insurance, etc.				
(7) Any other single item not enumerated above which amounts to 5 per cent. or more of the total expenditure.				
Total ..				
Credit for materials recovered (if any) ..				
Nett total ..				

Witness No. 1.

The Central Provinces Portland Cement Co., Ltd.

A.—WRITTEN.

Statement I.—Replies to questionnaire from the Central Provinces Portland Cement Company, Limited, dated 14th June 1924.

We enclose herewith our answers to the questionnaire of the Tariff Board.

We desire that as far as possible the details of our Works costs should not be published.

A copy of our mining lease, which is referred to in our answer to question 20, will be sent to you within a few days.

Mr. Captain, who has been in charge of the Bombay office since 1922, will be in Simla from the 26th June till the 28th June, and will be ready to answer any questions which the Board may wish to put to him. If necessary, Mr. Captain can be in Simla earlier. Please let us know when it will be convenient for the Board to examine Mr. Captain.

ANSWERS TO THE QUESTIONNAIRE.

1. The Company was registered as a public registered Company in 1919, but did not begin to produce cement till the middle of the year 1923.

2. About 50 per cent. of the shares are held by Indians. The rest of the shares are held by Europeans resident in India. Two out of 3 Directors are Indians. The partners in the Managing Agents' firm of Messrs. Mathradas Goculdas and Company are all Indians. The Manager and all the staff in the head office are Indians. The General Manager at the Works is an American. Besides the General Manager who is an American, there are only 3 Europeans employed at the Works. The rest of the staff is entirely Indian.

3. The Company manufactures only cement for sale.

4. The factory commenced to manufacture cement regularly on a commercial basis from about October 1923.

5. The full capacity of the factory is 100,000 tons of cement every year.

6. The factory has not yet worked for a complete year. Since 1st October 1923 until 31st May 1924, the production of cement was 23,050 tons.

7. The factory is situated at Kymore (Central Provinces) near Jukehi on the East Indian Railway.

(a) The factory is advantageously situated as regards raw materials, because both lime stone and clay, which are the principal raw materials required by a cement factory, are available in large quantities on the Company's own property within a mile of the factory buildings.

(b) The factory is also advantageously situated in respect of vicinity to the coalfields. The Burhar collieries of Rewah State and the Rewah collieries of Messrs. Villiers Limited are only about a hundred miles from the Works. The Burhar coal is exclusively used to generate all the power required at the factory. Some first class Jheria coal from the Bengal coalfields is also used in the Kilns at the factory. The distance of the factory from the Bengal coalfields is about 500 miles, so that even as regards the Bengal coalfields the situation of the factory is quite good.

(c) The factory is very advantageously situated as regards the markets of the United Provinces and the Central Provinces. These, however, are not very important markets.

The factory is not very near the important towns of Bombay and Calcutta, being about 650 miles away from either place. Still it is not badly situated as regards these important centres, and as a matter of fact since the factory has been started the bulk of its production has been sold in the Bombay Presidency and Calcutta.

(d) There is an abundant labour supply at the factory and from this point of view the factory is well situated.

In our opinion the most important factors in selecting the site of a cement factory in India are (1) vicinity to the areas from which the Raw Material is drawn (2) vicinity to important markets and (3) vicinity to the coalfields.

8. Since October 1923, when the factory began to work, it has produced 23,050 tons of Portland Cement, which is the only kind of cement manufactured at the factory.

9. Our cement is well above the British Standard Specification. There are some changes necessary in the British Standard Specification as regards India and we understand these changes are at present under consideration.

10. We are satisfied that the cement we are producing in our factory is equal in quality and appearance to the very best imported cement.

Recently the Calcutta Port Commissioners after making enquiries about the quality of our cement purchased 5,000 tons of our cement which was required by them for the construction of King George's Dock. The whole of this quantity was supplied between February and April 1924. After the whole quantity was supplied the Engineer in charge informed our representative that the cement supplied was as good as any cement he had previously used.

Our cement does not command anything like the same price in the market as the imported cement. The price realised for our cement in Bombay and Calcutta is between Rs. 10 and Rs. 15 per ton less than the price of imported cement.

This is due to the fact that the imported brands are well known and have established a reputation for themselves. Engineers and Contractors have used these brands for years and years and have found them thoroughly satisfactory. They are naturally afraid to try a new brand of cement made in India probably as they think by inexperienced persons. Apart from this natural prejudice against a new and untried article, there is a belief in the mind of many engineers that Indian cements are not up to the highest quality of English cements and that it is not safe to use these Indian cements for important works. There may have been some foundation for this belief some years ago, but there is certainly no foundation for it now.

As this prejudice against Indian cements undoubtedly exists, the Indian Cement Companies are compelled to sell their cement cheaper than the imported brands in order to induce people to give the Indian cements a trial.

It is believed that this prejudice against Indian cements is slowly dying out and that in a few years it will die out altogether.

It is only fair to point out, however, that the present great difference in the markets of Bombay and Calcutta between the price of Indian cement and imported cement is not due entirely to a preference for imported cement on the part of the consumer, but is due in a great measure to the severe internal competition between the Indian manufacturers themselves.

If a stiff duty is put on Foreign cement entering the country, the people in Bombay and Calcutta now using the imported brands of cement will be compelled to use Indian cements and will actually benefit financially by doing so. We feel confident that once these people use good class Indian cements, they will be thoroughly satisfied with their quality.

(N. B.—The Continental cement imported into India does not command anything like the same price as the cement from the United Kingdom. But

the quantity of Continental cement imported into India is negligible as compared with the quantity of cement from the United Kingdom.

In the year ending 31st March 1923, 113,000 tons of cement were imported into India. Of this total as much as 95,739 tons came from the United Kingdom.)

II. RAW MATERIALS.

11. The raw materials used at our factory are limestone, clay and gypsum.

12. (a) According to our present output (which we believe will work out at about 50,000 tons during the year) we should consume during a year 67,000 tons of limestone and 22,000 tons of clay and 2,200 tons of gypsum.

(b) If the plant produces 100,000 tons of cement a year, which is its full capacity, it should consume 134,000 tons of limestone, 44,000 tons of clay and 4,400 tons of gypsum ordinarily.

If, however, the consumption of limestone at our factory continues to be what it is at present we shall require at least 150,000 tons of limestone to make 100,000 tons of cement.

13. It requires $1\frac{1}{2}$ tons of limestone to make 1 ton of cement, but this varies with the material. The amount of clay necessary for making 1 ton of cement would be .45 ton. The amount of gypsum necessary to make 1 ton of cement is .045 ton.

The percentage of waste

(a) before calcining varies with the material.

(b) 30 per cent.

(c) very small.

At our factory the consumption of limestone is somewhat greater and we use about one and a half ton of limestone to make a ton of cement.

14. This varies with the water content.

15. Approximately 2,150 lbs. of clinker is required to make 1 ton of cement.

16. All the limestone and clay required at the factory are to be found on the site quite close to the factory buildings. A map is attached showing the factory, the quarry and the clay fields.

17. The limestone is at present collected by hand. But we have two Bucyrus shovels and by October next all our limestone will be obtained by means of these shovels. The limestone is transported from the quarry to the factory, a distance of about 5,500 feet in dump cars by locomotives. The clay is brought from 2 places. In the quarry the limestone itself is covered with clay. This clay is transported the same distance and in the same manner as the limestone. Our principal clayfields are only about 600 feet from the factory. The clay from these fields is transported in hand carts.

18. We pay for our lease a rent to Government of Rs. 5,500 a year and an extra sum of Rs. 5 per every acre worked for raw materials.

19. The cost per ton of limestone is high now but will go down considerably as soon as we begin to use our Bucyrus shovels.

20. We annex a copy of our lease.

There is one clause in our lease from Government namely, clause 14 (b) of Part V which we think is unfavourable. This clause compels us to employ at the Works none but British subjects. This means in practice that we are compelled to get our experts from England and are prevented from employing American experts. Ordinarily speaking, we would prefer if possible to get our experts from England, because for one thing the wages of an English expert are less than the wages of an American. The field for selection, however, is much larger in America than in England. This will be easily realised when we remember that America produces more cement than the rest of the world put together.

Cement experts of the right type are not easily procurable from England, especially nowadays when the English cement factories are working 3 shifts a day owing to the increased demand for cement in England. This is borne out by our own experience.

In April 1922 we dismissed the then General Manager at the factory and were consequently urgently in need of another General Manager. We cabled immediately to our Consulting Engineers in England to send out a really good man as soon as possible. For about 4 months our Consulting Engineers tried hard to find a suitable man but were unable to do so although at this time we were prepared to pay practically anything in reason for a really good man.

When we found that we could not get a General Manager in England and that the work at the factory was suffering considerably for want of a General Manager, we got our present General Manager Mr. Austin from America.

About six months after Mr. Austin's arrival at Kymore, the Central Provinces Government wrote to us pointing out that we had committed a breach of a Covenant in the lease and that they had become entitled to forfeit our lease. We explained to Government that we had inadvertently overlooked clause 14 (b) of Part V of the lease and asked Government to allow Mr. Austin to complete his 3 years' agreement with the Company. Government then as a special case gave permission to us to retain Mr. Austin until the expiration of his present contract.

Again about 4 months ago we came to the conclusion that our Indian burners were not quite efficient and that it would be desirable to get out an expert burner from England. Although during the last 4 months we have sent several cables and written several letters to our agents on the subject, they have been unable so far to procure a suitable man for us.

We submit therefore that it is a real hardship to us not to allow us to get out experts from outside England. As far as we know, the older Cement Companies are not tied down by a similar restriction.

21, 22, 23. Information is not available at the head office.

24. We have not had to draw our supplies of raw materials from a new area.

25. We have experienced no difficulty in obtaining leases.

26. We do not import any of our raw materials.

27. We get our gypsum by rail from the Punjab and from places near Jodhpur. The freight on this gypsum is fairly heavy.

III. LABOUR.

A. Quarry Labour.

28—31. Our quarry work is at present let out to contractors who employ from 300 to 1,000 men. We shall be able to dispense with the contractors in a few months when our Bucyrus shovels are ready to work.

B. Factory Labour.

32. The processes of manufacture require some expert supervision involving the employment of a few men imported from abroad.

33. The General Manager and the Chief Chemist are the only 2 men at present working at the factory who were imported from abroad. We con-

template bringing out a burner from England as soon as we can get one. We ought to mention that we have also working at the factory 2 Scotchmen who were engaged in India. One of these is occupying only a subordinate position. Even if the factory was working to its full capacity, there would not be any necessity to import any more labour from abroad.

34. Our factory commenced working only last October. The General Manager at the Works has taken and is still taking great pains to train Indian labour. As a matter of fact, the entire skilled labour in charge of the Mills and the Kilns is at present Indian. The Chief Chemist has 2 Indian Assistants working under him.

Eventually it should be possible to work the entire factory with Indian labour.

35. The wages paid to men imported from abroad are naturally much higher than the wages they would receive in their own country.

36. The total number of Indian workmen employed at the factory is 650. The total wages paid to them every month amount to Rs. 18,000. The wages of Indian workmen vary from about Rs. 300 a month to about Rs. 15 per month.

Part of the labour force at present is employed for finishing the construction of the factory.

37. The total wages bill for Indian labour at the factory during the eight months since the factory has been working amounted to Rs. 1,47,688.

A considerable amount of work at the factory is done through labour contractors such as quarrying limestone, transporting clay, loading and unloading wagons off coal, Gypsum and Cement, packing cement, etc. We have paid during the last 8 months to such labour contractors about Rs. 80,000 in all. This is in addition to the factory wages of Rs. 1,47,688 above referred to.

38. The labour force is quite sufficient. The unskilled labour is drawn from the vicinity of the factory while skilled labour is drawn both from the vicinity and other parts of India.

39. The Indian labourer improves considerably with training. We are informed that the present efficiency of Indian labour at our factory compared with labour in an advanced country like America is about 1 to 6.

40. We have erected a considerable number of bungalows and chawls on our premises for our staff. With the exception of a few coolies who live in the neighbouring villages, the entire staff is accommodated on the premises in our bungalows and chawls. We provide medical assistance and drugs free of charge to the whole staff and their families. A school for the children of the workmen is also maintained on the premises.

IV. POWER (INCLUDING FUEL).

41. The power at the factory is derived from steam turbines generating electric power.

42. The cost per unit of power at our factory which is about 8 pies per unit compares quite favourably, we believe, with the cost in other factories.

43. Coal which is the fuel employed is available in sufficient quantity.

44. We require approximately half a ton of coal to make a ton of cement.

45. The Boiler coal which comes from the Burhar coalfields about a hundred miles from the Works costs Rs. 8 per ton f.o.r. colliery siding. The freight on this coal is Rs. 3-3-0 per ton. The Kiln coal chiefly used comes from the Bengal coalfields which are about 500 miles from the Works. The freight on this coal is Rs. 8-5-0 per ton.

46. We do not own or control the sources of our fuel supply.

47. Nil.

V: MARKET.

48. Our factory has been working only since 1923.

Our information, however, is that the total amount of cement made in India in the year 1920 did not exceed 86,000 tons.

In the year 1922, however, as a result of the extension of the old cement factories and the establishment of new ones, the production of cement in India rose to about 148,000 tons. During the year 1923 more new plants began to operate and in this year the production reached the figure of 235,000 tons. It is quite certain that during the year 1924, the quantity of cement produced will be even greater than the quantity produced in 1923.

49. We estimate that during the year 1923, the total quantity of cement consumed in India was about 340,000 tons (about 227,000 Indian and about 113,000 imported).

50. It is reasonably certain that the Indian demand for cement will increase very substantially within a short time.

Experience in Europe and America goes to show that the consumption of cement increases with great rapidity as a country advances.

In the United States of America the production of cement in 1903 was 4,244,600 tons. In the year 1913 the production had increased to 17,498,430 tons. The industry was disorganised and the production fell considerably during the war. After the war was over, the industry recovered very quickly and by 1920 the production had gone up to 16,700,000 tons. In 1922, the production rose to about 19 million tons and in 1923 the production jumped to nearly 23 million tons.

It is important to remember that the export of cement from America is very small. As a matter of fact in the year 1923 the imports of cement into America, which amounted to about 250,000 tons, substantially exceeded the exports.

The figures for Canada are still more startling.

In 1903 Canada produced only about 100,000 tons of cement but in 1913 the production was 1,400,000 tons, that is the production in ten years increased 1400 per cent.

In Japan the production of cement has risen to about 2,500,000 tons a year.

In India itself the consumption has more than trebled during the last 12 years, and this in spite of the recent high prices of cement. In India in 1912 the consumption of cement was only just over 100,000 tons. In 1920 it was about 200,000 tons. In 1923 it was about 340,000 tons.

The quantity of cement that India is now consuming is ridiculously small, even when allowance is made for the comparative poverty of the people. India is advancing rapidly in all directions and the advance is almost certain to be accompanied by a larger consumption of cement. The new development schemes, which have been or are about to be undertaken in various provinces in India, must also lead to a much larger consumption of cement. Again the big drop in cement prices, which has recently taken place, is fairly certain to lead to an increased consumption.

Having regard to all the above factors, we do not think it unreasonable to suppose that in 3 or 4 years India will consume at least double the quantity of cement she is now consuming and that in 6 or 7 years India will consume annually about a million tons of cement.

51. Our most important markets are Bombay and Calcutta both of which places are about 650 miles from the factory.

The markets of the United Provinces and the Central Provinces are much closer to the factory, but these are not important markets.

52. No doubt we are more easily able to compete against foreign cements in all markets which are at a distance from the ports, but our own view is that at present these markets do not take any substantial quantity of imported cement.

53. Export of cement from India is probable in the near future to Ceylon, Singapore, Java and to East Africa, provided freight is obtainable at reasonable rates. As things stand at present, the freight from Bombay to Colombo is the same as the freight from England to Colombo.

It is difficult to form an estimate of the quantity of cement that India could profitably export, but in our opinion in the near future the quantity is not likely to exceed 50,000 tons.

54. Since October 1923, when we started manufacturing cement, the Calcutta Port Commissioners have purchased from us 5,000 tons of cement at Rs. 32 per ton f.o.r. Kymore.

Below we give a list of our contracts with Railway Companies :—

East Indian Railway	3,000 tons.	Rs. 32 per ton f.o.r. Kymore.
Eastern Bengal Railway	1,000 tons.	Rs. 34 do.
G. I. P. Railway	750 tons.	Rs. 32 do.

VI. FOREIGN COMPETITION.

55. In the cement trade in India, the competition from the United Kingdom is most severe. During the year ending 31st March 1923 the total imports of cements into India amounted to 113,137 tons. Of this quantity 95,739 tons came from the United Kingdom.

56. Practically the whole of the cement imported into India is Portland cement. Out of the total quantity of 113,137 tons of cement imported, 112,458 tons was Portland cement.

57. The f.o.b. price of British cement to-day is 8s. 4d. a barrel of 400 lbs. which works out at £2-7-6 (about Rs. 35) a ton. The freight to Bombay is about 16s. 4d. (Rs. 12-4-0) a ton. The duty is Rs. 9 a ton. The clearing charges would amount to about Rs. 2 per ton.

The f.o.b. prices of British cement during the years 1921, 1922, 1923 and 1924 are given below :—

	Per ton.
1921	£6-5-9
1922	£3-12-7
1923	£2-12-9
1924	£2-7-6

58. Information is obtainable from private sources.

59. Nil.

60. The following extract from the Associated Portland Cement, Ltd. Annual Report for 1923, dated 15th April 1923 also lends support to the statement that British manufacturers export cement to India at prices which are unremunerative :—

"To hold our old standing (export market) connections, it has been necessary to sell at net Works cost and occasionally even lower."

The price of cement in England for home consumption is from £2-18-0 to £3-0-0 per ton, whereas the f.o.b. price of English cement for export to India is only from £2-6-8 to £2-10-0 per ton.

61. Foreign competition is keenest in Calcutta, Rangoon, Madras, Bombay and Karachi.

During the 2 years ending 31st March 1923 and 31st March 1924 the following were the imports of cement at the above ports :—

	1922-1923.	1923-1924.
	Tons.	Tons.
Calcutta	62,081	43,798
Rangoon	27,292	26,796
Madras	18,565	21,337
Bombay	17,406	11,749
Karachi	8,771	9,457

62. We attribute the low prices at which foreign cement has entered into India since the war to low freights and to the world depression in trade.

63. The freight we have to pay to get our cement to Bombay is Rs. 15-8-0 a ton whereas the freight for cement from England to Bombay is only about Rs. 12 per ton. The freight on our cement to Calcutta is Rs. 11 a ton as against Rs. 12 a ton which is the freight from England to Calcutta. The freight on our cement to Karachi is Rs. 28-4-0 a ton as against Rs. 12 a ton from England to Karachi. The freight on our cement to Madras is over Rs. 30 a ton as against about Rs. 12 a ton from England to Madras.

The railway freight plus steamer freight with transshipment charges on our cement to Rangoon would amount to about Rs. 25 a ton.

64. No information.

65. We have no information on this point, but we should like to draw attention to the English export and import figures for cement during the 6 months ending June 1923. England imported during this period of six months 71,249 tons of cement and exported during the same period 259,968 tons.

It must also be mentioned that in India English cement commands a substantially higher price than Continental Cement.

66. (a) The Indian manufacturer is certainly at a disadvantage as compared with the foreign manufacturer as regards the cost of plant and machinery. All the plant and machinery for a cement factory has to be ordered from Europe or America. The ocean freights to India and the railway freights to the Works on a cement plant amount to a considerable figure. Then there is the customs duty which is supposed to be only 2½ per cent in all cases, but which on many necessary parts is levied by the Customs Authorities at as high a rate as 15 per cent.

Hence the plant at site costs the Indian manufacturer much more than it costs his foreign rival. It should also be mentioned that the Indian manufacturer in order to erect his plant has to import expensive expert labour from England or America.

(b) The Indian manufacturer has naturally to pay much more for his expert labour, which he has to obtain from England or America, than his foreign rival. We are paying our General Manager, who is an American, Rs. 3,300 a month, our Chemist an Englishman, Rs. 1,500 a month and our Chief Mechanical Engineer, Rs. 1,200 a month.

The wages of a really good Chemist in England would not exceed £600 a year.

(c) Labour is cheap in India, but it is at present inefficient as compared with English-American labour. The efficiency of Indian labour is bound to improve as time passes.

(d) There is no difficulty at our factory as regards the collection and transport of raw material.

(e) The Indian manufacturer is at a considerable disadvantage as regards the cost of consumable stores. Most of these stores come from Europe or America and have to bear an import duty of 15 per cent.

(f) In answer to question 63 we have shown that the freight from our Works to Bombay and other ports in India is higher than the freight from

England to the Indian Ports. One of the reasons for the high freights is the fact that the cement has to travel by more than one Railway line.

If for example cement has to travel a distance of 500 miles along one railway line, the railway in question would probably give quite a substantial concession and the freight therefore would be quite reasonable. But if cement has to travel exactly the same distance of 500 miles along 3 separate railway lines, then probably we would not be able to get any concession whatsoever from any of the 3 railways with the result that the freight payable would be perfectly exorbitant.

Thus our cement in coming to Bombay has to travel from Jukehi to Jubbulpore, a distance of 67 miles along the East Indian Railway and from Jubbulpore to Bombay a distance of 616 miles along the Great Indian Peninsula Railway line. The freight on cement for the 616 miles from Jubbulpore to Bombay is Rs. 10-5-10 a ton, whereas the freight for the 67 miles from Jukehi to Jubbulpore is as high as Rs. 4-13-2 a ton.

(g) An Indian manufacturer must of necessity keep a much larger stock of spare parts than his foreign rival.

(h) The customs duty of 15 per cent. which is payable in India on all stores and necessary materials which have to be imported is an additional disadvantage for the Indian manufacturer.

(i) At present it is much more difficult to raise capital for an industrial venture in India than it is in England or America.

67. The disadvantages in relation to the cost of expert labour and the efficiency of ordinary labour will to a large extent disappear within—say—5 years.

68: (a) The Indian manufacturers of cement in the Central Provinces and in Behar (Sone Valley Portland Cement Co., Katni Cement Company, Jubbulpore Cement Company and the Central Provinces Portland Cement Co., U.d.) are not at any great disadvantage owing to the distance between the sources of fuel and the areas where the Raw Materials are found.

(b) The Indian manufacturer in most cases is at a disadvantage owing to the distance from the factory to the principal markets.

VII. EQUIPMENT.

69. Our factory is quite large enough to ensure economic production. In our opinion, to ensure economic production, a factory should be able to produce about 40,000 tons a year.

70. The manufacture of cement requires the use of very elaborate and very expensive machinery.

71. The capital outlay on plant and machinery is 59 per cent. of the total capital outlay.

72. At our factory there are 2 crushers made by Messrs. Allis Chalmers of America. The cement making machinery which has been supplied by Messrs. P. L. Smidth & Co. includes 2 kilns. The boilers have been supplied by Messrs. Babcock and Wilcox. Two 1,500 K. W. Turbo Generators have been supplied by Messrs. Metropolitan Vickers. The electrical equipment including the motors have been supplied by the English Electric Company. Our plant began operating about the middle of 1923.

73. Our machinery and equipment is quite up to date.

74. Nil.

75. Our factory has been only recently erected and is up to date in every way.

76. We do not contemplate any renewals or replacements. When the demand in India for cement overtakes the supply, we shall probably put in a third Kiln.

77. No part of the actual machinery in our factory is made in India.

VIII. CAPITAL ACCOUNT.

78. The block value of our property as it stood in our books on the 31st March 1924 is:—

	Rs.
Leases and concessions	5,00,000
Land	1,48,431
Buildings	33,23,174
Plant and machinery	75,29,572
Other Miscellaneous assets	11,83,624
	<u>1,26,84,801</u>

Additional Capital Expenditure up to 31st March 1924 (pending adjustments).

	Rs.	A.	P.	Rs.	A.	P.
(1) Buildings	66,831	7	5			
Machinery and plant	5,790	0	5			
Roads	4,900	0	0			
Railways	2,62,284	7	3			
Water Scheme	40,426	4	0			
				<u>3,80,232</u>	<u>3</u>	<u>1</u>

(2) Unallocated Working Expenditure—

	Rs.	A.	P.
Expenditure during the half-year to 30th September 1923	71,179	0	11
Interest on Debenture Loan from 1st April 1923 to 30th September 1923	2,84,333	12	2
	<u>3,55,512</u>	<u>13</u>	<u>1</u>

Besides the following item has not also been taken under Block Account up to 31st March 1924, in our answer to Question 78.

(3) Preliminary Expenses, Brokerage on Debentures and

	Rs.	A.	P.
Debenture Expenses	1,85,410	14	0
GRAND TOTAL	<u>9,21,155</u>	<u>14</u>	<u>2</u>

79 and 80. The figures given in answer to Question 78 represent the actual cost of various assets up to 31st March last. As the factory was under construction until recently nothing has been written off for depreciation. There is no depreciation fund.

81. We estimate that the present day cost under the heads buildings, plant and machinery of erecting a factory of the same capacity as ours would be—

(a) Buildings about 26 lacks.

(b) Machinery about 60 lacks.

Our capital expenditure on buildings is about 7 lacks more and on machinery about 15 lacks more than the above estimate. The operating cost of a new factory established now will be equal to our operating cost.

82. The Company began the purchases of machinery from the year 1920 and the sums spent thereon since then are as follows:—

	Rs,
1920	14,47,869
1921	15,64,323
1922	12,43,124
1923	1,93,560

£3,60,000 were remitted to England during the period September 1919 to April 1920 at rates of exchange ranging from 2 to 2/4, 3/4. The cost of remitting £3,60,000 to London was therefore only Rs. 33,20,884-10-2. The balance was remitted to England at 1—4 exchange.

83. Company's capital:—

(a) Authorised capital	1 crore.
(b) Subscribed capital	60 lacks.
(c) Paid up capital	60 lacks.

There are no preference or deferred shares. The ordinary share capital is divided into 10,00,000 shares of Rs. 10 each of which 6,00,000 shares have been issued and subscribed.

84 to 87. No Dividend has yet been paid by the Company.

88. Company's Debenture Loans amount to Rs. 60 lacks.

The first Debenture Loan of Rs. 40 lacks was issued on the 6th of April 1922.

The second Debenture Loan of Rs. 20 lacks was issued on the 2nd of March 1923.

Both these Debentures carry interest at the rate of 9 per cent. per annum.

The dates for their redemption are as follows:—

First Debenture Loan of Rs. 40 lacks.

Series A.	Rs. 10 lacks	Date of Redemption.
" B.	" 5 lacks	1st January 1926.
" C.	" 5 lacks	1st January 1927.
" D.	" 5 lacks	1st January 1928.
" E.	" 5 lacks	1st January 1929.
" F.	" 5 lacks	1st January 1930.
" G.	" 5 lacks	1st January 1931.
" H.	" 5 lacks	1st January 1932.

Second Debenture Loan of Rs. 20 lacks.

Date for the redemption of the whole of this loan of Rs. 20 lacks is 1st January 1928 or earlier. There is no Debenture Sinking Fund.

The Trustees for the Debenture Holders, who entered into possession of the Company's property about the end of April 1923 as the Company was unable to pay interest on its Debenture Loan, have had to borrow further sums amounting in all to Rs. 11,60,233-14-5 for completing and working the factory.

89. No reserve fund has yet been created.

90. The plant being quite new and up-to-date, replacement is not necessary. The plant was, however, originally laid out as a 3 Kiln plant and all the buildings have been constructed with a view to accommodate and run a 3 Kiln plant. If the cement trade in the country improves a 3rd unit could be added at an additional cost of only about Rs. 10 lacks. The installation of a third unit would increase the production of the factory by 50 per cent.

1A. COST OF PRODUCTION.

(a) WORKS COSTS.

91. The 2 forms regarding Works costs duly filled in are attached. If possible, we would wish that the details of our costs are not made public.

92. Our factory which has been working only for the last 8 months is working at half its full capacity. If the factory was working at its full capacity, the total Works costs per ton would be reduced by about Rs. 2 or Rs. 3.

The principal items affected would be items 2, 4, 5 and 6 in Forms I and II.

93. Our Works costs will go down as our burners improve and get more production from the Kilns. Some improvement in this respect has already taken place and more is likely to take place soon. Our cost of obtaining the raw material will also go down within a few months. Under both these heads the reduction in the cost in the near future is not likely to exceed Rs. 1 per ton.

94. We have adopted a system of cost accounting from which we make up a cost report daily. If the Board desires it, we are prepared to place these cost sheets before the Board.

95. We give below the cost of manufacturing cement in England in the year 1921, which is taken from "The Engineer," October 1921:—

COST OF MANUFACTURE OF PORTLAND CEMENT PER TON.

Coal @ £2 per ton.

London labour rates.

	£	s.	d.
Raw material delivered at Mill labour	0	1	0
Supplies—			
Powder, 2d.	0	0	6
Oil and waste, 2d.			
Coal, 2d.			
Fuel for power—Coal @ 40 per ton	0	8	0
Fuel for Kiln	0	12	0
Labour in Mill	0	6	6
Repairs and Renewals, Lubricants, etc.	0	2	6
Gypsum	0	0	6
Superintendence Laboratory and Mill Offices	0	1	6
Per ton	1	12	6

Final cost of one ton of Portland Cement placed on trucks ready for shipment.

Manufacturing costs as detailed	1	12	6
Depreciation	0	5	0
Selling charges	0	1	0
Interest on capital	0	5	0
Rates, taxes, insurance, etc.	0	0	8
Per ton	2	4	2

FORM I.

Statement showing the total expenditure incurred on the production of Cement during certain years.

(See question 91.)

	First year of pro- duction.	1921-22	1922-23	1923-24
(1) Raw materials				Rs. 58,463-59
(2) Factory labour				„ 50,584-55
(3) Power and fuel (including Kiln.				„ 2,20,981-55
(4) Ordinary current repairs and maintenance of Buildings, plant and Machinery.				New Plant.
(5) General services, supervision and local office charges.				Rs. 70,304-90
(6) Miscellaneous, e.g., rent, Muni- cipal taxes, insurance, etc.				„ 23,450-36
(7) Any other single item not enu- merated above which amounts to 5 per cent. or more of the total expenditure.				„ 83,446-37
Gypsum and Stores Packing 16,539 tons of cement.				„ 1,18,226-59
TOTAL .				Rs. 6,25,457-91
TOTAL PRODUCTION OF CEMENT FOR THE YEAR.				22,331 tons.

N.B.—Total expenditure incurred on the production during six months only, i.e., from 1st November 1923 to 30th April 1924.

FORM II.

Statement showing the works cost per ton of cement.

(See question 91.)

	First year of production.	1921-22	1922-23	1923-24
(1) Materials				2.618
(2) Factory labour				2.265
(3) Power and fuel (including Kiln)				9.896
(4) Ordinary current repairs, and maintenance of Buildings, plant and Machinery.				New plant.
(5) General services, Supervision and local Office charges.				3.148
(6) Miscellaneous, e.g., rent, Muni- cipal taxes, insurance, etc.				1.050
(7) Any other single item not enu- merated above which amounts to 5 per cent. or more of the total expenditure.				3.737
Gypsum and Stores Packing .				7.145
TOTAL .				29.862
Credit for materials recovered (if any).				NIL
NETT TOTAL .				29.862

Average cost per ton during 6 months, i.e., from November 1st, 1923 to 30th September 1924.

(b) OVERHEAD CHARGES.

(i) Depreciation.

96. Our information is that the rates of depreciation allowed by Income-Tax Authorities are as shown below:—

- Buildings, 2½ per cent.
- Plant and machinery, 7½ per cent. (Special rate for Cement Works using Rotary Kilns.)
- Roads and railways, 10 per cent.
- Water scheme, 7½ per cent.
- Electric lighting and installation, 7½ per cent.
- Furniture, 5 per cent.

We consider these are not unsuitable rates.

97. (a) The total sum required annually for depreciation at Income-tax rates on the total block account comes to Rs. 7,55,746 when all the assets are valued at cost. This is made up as under:—

	Rs.	A.	P.
On buildings	83,079	6	0
On plant and machinery	5,64,718	2	0
On other assets	1,07,948	11	0
TOTAL	7,55,746	3	0

97. (b) The factory being newly erected nothing has been written off for depreciation since its formation and therefore all the assets appear at cost.

98. Taking the figures given by us in answer to Question 81 as the present day cost of the buildings and machinery required for a factory having the same output as our present factory the sum required annually for depreciation at Income-tax rates would be:—

	Rs.
Buildings	65,000
Plant and machinery	4,50,000
Other assets	1,07,948
TOTAL	6,22,948

99. Taking the total amount of depreciation to be written off according to the methods given in our answers to Questions 97 and 98, the incidence per ton of cement would be:—

- (a) According to the present output which is estimated to be 50,000 tons per year.
 - On the basis of our answer to Question 97=Rs. 15-1-10.
 - On the basis of our answer to Question 98=Rs. 12-7-0.
- (b) According to the output equivalent to the full capacity, viz., 1,00,000 tons per year.
 - On the basis of our answer to Question 97=Rs. 7-8-11.
 - On the basis of our answer to Question 98=Rs. 6-3-6.

(ii) Working Capital.

100. According to the present output, the working capital required by the Company is about Rs. 8 lacks.

According to the output equivalent to its full capacity the Working Capital required by the Company would be about Rs. 12 lacks.

101. The Company is not able to provide all the working capital it requires from Share and Debenture Capital. It has therefore become necessary to borrow additional Capital both for completing and working the factory.

102. The additional Capital borrowed to date only for working the factory is Rs. 5,45,233. The rate of interest payable on same is 9 per cent. per annum.

103. Our Working Capital is about Rs. 8 lacks. The cost of one month's output (excluding Overhead Charges) comes to Rs. 1,21,000.

104. The average value of stock of finished goods held by the Company is Rs. 2,12,000.

The period that normally elapses between production and payment is from 3 to 6 months.

105. The Company finds it necessary to hold large stocks of coal and raw materials. The average value of these stocks held at the factory amounts to Rs. 1,27,000.

(iii) Agents' Commission and Head Office expenses.

106. The Company has a head office in Bombay other than the office of the local management. This office would ordinarily be under the control of the Managing Agents, but is at present under the control of the Trustee for the Debenture Holders.

107. (i) The annual amount of the Head Office expenses is about Rs. 55,000.

(ii) According to the articles of Association, the Managing Agents are entitled to Rs. 51,000 a year and ten per cent. of the profits. (N.B.—No remuneration has as a matter of fact been paid to the Managing Agents since January 1922.)

108. Please see last answer.

109. (i) The cost of Head Office expenses per ton of output according to the present output is approximately Rs. 1-2-0 per ton and would be only nine annas per ton if the factory was working at its full capacity.

(ii) The cost per ton of the Managing Agents' minimum remuneration according to the present output would be about Re. 1 per ton and would be only 8 annas per ton if the factory was working at its full capacity.

X. MANUFACTURER'S PROFITS.

110. We would consider a return of 10 per cent. on ordinary shares quite a fair return.

111. If we contemplated the establishment of a new cement factory under present conditions in the financial market we would have to offer 9 per cent. on Preference Shares and 8 per cent. on Debentures. Under normal conditions we would probably be able to get the money at one per cent. less.

112. The minimum probable return on ordinary shares likely to attract investors would be 10 per cent.

113. (a) The incidence per ton of cement of a fair return on the Ordinary Shares would be according to the present output Rs. 12 per ton and Rs. 6 per ton if the factory was working at its full capacity.

(b) Nil.

(c) The incidence per ton of Cement on the Debentures would be according to the present output namely Rs. 11 per ton and nearly Rs. 5-8-0 per ton if the factory was working at its full capacity.

XI. CLAIM FOR PROTECTION.

114. We are of opinion that all the 3 conditions laid down in paragraph 97 of the report of the Fiscal Commission are satisfied in the case of the Cement Industry.

The industry is certainly an infant industry and there can further be very little doubt that the industry is one which is suitable for the country.

A. The industry undoubtedly possesses natural advantages. Raw materials namely limestone and clay of very good quality are available in abundant quantity and can be won at very small cost.

Suitable coal also both for power and for burning in the Kiln is available in India in very large quantities. In many places, such as the Central Provinces and Behar (Sone Valley) limestone of a good quality is found in close proximity to coalfields. This is a great advantage.

The Burhar coalfields are quite close to the 3 cement factories in the Central Provinces and the Bengal coalfields are fairly close to the Sone Valley Cement Company's factory at Japla.

There is an ample supply of labour available in India for the industry both skilled and unskilled. Even now when the industry is in its infancy, not more than 4 of the officers employed at a cement factory in India need be non-Indians.

There is already a fairly good demand in India for cement, but the demand is sure to be much larger within a few years. (See reasons given in answer to Question 50.)

B. We certainly maintain that the industry is not likely in India to develop without protection. In one sense no doubt there has been a great development in the cement industry within recent years because within the last 4 years at least 5 new cement factories have been erected in India. If increase in a country of cement making machinery means the development of an industry, than no doubt it can be argued there is no room at present for any further development in the Indian cement industry. But what is the good to a country of machinery which is not working and which cannot work because of the importation in the country of foreign cement. To-day most of the factories in India are working at only half their full capacity and several of the factories have had to be shut down for months. We submit that the development of an industry in a country means increased production in the country of the product of the industry. We think it will be generally admitted that without protection there is no chance of an appreciably greater production or development in the cement industry.

It is reasonably certain that unless the industry receives protection, several of the factories will cease operating altogether and the Companies owning them will have to go into liquidation. If this were to happen, it will have a highly prejudicial effect on industrial enterprise generally in India.

If the cement industry gets protection immediately, it can be predicted with reasonable certainty that the industry in a few years will develop with astonishing rapidity.

To put the matter briefly, the country produces to-day about 230,000 tons of cement. There is a reasonable certainty that the production in India will increase with great rapidity with protection and that without protection the production will not increase at all to any appreciable extent, for years.

C. The cement industry, there is no doubt will very soon be able to ace world competition without protection.

Even now as far as prices and quality are concerned, it is able to face oreign competition in most places in India though not in all.

The cost of producing cement in many factories is high because the factories are not working at their full capacity owing to the impossibility under the present conditions of marketing their whole production. This cost is sure to come down when these factories work at their full capacity.

The cost will also further go down in a few years when the labour becomes more efficient. For example, it is possible that a burner who to-day produces 100 tons of clinker a day will 2 years hence produce in a day 120 tons with the same amount of coal. This will make a big difference in the cost.

115. We most emphatically claim that the cement industry fulfils both the conditions mentioned in paragraph 98 of the report of the Fiscal Commission.

(a) The cement industry is certainly one in which the advantages of large scale production can be achieved and in which increased output would mean increasing economy of production. Increased production as a rule in all industries makes for cheaper cost and the cement industry is certainly not an exception to the rule.

As pointed out above, the cost at present in many of the cement factories is higher than it need be because the factories are working at only about half their full capacity.

(b) Even to-day the possible output of the cement factories in India is not only sufficient to supply all the needs of the country but is in excess of such needs.

We submit this is a very strong reason why protection should be granted to the cement industry. As explained by the Fiscal Commission in their report, the burden on the consumer which is the chief objection to protection is practically nil in such a case.

The internal competition at present in the cement industry is so severe that manufacturers of cement are compelled to sell practically at cost prices and in many cases well below cost prices.

116. The cement industry is an industry of great national importance and may fairly be said to be a key industry. Cement is in a sense the raw material of every industry, because all factory buildings now-a-days require a lot of cement for their construction.

The cement industry is also important from the point of view of national defence. Modern warfare cannot very well be carried on without cement. During the war the output of the Cement Companies working in India was therefore controlled by Government who required the same for the purposes of the war. Even at present a considerable quantity of cement is being used by the Military Authorities on the North East Frontier.

Cement is moreover required in large quantities by Government Departments for works of public utility such as Irrigation Works, bridges, docks, reclamation works, etc.

We submit therefore that the cement industry is an industry of great national importance and that it is both necessary and desirable for India to have a cement industry.

A country which is dependent on foreign countries for its supply of cement would be in a truly dreadful condition in times of war when the foreign supply is entirely cut off or at any rate considerably curtailed.

117. There is this feature of the cement industry which makes it particularly suitable for a country like India, that it is quite possible for Indians even in their present state of industrial efficiency with the assistance of 2 or 3 foreign experts to make cement of the very highest quality. We believe this is not yet possible in the Iron and Steel Industry, nor even in the Textile Industry of India.

118. During the last year, imports of Portland cement amounted to 112,458 tons, whilst the import of other kinds amounted to only 679 tons. It may be argued that to protect the Indian industry, it is necessary to

impose protective duties only on Portland cement. But having regard to the very small quantity of other kinds of cement imported and the practical difficulties of having different import duties on different kinds of cement, we think that it is desirable that a duty at one uniform rate should be levied on all cements imported into the country.

119. To safeguard the industry against special risks of the kind here enumerated, we would suggest that the Executive in India should be empowered to increase the protective duty at its discretion.

120. (a) The existing duty on imported cement at present amounts to Rs. 9 per ton, at the rate of 15 per cent. on a tariff value of Rs. 60 per ton.

(b) The Indian cement industry in the important markets of Bombay, Calcutta, Madras and Rangoon receives absolutely no protection, because of the transport charges payable on foreign cement to bring it from the country of production to an Indian port. As a matter of fact, in most cases, these transport charges are less than the railway freights from the Indian factories to these ports. (See answer to Question 63.)

121. To protect the Indian cement industry adequately, it is necessary—we submit—that an import duty of at least Rs. 25 per ton should be levied on all cement imported into India.

As explained in our answer to Question 10, the Indian manufacturer has to sell his cement cheaper than the imported cement. To-day at the ports of Calcutta, Bombay and Karachi Indian cement is being sold at about cost price and in some cases even below cost chiefly because of the severe internal competition, with the result there is a difference of between Rs. 10 and Rs. 15 a ton between the price at these places of Indian cement and imported cement.

In spite of this difference in price at Bombay, Calcutta and Karachi, some people prefer to buy the imported article, especially those who have to buy small quantities. If the duty on imported cement is increased by Rs. 16 a ton, the difference between the price of Indian cement and Imported cement will be much greater than it is, and these people will thus be induced to give the much cheaper Indian cement at least a trial. We are confident that once these people give a fair trial to Indian cements, they will never in future be willing to pay more for imported cement.

At present it is impossible for the Indian manufacturer to sell cheaper than the foreign manufacturer in Madras and Rangoon, because of the heavy freights payable to transport Indian cement to these places. But if the duty is increased by Rs. 16 a ton, the Indian manufacturer, if he is content for the present to make little or no profit, will be able to sell his cement even in those markets cheaper than imported cement.

An import duty of an additional Rs. 16 a ton will not impose at all a heavy burden on the consumer. At present out of the total import of 113,137 tons of cement, 65,004 tons are imported into the ports of Calcutta, Bombay and Karachi. Now it is fairly certain that at present in Calcutta, Bombay and Karachi the price of cement is not regulated by the price of the imported article, but by the internal competition. If as a result of the increase in the duty consumers in Bombay, Calcutta and Karachi are compelled to use cheap Indian cement, there will be no financial burden on them, because they will be paying less for the Indian cement which they will be practically forced to use than they would have paid for the imported cement without an increase in the duty.

It must be admitted that, as regards the balance of 48,133 tons which enters India through the ports of Rangoon and Madras, there will be a burden on the consumer. The burden in these cases, it is submitted, will not be more than Rs. 10 per ton, although the duty will be increased by Rs. 16 a ton. The reason for this is that the Indian manufacturer will be bound to sell his cement substantially cheaper than the imported article.

The total burden on the consumer therefore, it is estimated, will be less than Rs. 5 lacks a year. It is submitted this is a very small price for the country to pay for the protection and development of a very important industry.

122. The present productive capacity of the Indian cement factories now working is about 550,000 tons a year as against the total consumption in the country of only about 340,000 tons.

At present the Indian manufacturers are able to sell only about 227,000 tons of cement a year. As they cannot sell more they have to restrict their output to this quantity. The result is that many factories have to shut down for several months in the year, while others have to work at only half their full capacity. The costs of production therefore in the Indian cement factories are higher than they should be.

If the protective duty imposed is sufficiently high to keep out the imported cement altogether, the Indian manufacturer will be able to produce and sell 113,137 tons more of cement than he is doing at present. This will mean an increase of exactly about 50 per cent. on the present production. The production and sale in India of this extra quantity of cement will just about enable the new cement factories of India to keep their heads above water during the few years which must elapse before the demand overtakes the supply.

To put the matter shortly, protection will enable the Indian industry to produce and sell 50 per cent. more cement than it is doing at present and will thus be of great benefit to the industry.

Statement II.—Additional information furnished by the Central Provinces Portland Cement Company, Limited, in accordance with the request made by the Tariff Board during the oral examination of Mr. Captain, dated Bombay, the 7th July 1924.

1. Our cement has been tested both by the Government Test House, Alipore, and by Mr. J. Alexander Mitchell who tests all cement used by the Bombay Development Department.

Copies of the Reports on our cement made by the Government Test House and by Mr. Mitchell are annexed* hereto and collectively marked with the letter A.

2. The cost of a new empty barrel of cement in England is from 2s. 3d. to 3s. 3d. A barrel ordinarily contains about 400 lbs. of cement.

3. In the details of the cost of production furnished with our 1st statement, we showed an amount of Rs. 83,446.37 as the cost of Gypsum and stores. Of this amount, Rs. 39,406.95 was the cost of Gypsum and Rs. 44,039.42 was the cost of stores.

4. Our Cost Sheets* for the six months ending 30th April 1924 are annexed hereto and collectively marked with the letter B.

5. During the six months ending 30th April 1924, we paid to labour contractors for packing and loading cement Rs. 2,828-0-5.

6. Hereto annexed and marked with the letter C is a statement† classifying the Indian labour employed at Kymore and showing the wages paid to each class.

7. Up to the 30th September 1923, the total amount paid by the Company for ocean freight and insurance on machinery, etc., was Rs. 3,12,409. The total amount of the railway freight in India paid by the Company on machinery, etc., up to the 30th September 1923 was Rs. 2,24,601. The total amount paid by the Company for customs duty and clearing charges on machinery, etc., up to the 30th September 1923 was Rs. 4,54,467.

* Not printed.

† Printed as Appendix I.

APPENDIX I.

Statement classifying the Indian labour employed at Kymore and showing the wages paid to each class.

Total Indian labour numbers 650.

Designation.	Rate.
Medical Officer	Rs. 350 per month.
Foremen	Rs. 250 to Rs. 300 per month.
Chemists	Rs. 150 to Rs. 250 per month.
Shift Engineers	Rs. 125 to Rs. 150 per month.
Cement Testers	Rs. 25 to Rs. 40 per month.
Fitters and Blacksmiths	Rs. 2 to Rs. 3-6-0 per day.
Electric Machinery attendants	Re. 1-2-0 to Rs. 3 per day.
Kiln Burners or attendants	Rs. 2 to Rs. 2-8-0 per day.
Head Burner	Rs. 5 per day.
Skilled Labourers	Re. 1-10-0 to Rs. 2 per day.
Semi-skilled Coolies	Re. 1 to Re. 1-8-0 per day.
Carpenters	Re. 1-2-0 to Rs. 2-4-0 per day.
Masons	Re. 1-4-0 to Re. 1-12-0 per day.
Pump attenders	Re. 1-8-0 per day.
Firemen and Greasers	Re. 0-10-0 to Re. 1-8-0 per day.
Millers for Raw Mill, Cement Mills and Coal Mills	Re. 0-12-0 to Rs. 2 per day.
Coolies	Re. 0-7-0 to Re. 0-10-0 per day.
Female Coolies	Re. 0-4-6 to Re. 0-5-6 per day.
Clerical Staff	Rs. 40 to Rs. 225 per month.

B. ORAL.

THE CENTRAL PROVINCES PORTLAND CEMENT
COMPANY, LIMITED.

Evidence of Mr. H. S. CAPTAIN, Manager.

Recorded at Simla on the 27th June 1924.

President.—Will you tell us what exactly your position is in the Company?*Mr. Captain.*—At present I am working for the trustee for the debenture holder. I am managing on his behalf in Bombay. I am in charge of the head office.*Mr. Ginwala.*—Who are the trustees for the Debenture holder?*Mr. Captain.*—Mr. F. E. Dinshaw is the sole trustee for the Debenture holder. In fact he is the only debenture holder just now. He has bought out the other debenture holder, Mr. Mulraj Khataw.*Mr. Ginwala.*—What about Mathradas Goculdas and Company?*Mr. Captain.*—They are the managing agents.*Mr. Ginwala.*—Have they any interest in the company?*Mr. Captain.*—They are not managing just now. In the partnership firm of Mathradas Goculdas & Co., Mr. F. E. Dinshaw was a partner. The firm consisted of, Mr. Mathradas Goculdas, Mr. F. E. Dinshaw and Mr. Mulraj Khataw until he resigned, and this continued until the end of April 1923 when the company was unable to pay interest on the debenture loan, and the trustees for the debenture holders entered into possession and started working the company. The company had no money to go on working. It had no money left even to pay the ordinary wages, etc., and in order to keep the undertaking going the trustees took possession.*President.*—In that case the debenture holders are people who have been connected with the company from the start?*Mr. Captain.*—Yes.*President.*—That is to say, they tried to get the enterprise on its legs, and for this purpose were ready to put more money into the company.*Mr. Captain.*—I should like to qualify my statement in this way. They were not connected with the company from the beginning, but from the time when Mathradas Goculdas became managing agents, i.e., from January 1922. Before January 1922 Messrs. Burn & Co. were the managing agents. The company was short of funds and required a big debenture loan, and Mathradas Goculdas & Co. procured the debenture loan and they became the managing agents.*President.*—They were not shareholders before that?*Mr. Captain.*—No.*President.*—I would like in the first place to say that we are very much indebted to the company for the very full statement of their case, because it makes the oral examination a good deal easier. Nearly all the important facts are already down, and the oral examination therefore will be directed chiefly to clearing up certain points, and to amplifying what you have written on others. Before I begin to ask any questions, I think, perhaps we might deal with the question of publicity. How far are you prepared to disclose figures as to your costs?

Mr. Captain.—We have said this that, as far as possible, we would like the details not to be disclosed, but we do not mind the actual figure of the cost being disclosed. But if you think that we should disclose all the particulars, we do not mind even that.

President.—In the first place, I take it, you have no objection as regards the overhead charges, because most of the figures could be deduced by a little arithmetic from the reports to the shareholders.

Mr. Captain.—No.

President.—There remains the question of the works costs. Undoubtedly the feeling of the Board is that we should like to have everything published, as far as possible. On the other hand I do not feel personally that I can press you beyond a certain point, because, although you may agree to disclose all the figures, some of the other firms may refuse.

Mr. Ginwala.—So far as you are concerned you are at present in the hands of the debenture holders, and therefore in your case publicity will not necessarily be a disadvantage.

Mr. Captain.—Except that it shows our rivals exactly what our costs are.

Mr. Ginwala.—One reason I am anxious that you should allow us to publish all the figures is that looking these figures and comparing them with other companies' figures, your figures seem to be more favourable, and we cannot ask these companies any question why their figures happen to be higher without referring to yours. It is very fortunate that you are the first to be examined and your figures are slightly lower than those of some of the other companies.

Mr. Captain.—Very well, I do not mind.

President.—You are prepared to let them all go in?

Mr. Captain.—Yes.

President.—The final responsibility must rest with you.

Mr. Captain.—I know.

Mr. Ginwala.—As you know eventually the Legislative Assembly and the Government of India are the final arbiters in this case, and it is essential that they should know everything that they would like to know before they make up their minds.

Mr. Captain.—Very well.

President.—Thank you. You have told us in answer to question 7(a) that limestone and clay are available in large quantities on the company's own property within a mile of the factory buildings. Have the company formed any estimate as to the total quantity of materials to be found within that radius?

Mr. Captain.—I cannot say that we have made a very accurate calculation, but we are satisfied that there is quite enough there to keep us going for about 50 to 60 years.

President.—Within a radius of one mile?

Mr. Captain.—Yes.

President.—I had to put this to you because, in answer to question 23, "How many years supply of your principal raw materials have you secured?" you merely say that information is not available at the head office.

Mr. Captain.—We had not very accurate information. Our chemist has made borings, and he feels that there is enough there to last for 50 years. Perhaps it is not as accurate as he might have done it, but for practical purposes we know the raw materials will last there for 50 or 60 years.

President.—Is that on the basis of an annual outturn of 100,000 tons?

Mr. Captain.—Yes.

President.—You do not anticipate that after a time you will have to bring your materials from a longer distance, which would raise your costs?

Mr. Captain.—No. The cost of raising limestone may go up a bit, because when we go down deeper it may cost us a little more, but I do not think it will make an appreciable difference—8 annas a ton at the most.

President.—You do not anticipate any considerable increase in your costs?

Mr. Captain.—No.

President.—In answer to question 7(b) you say that you bring your coal for power from the Rewah collieries, and that you require a certain amount of Bengal coal from Jheria for the kilns. Later on you have given us the quantity of coal that you require per ton of cement. How much of the coal do you require for your kilns and how much for power?

Mr. Captain.—I can give you figures. Roughly speaking with our present production—we are only working our plant to half its full capacity—the consumption for power purposes is about 1,000 tons a month and for kilns very nearly 1,500 tons a month.

President.—About 3/5 will be Bengal coal and 2/5 will be Rewah coal?

Mr. Captain.—That is right, but we are trying to make experiments also whether we cannot use this coal which is nearer to us for the kilns also, and we are mixing the two coals as a matter of fact at present.

President.—Are you using about half and half from these two sources?

Mr. Captain.—At present about half and half.

President.—Naturally the more Rewah coal you use, the cheaper it will be for you.

Mr. Captain.—Quite.

President.—In answer to question 7 you say, "In our opinion the most important factors in selecting the site of a cement factory in India are (1) vicinity to the areas from which the raw material is drawn (2) vicinity to important markets and (3) vicinity to the coal fields." Are these arranged in the order of importance?

Mr. Captain.—In my opinion, yes.

President.—I take it that the cost of transporting your clay and limestone would be a good deal heavier than the cost of transporting coal.

Mr. Captain.—Yes. Besides to make one ton of cement we use about 1½ tons of limestone, whereas to make one ton of cement we require half a ton of coal. Also there is clay in addition.

President.—It is for that reason you regard vicinity to the raw materials as the most important point?

Mr. Captain.—Yes.

President.—In answer to question 10 you allude to the fact that your cement does not command anything like the same price in the market as the imported cement, and you say that this is due to the fact that the imported brands are well known and have established a reputation for themselves. "Engineers and contractors" you say "have used these brands for years and years and have found them thoroughly satisfactory," you mean that there is a certain feeling that Indian cement is not as good as imported cement?

Mr. Captain.—Yes.

President.—Has your company taken any action to overcome that prejudice?

Mr. Captain.—We do our best.

President.—You got a very satisfactory report from the Calcutta Port Commissioners about your cement. Have you got their permission to use this as an advertisement?

Mr. Captain.—This report that they gave us was a verbal report saying that they were satisfied with our cement. We are asking for a written report and when we get that we will probably advertise that.

President.—Have you supplied any cement to the Indian Stores Department?

Mr. Captain.—We have not been very successful with our tenders, though once we had a tender accepted. But we have had our cement tested at

Alipore in Calcutta and also in Bombay by the gentleman who tests for the Bombay Government, and we have received very favourable reports and we do advertise those. We have printed and distributed them.

Mr. Ginwala.—Have you got a copy of any recent report?

Mr. Captain.—I haven't got any with me, but I can send you one. * I may add that recently when our Chemist went for England on leave we gave some of our cement to him and have asked him to get it tested by the gentleman who tests for the Admiralty in England. When we get this report we shall distribute this also.

President.—What was running in my mind was this. There is no question at all that at present the Indian cement is cheaper than the imported cement and apparently it is quite as good. If so, it is important to try and bring these facts to the notice of the people who are buying cement, and this is the way in which the industry can most readily help itself and hold its own against its competitors.

Mr. Captain.—We quite see that. But of course all these things take a little bit of time, and the present position, specially of the newer cement companies, is extremely critical. What is likely to happen is this. To-day cement is cheaper in India than anywhere in the world but, paradoxical as it may seem, without protection prices are likely to rise and with protection they are not likely to rise.

Mr. Ginwala.—Would you mind telling me what rate you got from the Calcutta Port Commissioners?

Mr. Captain.—Rs. 32 a ton.

Mr. Ginwala.—And the freight to Kidderpore from your works is about Rs. 12?

Mr. Captain.—Yes.

President.—In answer to question 10 you say "It is only fair to point out however that the present great difference in the markets of Bombay and Calcutta between the price of Indian Cement and Imported Cement is not due entirely to a preference for imported cement on the part of the consumer, but is due in a great measure to the severe internal competition between the Indian manufacturers themselves." What I want to put to you is this. Is not the present price of Indian cement at the ports regulated entirely by internal competition?

Mr. Captain.—I should think so.

President.—If the importation of cement from abroad were entirely prohibited would it make any difference?

Mr. Captain.—Not at present, as far as the price is concerned.

Mr. Ginwala.—You can't say that, you might combine!

Mr. Captain.—If we do combine you may deal with us in the manner suggested in paragraph 86 of the Indian Fiscal Commission's Report?

President.—I am not suggesting that there is not a prejudice for the imported cement, although I hope it will eventually be overcome. All I mean is that, if importation were prohibited, it would not at present affect the price of cement at Calcutta and Bombay.

Mr. Captain.—It would not affect the rates; it would affect our production in the factory. We would be able to produce 50 per cent. more than we are doing just now, and we expect that, if these present low prices continue, the demand will catch up with the supply very rapidly.

President.—At present can protection do anything for you except increase your market to a certain extent?

Mr. Captain.—I agree with you, but I say that the increase in the market will be a great advantage to the industry.

President.—It must be of some advantage, I fully admit; but how much?

* Not printed.

Mr. Captain.—Ultimately it would be of great advantage because by the time, say in three years, when the demand catches up the supply, naturally the prices will go up too.

President.—I shall come to that point later, i.e., the possibility of an expansion of the consumption.

In answer to question 19 which is "Please give the cost per ton delivered at the factory of the raw materials for each year since the factory was established.....", you say "The cost per ton of limestone is high now, but will go down considerably as soon as we begin to use our Bucyrus shovels." Your present cost per ton both of lime and clay is about equal?

Mr. Captain.—I think you have got it in the statement of costs.

President.—They have been lumped together as "Raw materials."

Mr. Captain.—Roughly speaking it costs us between Rs. $\frac{1}{2}$ to $\frac{1}{3}$ to raise the limestone: clay costs very little, about 6 to 8 annas a ton delivered at the mill.

President.—You say in answer to question 20 "Cement experts of the right type are not easily procurable from England, especially now-a-days when the English cement factories are working 3 shifts a day owing to the increased demand for cement in England." I rather gathered that the cement companies in England were not doing well at present.

Mr. Captain.—My information is—I say this from the last annual report—that the Associated Portland Cement Manufacturers Ltd., had a very good year.

President.—I do not know that I have seen that report, but there was an article in the *Economist* in which they gave figures of the various Cement companies, and the general impression I got was that they were going through hard times.

Mr. Ginwala.—They considered that they were doing very well when they made 5 per cent. Would you be satisfied with that?

Mr. Captain.—I would be very glad to get 5 per cent. to-day! We are not getting even 1 per cent. My own belief is that they are doing very well: in fact I am pretty certain about it. What I have quoted is from a letter received from our agents in England. We asked them to send out a burner from England but they could not send one, and this is the reason they gave.

Mr. Kale.—Is it because they have secured advance orders for one year?

Mr. Captain.—They may have from the British Government, I am not sure about it but one does read in the newspapers that, owing to unemployment in England, the British Government are likely to start a lot of development works, as one of the methods of relieving unemployment, and if they do start this development work they would be using a lot of cement. One of these development works will be the construction of new roads, and that will take up a lot of cement.

President.—In answer to question 27 you say "We get our gypsum by rail from the Punjab and from places near Jodhpur. The freight on this gypsum is fairly heavy?"

Mr. Captain.—Yes. It varies from Rs. 20 to 23 per ton.

President.—What is the distance?

Mr. Captain.—I am afraid I can't say. I think the nearest place we can get gypsum from is somewhere in Rajputana, and the freight from that place is about Rs. 18. But I think the gypsum we get from the Punjab is much better stuff, but we have to pay for that a much higher freight. It is very good gypsum.

President.—Have you given us the quantity of gypsum you require for a ton of cement?

Mr. Captain.—It is about 5 per cent. roughly speaking. For one ton of cement we require .045 ton of gypsum, that is, a little less than 5 per cent.

I may mention one thing about the limestone. In actual practice we have found that we do use more—we are taking steps to see that we use less—but

theoretically we require about $1\frac{1}{2}$ of limestone to make a ton of cement. The calculation of the factory was that they had used more. Either their calculations are wrong or they have used more than we should theoretically use at any rate. But this $1\frac{1}{2}$ is theoretical.

President.—Can you tell us what the actual practice is?

Mr. Captain.— $1\frac{1}{2}$ tons. It varies, but it averages $1\frac{1}{2}$ tons. The cost figures I have given are the actual cost to the factory during these 6 months.

Mr. Ginwala.—Would you like to check your figures in paragraphs 12B and 13?

Mr. Captain.—I would.

President.—I think it would perhaps be better if you were to see the Secretary and then get into shape what correctly represents your views, because certain consequential alterations will be required.

Mr. Captain.—Yes, I will see to that.

President.—In answer to questions 28 to 31 you say "Our quarry is at present let out to contractors who employ from 300 to 1,000 men. We shall be able to dispense with the contractors in a few months when our Bucyrus shovels are ready to work." These shovels are mainly intended for the limestone?

Mr. Captain.—For clay also.

President.—So that you will be able to dispense with the contractors not only in the case of limestone but also in the case of clay?

Mr. Captain.—Yes, except perhaps for the transport of the clay to the mill. But for the excavation of the clay we shall be able to dispense with the contractors.

President.—But still there will be a certain amount of contractors' labour employed?

Mr. Captain.—Yes, contractors' labour there will be.

President.—In answer to question 33 you say "The General Manager and the Chief Chemist are the only 2 men at present working at the factory who were imported from abroad," but you add "We have also working at the factory 2 Scotchmen who were engaged in India. One of them is only occupying a subordinate position."

Mr. Captain.—I wanted to be accurate. We happened to get them locally and we did not have to import them.

President.—Do you consider that these two posts, or one of them, could be satisfactorily filled by Indians at present?

Mr. Captain.—Not yet.

President.—Neither of them?

Mr. Captain.—No.

President.—So that for the present you have 4 appointments in the factory which must be filled by Europeans?

Mr. Captain.—Yes.

President.—Then there is also the burner whom you are trying to engage?

Mr. Captain.—Yes, we must get a burner.

President.—Can you tell us what these two posts held by the Scotchmen are?

Mr. Captain.—The first one is the Chief Mechanical Engineer. The other one in charge of the shovels, looks after the loading of the limestone at the quarry, and generally hustles the contractors' labour.

President.—It is outdoor work he is doing?

Mr. Captain.—Yes, but he also understands the shovels which nobody before understood except our General Manager.

President.—Do you anticipate that both these appointments will before very long be filled by Indians?

Mr. Captain.—I think in a few years.

President.—In answer to question 36 you say "The total number of Indian workmen employed at the factory is 650. The total wages paid to them every month amount to Rs. 18,000. The wages of Indian workmen vary from about Rs. 300 a month to about Rs. 15 a month." Would it be possible to classify the wages according to the different classes of labour?

Mr. Captain.—I don't think it would be impossible. We had to send our answers early and we had not got all the materials. I think our works will be able to make some sort of classification.*

President.—In answer to question 39 you say "The Indian labourer improves considerably with training. We are informed that the present efficiency of Indian labour at our factory compared with labour in an advanced country like America is about 1 to 6." That, I take it, means that you require six men to do the work that one man will do in a corresponding works in America.

Mr. Captain.—This is the figure given by our General Manager.

President.—Your General Manager is an American?

Mr. Captain.—Yes, sir.

President.—In answer to question 45 you have given us the cost of the Rewah coal at the colliery at Rs. 8 per ton, but for the kiln coal which comes chiefly from the Bengal coalfields you have only given the freight. You have not given us the figure for the cost f.o.r.

Mr. Captain.—Rs. 10-8-0 per ton.

President.—That makes a considerable difference.

Mr. Captain.—But it is much better coal.

President.—Then we come to question 50. "You say it is reasonably certain that the Indian demand for cement will increase very substantially within a short time." Well, I wish I could share your optimism because there is a good deal to be said on the other side. For instance, where is this increased demand going to come from? Is it going to come from Calcutta and Bombay, or is it going to come from up-country?

Mr. Captain.—Chiefly of course from the big towns, but also from up-country.

President.—Let us take the case of big towns. You have already got the big scheme of the Development Corporation in Bombay in full swing. I take it that already their consumption of cement is up to what their average will be for a number of years. Do you anticipate that they require more?

Mr. Captain.—They won't require more. What we do think is that contractors and engineers in India do not understand cement just now. Even in the Presidency towns they do not understand cement. I am not an expert myself, but I say what I have heard from people who do know and it is this, that you can construct buildings of cement much cheaper and better than of brick or stone, and Indian contractors and engineers do not sufficiently understand this. But they are gradually understanding it, and they use more cement now than they were doing before. Formerly the price of cement was prohibitive but with the cheap price of cement they are learning to use more cement. In America and in new countries which had to be developed there has been a great increase in the consumption of cement. In India also the increase in the consumption of cement within the last few years has been extraordinary.

President.—Undoubtedly, so is the increase in the consumption of iron and steel in those countries, but I don't anticipate any expansion of the demand in India for iron and steel on any scale comparable to what took place in America.

Mr. Captain.—I do not know much about the case of iron and steel.

* See Statement II-6.

President.—The point I am really trying to understand is this. You ask for protection. It is no good to you unless, sooner or later, it increases your price.

Mr. Captain.—Quite so.

President.—How would the increase in the consumption be affected by a rise in the price?

Mr. Captain.—What I anticipate is this. At present, the supply being very nearly twice the demand, we have got to cut the prices to a very great extent. We are selling practically at cost, or below cost. But if the consumption, that is the demand for cement, catches up with the supply, prices will naturally go up which will enable us to earn the ordinary commercial profit.

President.—If prices go up, won't consumption go down.

Mr. Captain.—Prices won't go up very much. They will go up just as much as would enable us to earn a fair profit. If people learn to use cement, they will keep on using cement even if it is slightly more expensive. There is a passage in the Indian Munitions Board Handbook about the Portland Cement Industry by Messrs. Musgrave and Davis, which reads as follows:—"The use of ferro-concrete, comparatively new even in the western world, is extending very rapidly, bridges and heavy structural work of all kinds and even ships being made of it." It will in itself provide a big market, etc.

President.—I know. But you must remember that a certain deduction is to be made from anticipations of that kind published during the war.

Mr. Captain.—That is true.

President.—A good many of these predictions have been falsified, and progress has not been so rapid as was anticipated then.

Mr. Captain.—What happened in America, was that in the year before the war, they made and consumed 17 million tons of cement; during the war the production dropped and it remained low till 1920. In 1922, the production rose to about 19 million tons and in 1923 the production was 23 million tons.

President.—You have given all these figures in your written statement. My suggestion is that conditions in India are not comparable to those prevailing in the United States of America.

Mr. Captain.—They are not. But we do expect India to advance: India is advancing.

President.—I hope so undoubtedly, but I think that if people base their expectations on a very rapid increase in the consumption of cement in this country, there is a great danger of enterprises founded on calculations of that kind coming to grief.

Mr. Captain.—The cement companies have got to suffer for that and they are suffering now. What we do expect is that in a few years these anticipations will be realised. Perhaps they have not been realised as quickly as we thought that they would be realised.

President.—In order to take up the output of the Indian cement companies, you want the consumption of the country to go up by more than 50 per cent.

Mr. Captain.—Yes.

President.—What I would like to put to you now is this: are you basing your expectations to any extent on the use of cement in large quantities for irrigation schemes in Northern India and things of that kind?

Mr. Captain.—Partly that: for instance I read in the papers not very long ago that the Central Provinces Government had in view some very large irrigation scheme. Also the general public will be using more cement.

President.—I want you to confine yourself to irrigation for the moment. The Board have received information that the engineers in charge of big schemes in the Punjab have decided not to use cement for certain purposes because the cost, even at present prices, is prohibitive as com-

pared with hydraulic lime. It is for that reason—it is on account of the information we have had of that character—that I want to suggest to you that, if you are to get this great increase in consumption, not only the price must not go up but it must go down. Mind you, I am not putting forward these as my views. I am trying to get your opinion.

Mr. Captain.—My own opinion is this. In fact I am very optimistic about it. I feel pretty certain that the consumption in India will go up very rapidly. It will be used more and more than at present. In a few years when the people learn to use cement, they will be using it practically for every building.

President.—How does the total consumption to-day compare with what it was in 1914?

Mr. Captain.—It compares very well. I have given the figures in my written statement.

President.—Where have you given them?

Mr. Captain.—We have given them in answer to question 50. In 1912, India consumed just over 100,000 tons. In 1920, India consumed about 200,000 tons and in 1923, 340,000 tons. This in itself is a big increase and what we think is—from the way in which we are selling we cannot say definitely what will happen—India will consume about 400,000 tons this year.

President.—Do you happen to know the market price of cement in 1912?

Mr. Captain.—I don't know. I was not then in the business myself. I believe it was very cheap. It must have been sold in Bombay at Rs. 40 or so, but I could not give you a figure with any confidence.

Mr. Ginwala.—It was Rs. 45 to 50 I think.

Mr. Captain.—That is the price to-day.

President.—You base your expectations to some extent on the big increase in consumption that has gone on since 1912?

Mr. Captain.—Yes.

President.—You think that consumption will tend to grow at something like the same rate?

Mr. Captain.—Quite so.

President.—The basis practically being that cement is one of the few articles the price of which has not become dearer in India to-day than it was before the war?

Mr. Captain.—It is said by optimists in the cement trade that the next age is going to be the cement age. All sorts of things are going to be made of cement. As India advances, she will be using cement for all sorts of things; for instance railway sleepers have been made of cement. Supposing all railway sleepers are made of cement, consumption would jump up tremendously.

Mr. Ginwala.—You say that the use of cement is restricted in this country by the fact that engineers do not understand its use. I think that that is hardly an explanation. Is it not a fact that cement is not used in this country, as often as it might be, because it requires a lot of supervision to get the correct mixture?

Mr. Captain.—I was going to add myself that the people who erect buildings—I mean the contractors—do not understand themselves how cement is to be used.

Mr. Ginwala.—Even if you employ an expert engineer; he cannot be there the whole time, and he cannot see that they take the exact quantities of bricks, sand, cement, and so on. Is not that a real difficulty in this country?

Mr. Captain.—Not much. I think that it is very easy. I have seen myself a lot of cement work done by quite ordinary people. They have done it quite well.

Mr. Ginwala.—I don't suggest that it requires extraordinary intelligence, but our Indian labour is casual and requires constant supervision. If any

mistake is made in the proportions of cement, lime and other things, the whole building may be seriously injured, is not that so?

Mr. Captain.—That is so. I was going to add that cement is not used as much as it might be, not only because engineers do not understand the use of it, but also because contractors also do not understand how to use it.

Mr. Ginwala.—They may understand as much as they like. Is not supervision the chief difficulty?

Mr. Captain.—India has advanced far enough to-day to provide adequate supervision. Of course you must have ordinarily good supervision, but you require good supervision for doing anything of importance to-day.

Mr. Ginwala.—Is it not a fact that any mistake in the mixture might lead to serious consequences?

Mr. Captain.—If they don't make the mixture properly, I suppose it would. But the mixture is very easy to make. It becomes a mechanical job. You use so many parts of cement and so many parts of sand. I am not a technical man. But I think that it is very easy. I have seen a lot of cement buildings erected at our own factory and men whom you would not consider particularly highly qualified have supervised the erection of these buildings and have done it quite satisfactorily. The difficulty is there but we are overcoming it. I am told by contractors in Bombay that they are using much more cement to-day than they ever used before.

President.—Do you think that the difficulty of supervision will be gradually overcome?

Mr. Captain.—It is undoubtedly a difficulty and it is being overcome.

Mr. Ginwala.—Then there is the question of price. How would you represent the difference between lime and cement in terms of money?

Mr. Captain.—I should not like to give an opinion. At present-day prices I have heard it said that cement is cheaper to-day.

Mr. Ginwala.—Take a hundred cubic feet of work. Supposing it is built in lime, and supposing it is built in cement; what would be the difference between the two?

Mr. Captain.—I don't think that I can express any opinion on that.

Mr. Ginwala.—That is rather an important point.

Mr. Captain.—Any engineer can give you that information. Of course I can get you that information.

Mr. Ginwala.—So can we. Have you considered that point?

Mr. Captain.—I am sorry I have not. I have only been told that it is cheaper to use cement. I can only rely on what I have been told.

President.—If the lime is made on the spot, and if the cement comes from a distance of 500 miles, it would make a considerable difference.

Mr. Captain.—In Bombay cement is cheap to-day, and I should not be surprised if it is cheaper to use cement than lime.

Mr. Ginwala.—There are many factors which enter into this consideration. What is cheap at first may be really more expensive in the long run.

Mr. Captain.—Quite so.

Mr. Ginwala.—I want to know whether, being in the cement business, you have worked out the figures.

Mr. Captain.—I have not worked out the actual calculations. I have been told that cement is cheaper. Even if it is more expensive at first, it is cheaper in the long run.

Mr. Ginwala.—What would be the effect of climate on ferro-concrete?

Mr. Captain.—The Indian climate is quite all right for it.

Mr. Ginwala.—Take the question of roads. We have experimented in Burma with cement roads, and we don't find them a great success for the reason that, owing to the variations in temperature—roads are always exposed

to the sun and rain—we found that there were cracks in them which could not be repaired. As you know in America lots of roads are made of cement.

Mr. Captain.—Surely there are greater variations in America than there are in Burma.

Mr. Ginwala.—I am asking you whether you admit that this as a disadvantage.

Mr. Captain.—If that is so, it is a disadvantage.

Mr. Ginwala.—Is it, or is it not, a disadvantage?

Mr. Captain.—I don't know what happened in Burma. I think that the sort of variations that we get in India or Burma is not such that it will make the use of cement impossible. There may be the difficulty of supervision. When those cement roads were made, perhaps the mixture was not all right, and that may be why the roads cracked. Otherwise, they should not crack. In Bombay they are making cement roads. They have just started that.

Mr. Ginwala.—If the price of steel goes up, will that not affect the use of cement?

Mr. Captain.—You mean people will use cement instead of steel?

Mr. Ginwala.—You require a considerable quantity of steel in re-inforced concrete construction. If the price of steel goes up, would it not affect you?

Mr. Captain.—I don't know exactly what is the exact proportion of the cost of steel in a ferro-concrete construction, but I should imagine that it is not a substantial portion of the cost. The substantial item is cement itself.

Mr. Ginwala.—Do you think so?

Mr. Captain.—I should think so.

Mr. Ginwala.—In your opinion the price of steel going up will not affect the use of cement considerably?

Mr. Captain.—I should not think so.

President.—If ferro-concrete were substituted for steel, it might benefit the cement industry?

Mr. Captain.—Yes, it would.

President.—That was what Mr. Stuart-Williams, Chairman of the Calcutta Port Commissioners, told us. If the price of steel went up they would at once explore the extent to which they could substitute ferro-concrete buildings for steel frame buildings.

Mr. Ginwala.—It may have the opposite effect. It may make the use of cement more common. On the other hand, take the case of buildings (I don't mean ferro-concrete buildings) where a considerable quantity of cement is used along with steel. If the price of steel goes up, will not people take to wooden beams and things like that and lime?

Mr. Captain.—As I told you before, I am not an expert in these matters, but my information is that wood would be much higher in cost. In fact there would be no comparison between the prices of cement and wood.

Mr. Ginwala.—We were told by some Engineers that that would be the effect.

Mr. Captain.—I am very surprised to hear that a wooden structure would be cheaper than a cement structure.

Mr. Ginwala.—Some engineers gave that opinion.

Mr. Captain.—They ought to know better.

Mr. Kale.—When you speak about the extension of the demand for cement in India, are you referring also to an increase in demand in the districts?

Mr. Captain.—Yes.

Mr. Kale.—Some years back, the use, say, of galvanised iron sheets was not very common, but when the utility of the sheets was realised by the public, the cost of these sheets went down, and since that time the use of these sheets has been on the increase.

Mr. Captain.—Quite so.

Mr. Kale.—Do you think that there is an analogy between the use of cement and the use of these sheets?

Mr. Captain.—I should think that there is an analogy. Exactly the same thing is likely to happen in the case of cement. People in the districts, just like the people in Bombay, are getting more intelligent. As they learn to appreciate the use of cement, they will use more cement. As a matter of fact they are using more even to-day.

Mr. Kale.—Is that your experience?

Mr. Captain.—Yes, we get orders from all sorts of outlying places.

Mr. Kale.—With regard to the difficulty of supervision: do you think that this difficulty of supervision is experienced very largely in the case of important and complicated works like the docks, for instance?

Mr. Captain.—Yes, that is so.

Mr. Kale.—Not so in the case of ordinary buildings?

Mr. Captain.—Not so much.

Mr. Kale.—Therefore the difficulty of supervision will not be very great in these instances. As a matter of fact in larger towns already many official and non-official buildings are being built of concrete and there is no difficulty.

Mr. Captain.—Not as far as I know. I have spoken to several contractors in Bombay. They are using any amount of cement just now and they don't seem to find much difficulty. Even these contractors don't use much. They are a bit nervous. They are getting over it now. They are beginning to understand and they are getting more and more competent as years pass by. Things will improve still more. As far as you can see in Bombay and places like that, the difficulty of supervision practically does not exist.

Mr. Kale.—In the larger towns, it does not exist. In smaller places, cement is not likely to be used in very important works. It will be used only in smaller works. Therefore the difficulty of supervision would not be very great.

Mr. Captain.—In course of time there would be sufficient skilled labour available in the mufassal even for important works.

Mr. Kale.—As regards the difference between the price of cement and lime, will not the use of cement depend on its price?

Mr. Captain.—Yes, it will.

Mr. Kale.—Supposing lime is easily obtainable, the natural tendency is to use lime?

Mr. Captain.—Yes.

Mr. Kale.—If the price of cement goes down, and if cement is within the easy reach of the common people, naturally cement will be substituted. It is more or less a question of price.

Mr. Captain.—That is our expectation. As I said, I don't understand these things myself, but I have been told by people who do understand cement in India that they would simply not use lime.

President.—You have mentioned about the cement roads in Bombay. If there is to be a rise in the price of cement, it is doubtful whether they will use cement at all.

Mr. Captain.—I am glad that you have mentioned it. The Bombay Corporation are now paying for their cement 100 per cent. more than the market price.

President.—Is that under an old contract?

Mr. Captain.—Yes. At present prices, they can buy much cheaper. Even if the price of cement were to increase, I have no hope that it will ever reach the figure which the Municipality is paying.

President.—In reply to question 52, you say "No doubt, we are more easily able to compete against foreign cements in all markets which are at

distance from the ports, but our own view is that at present these markets do not take any substantial quantity of imported cement." Of course you have only been working for the last 8 months.

Mr. Captain.—Yes.

President.—Of the 23,000 tons you produced within the 8 months, would you give us the approximate figures of the quantities that went to Calcutta and Bombay and the quantity that you sold upcountry?

Mr. Captain.—As far as our own cement is concerned, a very small portion has gone outside Bombay and Calcutta. In the Bombay Presidency, places like Poona, Belgaum, Sholapur, etc., have taken a fairly large quantity.

President.—From your point of view, are these markets as difficult as the Presidency towns?

Mr. Captain.—In the markets of the United Provinces, we have a great advantage.

President.—I am asking you only at present about places you yourself mentioned, *vis.*, Poona, Belgaum and Sholapur in the Bombay Presidency. These would not be markets in which you find it easy to compete.

Mr. Captain.—No.

President.—What I wanted to know was what proportion went to the Central Provinces and the United Provinces?

Mr. Captain.—A very small proportion, not worth talking about. As far as we are concerned, this much has to be said. We have only been selling properly during the last six months. The United Provinces market has not been properly developed but we do expect to sell more. Perhaps it has so happened that we have pushed our sales in Bombay and Calcutta better. We have also sold to the E. I. Railway and E. B. Railway for consumption in the mufassal towns.

President.—They require that the cement should be delivered at various stations?

Mr. Captain.—Yes.

President.—It is quite conceivable that a state of things might arise in which it would pay the railway companies to buy the cement needed up-country from the Indian companies, and import the cement required for the ports.

Mr. Captain.—Quite.

President.—However I don't want to spend more time over that. In answer to question 53, you say "Export of cement from India is probable in the near future to Ceylon, Singapore, Java and to East Africa, provided freight is obtainable at reasonable rates." Is not there another question which has got to be solved before you can begin to think of the export trade? What about packing?

Mr. Captain.—That is quite true. There is no doubt at present a prejudice against cement sent in bags to places like Burma.

President.—Is it not more than a prejudice?

Mr. Captain.—Probably these people have never tried really good class Indian cement sent in Indian bags. If they try it, this prejudice will probably disappear. We ship cement in bags. We have not got the barrels. As an experiment we did ship a little cement in bags. It arrived there in quite a good condition. There was no question about quality having deteriorated or anything of that description. It was a question of freights.

President.—When you are trying to conquer an export market, is it not rather necessary to conform to the prejudices, if they are prejudices, of the consumers?

Mr. Captain.—We are trying to get barrels. We are in communication with a firm who say that they are going to quote us prices.

Mr. Ginwala.—What firm is that?

Mr. Captain.—Spedding & Co. The Stores Department in Simla put us in communication with that firm. If barrels cannot be made in India, we cannot ship in barrels. I think that they can be made. There is another firm trying to make barrels. I think Messrs. Allen Brothers are interested in it.

President.—My point is that the export trade will not develop unless the Indian manufacturers exert themselves, and arrange for export in barrels.

Mr. Captain.—What would be the good of Indian companies exerting themselves unless they get favourable freight rates?

President.—Then, you don't consider that the present freight rates are reasonable?

Mr. Captain.—No, they are not.

President.—Then the passage in your written statement should perhaps be, "Export of cement . . . will not develop unless we get reasonable freight rates."

Mr. Captain.—That would be the correct way of putting it.

President.—Can you tell us what your freight rates are at present to any of these places?

Mr. Captain.—The freight from Bombay to Ceylon is Rs. 12 a ton which is the same as from England to Ceylon. The freight from Calcutta to Rangoon was Rs. 18 a ton, but it is now Rs. 12 the same as from England to Rangoon.

President.—Do you think it is likely that these freights will go down to what you consider a reasonable figure?

Mr. Captain.—I understand that the Government of India are making some enquiry about the coastal trade. They have got a sort of Committee or some such thing.

President.—The question has come up again and again. So far, nothing has happened. Your view is that, if freight rates remain at their present level or higher, there is not much chance?

Mr. Captain.—Very little chance. We can get to Rangoon. I don't count Rangoon as a foreign port.

President.—From the nature of the case, so long as freights from Indian ports to destination are the same as from British ports to destination, the British manufacturer must have the advantage because he is much nearer the port in his own country. You have got to pay railway freight to either Calcutta or Bombay. There is no corresponding charge in the case of the British manufacturer.

Mr. Captain.—Quite so, but I may say this. At the present moment we are content to sell at a loss, whereas the British manufacturer may not be content to sell at a loss. Probably he will want the ordinary profit.

President.—He may want it, but will he get it?

Mr. Captain.—He does. There is a big cement combine in England, the Associated Portland Cement Manufacturers. Their last report showed that they did quite well. They were the people who put up the factory, in India, at Japla.

President.—In answer to question 53, you have given us f. o. b. prices. As far as I can see, it works out to very much the same as the information we got from elsewhere. Can you tell us where your information came from? The reason why I am asking you this is not that I distrust your figures at all, but that we want to ascertain the sources from which we can get information on this point. If you have taken it from a source which you are not at liberty to disclose, you need not of course mention it.

Mr. Captain.—I can say this that it is from a very good source.

President.—You would rather not go beyond that.

Mr. Captain.—I would not. It was a quotation for a very large quantity of cement obtained from a very good class firm.

President.—Does that answer apply to the other years?

Mr. Captain.—The other figures I got from an American paper. It is an article entitled "British Trade in cement" by Alfred Nutting. The article is in a paper called "Concrete." There he has given the export price f. o. b. I read the extract:—

"Compared with the first six months of 1921 exports of cement in the current period show an increase of 54 per cent. and of 52 per cent. for 1922. The fall in average export price has been even more marked than was the case with imports declining from £6-5-9 per ton in the 1921 period to £3-12-7 a year ago and to £2-14-10 per ton this year, the last named quotation being lower than the import price. In June 1923, the average export rate declined further to £2-12-9 per ton."

This is where the figure was got from.

President.—From the price you have given in the first part of your answer to question 57 the inference is that imported cement can be sold in Calcutta and in Bombay somewhere in the neighbourhood of Rs. 60 a ton?

Mr. Captain.—About Rs 60.

President.—Rs. 60 is not an unfair figure to take as a round figure?

Mr. Captain.—Quite so.

President.—You have not answered question 59. "How far are the quotations in the Trade Journal in accord with the prices at which transactions actually take place?" The reason why we put that in was that, in our steel enquiry, we were informed by the Tata Iron and Steel Company that in accordance with their contracts with the engineering firms in Calcutta their business was done on the basis of the trade paper quotations with certain reductions agreed on beforehand. What we wanted to find out was whether there was any custom of that kind in the cement trade.

Mr. Captain.—Nothing.

President.—It is always difficult for the outsider who is not in the business to know what weight should be attached to those quotations. Have you any views about this yourself? Do you think that, on the whole, trade paper quotations are usually on the high side, i.e., rather above the prices at which business is actually done?

Mr. Captain.—Is there any particular trade paper you are referring to, or do you refer to the statistics published by the Indian Statistical Department?

President.—I am referring to the British Trade papers.

Mr. Captain.—I am afraid I am not familiar with these. Probably the prices would be a bit higher, I should think.

May I just say this. I sent an answer to supplement one of the questions. I had not got certain information and we cabled to England to find out the price of cement for home consumption and we find that it was from £2-18 to £3 per ton, which is more than the f.o.b. price of England cement for export.

President.—That is what one would expect, especially when the prices have dropped in India. Import prices have got to drop also.

Mr. Captain.—It is a question of surplus production to be sold at cost or a little more than cost.

President.—In answer to question 66 you say "The Indian manufacturer is certainly at a disadvantage as compared with the foreign manufacturer as regards the cost of plant and machinery" and then you have explained why this is so. Your factory was put up not long ago. Have you got any information showing what it would have cost if erected in England, i.e., a plant with the same output?

Mr. Captain.—If it had been erected at the same time it would have cost a terrible amount of money. A factory was erected in England almost exactly the intended size of our factory, and I think it cost about a million sterling and the company went into liquidation. The prices were very high and people never expected that prices would drop down with the rapidity

with which they have come down—a thing entirely unexpected in England as well as here.

President.—As long as machinery and so on have to be imported the cost of a factory in India would be higher than in England. Is it possible to ascertain the percentage of increase in the capital cost which construction in India entails as compared with construction in England. Would you say it was 20 per cent. more?

Mr. Captain.—I was going to give an answer, but it was not based on any calculation. I should say 20 per cent. but I would not ask you to attach too great importance to my answer.

Mr. Ginwala.—But cannot you calculate that?

Mr. Captain.—I will have to calculate the exact freight, duty and erectors' charges. We have to get our erectors generally from Europe to erect the factory. Generally speaking, to get competent supervision from abroad is much more expensive. All these factors will have to be taken into consideration.

Mr. Ginwala.—The main factors would be freight and duty and the locking up of the capital for a much longer period. Cannot you calculate that? You have got only four or five items, and on page 33 you have given the cost of machinery.*

Mr. Captain.—I did try to calculate so far as our machinery was concerned, but the difficulty was that a lot of machinery came when Burn & Co. were managing agents. They did not keep separate accounts, and it was difficult to calculate the different items separately. We have got separate accounts after Mathradas Goculdas & Co. became managing agents. I should think about 20 to 30 per cent. would be very near the mark.

Mr. Kale.—Would it include everything?

Mr. Captain.—Yes. I am speaking off-hand but I think between 20 and 30 per cent. would do.

President.—Please refer to clause (b) of the question 66, which alludes to the disadvantage the Indian manufacturer is under in having to pay high wages to labour from abroad—using the term labour in the widest possible sense. In the case of your factory, on an output of 100,000 tons, the extra cost would be a very small percentage even supposing that you are paying the Europeans twice as much as the Indians.

Mr. Captain.—We are paying more than that. We are paying our chemist Rs. 1,500 and our assistant chemists get Rs. 250—300.

President.—If you want to get good results, you cannot cut salaries much. You cannot afford to underpay people who are doing really responsible work.

Mr. Captain.—Even in England the salary of a chemist is only about £500 a year. You would not expect us to pay a higher salary to an Indian than is paid to an Englishman in England.

President.—You may have to. Even so, taking it on the basis that you can fill these appointments sooner or later by Indians on half the present salaries, the total amount saved per annum would work out to a very small percentage per ton of cement.

Mr. Captain.—If our factory is run at full capacity it would make a small difference.

President.—After all this extra sum between Rs. 20,000 and Rs. 30,000 has to be divided by 100,000.

Mr. Captain.—There is not the slightest chance of our factory working to its fullest capacity under present conditions. Even on an optimistic basis it would take about 3 or 4 years.

President.—You say that labour is cheap in India, but it is at present inefficient as compared with English or American labour. The efficiency of Indian labour is bound to improve as time passes. Comparing your costs as

* See Statement II-7.

you have given them with labour cost of the British manufacturer, as given in the figures you have supplied, the British manufacturer's cost is 80 per cent. more than your labour cost.

Mr. Captain.—Of course that is the cost figure for 1921 and probably they have come down since that year; for wages have come down in other industries also. Moreover the cost figure there is high because the price of coal is very high there.

President.—I converted the British figure into rupees and it comes to about Rs. 4.85 a ton as compared with Rs. 2.65 a ton so that, even if it has come down substantially, it may still be higher than your figure. The inference is that the labour cost of your cement is not greater than the corresponding cost abroad.

Mr. Captain.—I would like to say one thing. We cannot know exactly how far our cost sheet is made exactly on the same basis as the cost that we have taken from the paper "Engineer." We have included the labour costs in various heads: for instance "factory labour" is down there and that is not the only labour. Then there is the general supervision and local office charges. Probably they have taken the wages of all the lower paid men in the factory as "Factory labour" and the pay of all the superior officers they have taken in this figure of Rs. 70,000.

President.—That will clearly come under "superintendence."

Mr. Captain.—In factory labour as you say you might use 'labour' in a broad sense and put your chief chemist as well as General Manager in the category of labour. Here it is not included. I believe we have included all sorts of figures in the Rs. 70,000 which should have been taken in factory labour. If you take it as a whole, then that would not be cheaper than the English cost.

President.—I shall come to that later. In answer to question 66 (f) you say "We have shown that the freight from our works to Bombay and other ports in India is higher than the freight from England to the Indian ports." Do you consider that the Indian Railway freights are higher than the corresponding railway freights in other countries?

Mr. Captain.—I have no definite information on that point.

President.—If you will take a note of the point, possibly your American Manager may be able to give some information.

Mr. Captain.—He said that the freights are higher in India.

President.—It would be useful if you could give definite information. It is just possible he may know approximately what rates for corresponding distances are likely to be in America.

Mr. Captain.—Yes.

President.—I gather you get lower freight rate to Calcutta because your cement travels over the E. I. Railway only, whereas to Bombay it goes by the E. I. Railway to Jubbulpore, and onwards by the G. I. P. Railway. That of course is a common feature of railway freight charges. A railway administration will charge a low rate when there is a long lead over its own lines. Possibly it may make a difference when Government have taken over both the E. I. Railway and the G. I. P. Railway. The contract with the E. I. Railway expires on 31st December this year and that with the G. I. P. expires on 30th June next year.

In answer to question 69 you say, "Our factory is quite large enough to ensure economic production."

Mr. Captain.—It is practically the largest factory in India.

President.—Except perhaps the Dwarka Cement Company?

Mr. Captain.—Yes.

President.—Are you in a position to give figures of the output of typical firms in America or in England?

Mr. Captain.—The biggest plant here is a two-kiln plant. There are works in America which have got as many as 16 or 20 kilns, but in England a three-kiln plant would be considered a good big plant. I think our factory would be considered a good sized factory in England, but I do not think it would be considered so in America.

President.—From your answer to question 72 it appears that part of your machinery came from England and part from America.

Mr. Captain.—Part also from Denmark—Copenhagen.

President.—The crushers came from America, the cement-making machinery came from Denmark and the rest from England.

Mr. Kale.—Can you combine different sets of machinery in this way?

Mr. Captain.—The power plant and the boilers came from England and the Turbo-Generators also. We got the cement making machinery from Denmark.

Mr. Kale.—Why did you prefer that?

Mr. Captain.—I think Burn & Co., ordered that. Messrs. F. L. Smidth & Co., are a well known firm: they have supplied machinery to Bundi, Katni and the Punjab Cement Companies. I think all the plants to-day working in India have got cement making machinery either from Messrs. Allis Chalmers of America, or Messrs. F. L. Smidth, except the Sone Valley Cement Company which was erected by the Associated Portland Cement Company. Their machinery came from England. One of the gentlemen who floated our company was in charge of the Katni Works first, and it might be that he got the machinery from Messrs. Smidth, because he had previously used it at Katni.

President.—In answer to question 78 you give the other miscellaneous assets on your block account as Rs. 11,83,624.

Mr. Captain.—I would like to point out that this Rs. 1,26,84,800 is not the correct figure. As a matter of fact the factory has cost us more, but for the purposes of argument we may take this figure. The reason why this was omitted was this: I asked my accountant to give the figure and he did not include the interest on debenture loan, and certain other figures.

President.—Does this item of miscellaneous assets, Rs. 11'83 lakhs, include any debit to profit and loss?

Mr. Captain.—Supposing we take it like this. The factory was ready to work on the 1st January, 1924 and it borrowed Rs. 40 lakhs on a debenture loan on 1st January, 1922. Interest on the debenture loan from 1st January, 1922 to 1924 would go towards capital account.

President.—What you mean is that instead of paying the debenture holders you spent the money on completing the factory?

Mr. Captain.—Yes.

President.—The debenture interest will appear as a liability on the one side and the factory will appear as an asset on the other. I understand that the figure you have given includes debits of this kind, and includes only concrete assets.

Mr. Captain.—Yes. It represents chiefly, the water scheme, railways, roads, sanitation, etc. They are all concrete assets.

President.—To go on to the point you are making, is it your submission that Rs. 33 lakhs and Rs. 75 lakhs, the figures given for buildings and machinery, are less than the amounts actually spent?

Mr. Captain.—Yes.

President.—How much less?

Mr. Captain.—If you take the Rs. 33 lakhs it is less by about Rs. 9 lakhs. My accountant made a mistake when he gave these figures. As a matter of fact the cost is more.

President.—You wish to add to the cost interest on the money whilst the buildings and machinery were under construction. That he has not added?

Mr. Captain.—He has not added for a period. He omitted to take into account certain sums shown as advances to contractors because the account is not completely liquidated. The total sum he has omitted comes to Rs. 9 lakhs.

President.—It is rather important to get accurate figures as a good deal depends on them.

Mr. Captain.—This is what he has omitted.

President.—You estimate in answer to questions 89 and 90 that the present cost of erecting your factory as compared with the cost at the period at which it was actually put up, would be 20 per cent. less.

Mr. Captain.—Yes. I might have said it was less. But you will see from my answer to question 82 that this Company made a big profit in exchange.

President.—But for that the difference would be much greater?

Mr. Captain.—It would be much greater; about 35 or 40 per cent.

President.—I notice that in your answer to question 95 the estimate of British cost makes no provision at all for packing, whereas your packing cost is about 25 per cent. of your works cost. This high cost of packing is, I think, common to all statements of expenditure we have seen.

Mr. Captain.—Because our jute bags are very expensive.

President.—How does the British manufacturer pack the cement which he sells in England?

Mr. Captain.—In cloth bags, and on the Continent of Europe and America cement is sold in paper bags.

President.—This packing cost seems to me a very serious item in the Indian cost.

Mr. Captain.—Yes.

President.—Is it your view that it is inevitable?

Mr. Captain.—Yes, Sir, because cement has got to travel such long distances in India, and even with our present bags we do get complaints from people. I don't think we can at present afford to use cheaper bags. I may say we have, as a matter of fact, got out a few paper bags to give them a trial, but I do not anticipate that it will be a success.

President.—What is the practice in America?

Mr. Captain.—Paper bags. What happens there is that cement works are situated all over America, so that practically they never travel more than say 150 or 200 miles. Then again in India cement might have to be stored in godowns in Bombay and then handed out. So it is handled first of all when it is unloaded, then it is handled when it is put in the godown, then again when it goes out of the godown and so on.

President.—The British cement that comes to India comes in barrels. Can you give us an idea of the cost to the British manufacturer of packing his cement in barrels?

Mr. Captain.—I will obtain that figure for you.*

President.—If you can, it would be distinctly useful. Because *prima facie* it must cost them much more than packing in bags.

Mr. Captain.—I should think so.

President.—I was quite unprepared for the figure actually given for the cost of packing cement in India. It is extraordinarily high compared with the total price that you are getting.

Mr. Captain.—Of course we have a system in India that if the bags are returned to us in good condition, we make a good allowance to the purchaser, but somehow or other the customer will not return the bags.

Mr. Ginwala.—How often do you use them?

* See Statement II-2.

Mr. Captain.—In our own case we have never used them more than twice because we have never had an opportunity of using them oftener. It all depends on how the man uses the bags before he returns them.

Mr. Ginwala.—Have you any real hope of reducing the cost of bags?

Mr. Captain.—That all depends on the jute price in Calcutta.

President.—The trade is fairly prosperous. I do not know that there is any great chance at present of a substantial fall in the price of jute.

Mr. Captain.—I should think so.

President.—It seems to me a rather serious matter, but I must leave it at that. I have tried to make a rough comparison of your works costs with those you have given us of the British manufacturer. The British cost of raw materials is given as only 1 shilling per ton. It looks to me as if the writer of the article had deliberately left out certain items of expenditure, and given only the labour cost of handling materials. It might be difficult to give an average figure for transport and other costs.

Mr. Captain.—They may be very favourably situated and the situation may be against the hill side, and they have all these mechanical contrivances at work which makes it very easy for them to handle the materials.

President.—On the figures given you have great advantage in the cost of fuel.

Mr. Captain.—I am told that the cost of coal in England has gone down to about half the figure given.

President.—I don't think the fall is as great as that.

Mr. Captain.—I had a conversation with the Managing Director of an important cement company in England when he was in Bombay, and he told me that his price of coal worked out at much less than what we were paying for our coal for the kilns.

President.—Did he control his own colliery?

Mr. Captain.—No. He was buying in the open market. It was a factory owned by the Smidth people. They have got a factory in England.

President.—Do you happen to know their distance from the coal?

Mr. Captain.—Not far. I think the works are on the Thames. Carriage by water I expect makes it very cheap.

President.—In Form II you have included in one item gypsum and stores. Can you separate the gypsum from the rest of the stores?

Mr. Captain.—Easily.*

President.—It would be useful to have it. I notice that you are spending nothing at present on repairs and maintenance of buildings and plant. But that blissful condition of things will not last very long! Have you any idea what the cost per ton of cement of repairs and maintenance is likely to be?

Mr. Captain.—I am afraid I have no idea.

President.—It is evident that different companies have put different interpretation on certain items in the Form. Take item 6—Miscellaneous, *e.g.*, rent, municipal taxes, insurance, etc. Your figure is quite small—one rupee a ton. Under that head another company's figure is less than a third of a rupee, while a third company has given Rs. 4.68 per ton. In your case have you to pay municipal taxes at all? What are the chief items that make up the total of Rs. 23,000?

Mr. Captain.—I believe that the chief item is probably insurance; then we have got to pay an amount for our leases and I think we must have taken some wages for work going on down there—masons and things of that sort.

President.—Does the figure under the head "General, Services, etc." cover the salaries of the Manager and the Chief Chemist?

* Gypsum Rs. 39,406.95. Stores Rs. 44,039.42—See Statement II-3.

Mr. Captain.—Yes. My accountant drew my attention to the fact that a lot of wages for factory labour has been included in this statement.

President.—Of what kind of people?

Mr. Captain.—We have got a lot of clerical staff down there; we have got an Electrical Engineer who gets Rs. 300 a month. I had better explain what happens at our factory. We send out money to pay the labour from Bombay. We got two budgets, one for the superior and the other for the factory labour. It is the superior labour which is included in the "General Services." They are people who get amounts like Rs. 150 or Rs. 100 and more; they are all included in that.

President.—We will remember that there may be a certain transference between these two heads, but I don't know whether it is of very great importance. The curious thing is that your factory labour and general services together account for only a little over Rs. 5 a ton of your factory cost, i.e., about 16 per cent. of the total expenditure. The principal items in the cost statement are fuel and packing.

Mr. Captain.—In a cement factory the kiln fuel is always a big item.

President.—I quite recognize that. Turning now to your answer to question 96 you say that the depreciation allowed by the Income-tax authorities on Roads and Railways is 10 per cent. Surely you must be using 'Roads' in some technical sense.

Mr. Captain.—These are figures that were really given by a firm of Chartered Accountants who are very experienced in making up the accounts of Cement companies.

President.—But I take it that roads are not of very great importance to your concern. For ordinary roads such as you use clearly 10 per cent. would be ridiculous.

Mr. Captain.—As a matter of fact we have made a road from Jukehi to our factory, but the cost of maintaining it is so heavy that we have given up repairing it.

President.—But that would go under repairs and not depreciation. I thought the term 'roads' was used in a technical sense because I cannot imagine that on an ordinary road depreciation to that extent would be charged.

Mr. Kale.—Do the Income-tax people actually allow 10 per cent. on your roads?

Mr. Captain.—That is my information.

President.—Have you paid any Income-tax yet?

Mr. Captain.—No.

President.—In answer to question 97 (a) you say "The total sum required annually for depreciation at Income-tax rates on the total block account comes to Rs. 7,55,746." Does 'Other Assets' include your electrical and water schemes and things like that, because it struck me as a rather high figure?

Mr. Captain.—Water scheme 7 per cent. and the Railways would be 10 per cent. The Railways are included in 'Other assets.' I have got the figures for depreciation specially worked out.

President.—There is another point about depreciation, viz.:—the replacement cost. The replacement cost is a good deal less than the amount you actually spent. Would it be fair to calculate the depreciation by taking the figure you have given as the present-day cost of putting up a factory, and applying to it a 6½ per cent. rate?

Mr. Captain.—Yes, that is so.

President.—In answer to question 100 you say that on your present output you require about Rs. 8 lakhs working capital and for the full return you require about 12 lakhs.

Mr. Captain.—That is the estimate. We have never worked to our full capacity.

President.—We asked you for figures for two of the items that go to make up the working capital, one is the stock of finished goods, and you say your average value of stock is Rs. 2,12,000, while your stock of coal and spares comes to Rs. 1,27,000. That comes to about three and a half lakhs in round figures altogether. In addition, there must be outstandings. Can you put a figure on these?

Mr. Captain.—Normally Rs. 2 to 3 lakhs.

President.—It will bring you up to Rs. 6 or 7 lakhs.

Mr. Captain.—It is a very extraordinary thing, but even when we are selling to a Government Department by the time our bill is passed and payment made it takes quite a few months.

President.—A working capital of 8 lakhs means about 7 months' output? You say that one month's output costs about Rs. 1,21,000?

Mr. Captain.—Excluding overhead. I may tell you that this is the actual experience with our working capital. I think it was 6 lakhs: just before I came over here we had to borrow Rs. 60,000. I know we are still living from hand to mouth. I know that we want Rs. 8 lakhs to run our factory comfortably. Of course because we are a new factory we have got to encourage our consumers. We don't press them very much for payment. But if you are doing very well you would press them.

President.—In answer to question 107 (ii) you say "According to the Articles of Association, the Managing Agents are entitled to Rs. 51,000 a year and ten per cent. of the profits." Do they get Rs. 51,000 *plus* 10 per cent.?

Mr. Captain.—That is what they get under the Articles of Association.

President.—Are you quite sure? It might be 10 per cent. on the profits, subject to a minimum of Rs. 51,000.

Mr. Captain.—It is Rs. 51,000 *plus* 10 per cent.

President.—It seems to me that these are liberal terms.

Mr. Captain.—That is so, but I may tell you as a matter of fact Messrs. Mathradas Goculdas & Co., have not got a pie from that. I would like to make that clear.

President.—Rs. 51,000 in addition to the 10 per cent. profit is rather high.

Mr. Captain.—In the case of Bombay Mills, the rate of remuneration is 10 per cent. Sometimes it goes as high as 12 or 12½ per cent.

President.—In reply to question 114B you say "But what is the good to a country of machinery which is not working and which cannot work because of the importation in the country of foreign cement." There is only a very small part of the machinery that has been idle on that account. It does not amount to more than 50 per cent. of the machinery altogether. That is the highest I can possibly put it at.

Mr. Captain.—I should like to explain it a little. Taking a cement factory, supposing you don't want to work it to its full capacity, you have got to produce a certain amount. If you produce less, your cost comes to an unreasonable figure.

President.—My point is this that the present state of affairs is due not to the wickedness of the foreign manufacturer, but to the wickedness of the Indian population who decline to use your cement.

Mr. Captain.—It would help us a great deal if the Indian factories could produce 113,000 tons more than they are producing to-day.

President.—It would be of some help no doubt.

Mr. Captain.—It would just enable us to live for three or four years.

President.—I put it to you frankly that unless you are right in anticipating a very rapid and substantial increase in consumption, I don't see how all the factories are going to live. Even on the hypothesis that the importation of foreign cement is to be prohibited by law—even so it is obvious

that there must be a considerable expansion of consumption to keep all the companies alive.

Mr. Captain.—Judging by the past year or two, I would suggest that there is reason to believe that there will be this expansion. The price of cement will remain at the present level. Even if you prohibit the importation of foreign cement, prices are bound to be low.

President.—It may not be so in all markets. All I would suggest at this stage is that you are putting your expectations rather high.

Mr. Captain.—After 10 years, in Canada the consumption went up by 1,400 per cent. Is it unreasonable to expect that it will go up 50 per cent. in India in 3 or 4 years?

President.—Is it reasonable to assume that you are going to see industrial progress of India on a scale comparable to what takes place in a new country being opened up. India is not a new country. It is a country which has already got an old civilisation with a very dense population and its people are very poor. On that basis, I am afraid, it is not much use seeking American and Canadian analogies.

Mr. Captain.—Even if you take the actual figures of consumption of India, considering the size of the country and its population, it is reasonable to assume that India will be using cement much more than she does now. Japan is to-day consuming 2½ million tons with her population.

President.—Japan is a nearer analogy.

Mr. Captain.—Japan is consuming 2½ million tons. We assume that India, who consumes only 340,000 tons now, will consume a great deal more in the near future.

President.—In reply to question 114 (B) you say "To put the matter briefly, the country produces to-day about 230,000 tons of cement. There is a reasonable certainty that the production in India will increase with great rapidity with protection and that without protection the production will not increase at all to any appreciable extent for years." I confess I don't follow the argument. What seems to me is that you don't think that you will be able to overcome the prejudice in favour of the imported cement. If you can overcome that prejudice without protection, then you will command all the markets except Karachi, Madras and Rangoon.

Mr. Captain.—If we cannot overcome it in time some of the companies will come to grief. I was going to say paradoxical as it may appear, without protection price may go up. And it is probably felt by some of the older companies that it would be better if two or three of the new companies were to stop production and go into liquidation, then they would be able to command a much higher price for their product than they do now.

President.—Quite possible.

Mr. Captain.—If there is no protection and if three or four companies stop working, the price of cement will go up.

President.—What seems to me quite probable is that it will be exactly the same with protection.

Mr. Captain.—Then, I think, there is this thing. Looking at the great inducement that there will be to the cement companies, they might do a lot of propaganda work if there is protection.

President.—Unless you get a higher price for your cement, it seems to me impossible.

Mr. Captain.—Our costs will go down with a larger production.

President.—You have given us some information, but it does not amount to very much. Your cost of coal per ton won't go down and your cost of packing won't go down. Between the two, it comes to 40 per cent. of your total cost. So your total reduction won't be more than three or four rupees a ton.

Mr. Captain.—Not more than that at the very outside. But three or four rupees is a considerable reduction.

President.—You remember that you have got to take three or four rupees for the current repairs of the machinery. As far as I can judge from the figures given by other companies, it is something like two or three rupees, so that you have got something to set off against your total savings.

Mr. Captain.—Still, I think that cost would be less. If we can work our factory to its full capacity, we will make great efforts to do propaganda work.

Mr. Ginwala.—It is very difficult to follow this answer that you have given. On the one hand you think that, unless protection is given, this industry may not exist at all. On the other hand you say that if protection is given, prices won't go up.

Mr. Captain.—Prices will not go up immediately, but we do expect that prices will go up in about two years time, when the demand catches up the supply.

Mr. Ginwala.—The critical stage is the interval, and if during that interval prices do not go up, I fail to see how you would benefit by protection.

Mr. Captain.—Our costs would go down.

President.—They would get a slightly increased market.

Mr. Ginwala.—We will put it this way. Without getting any increase in your price, but only by getting more extensive market, will the industry live?

Mr. Captain.—It seems to me that it will.

President.—What would be your view if it turned out that the expansion in consumption only ran to 5 or 10 per cent. a year?

Mr. Captain.—If the expansion was only 5 per cent. a year, then the demand would take a long time to catch up the supply. Of course, as you said, the price would not go up unless the cement companies combined and sold it at a reasonable profit. They may not profiteer, but they may combine to get a reasonable level of price. The present rates are unreasonably low.

President.—There is always a difference of opinion as to what is a reasonable price and what is not a reasonable price.

Mr. Captain.—The Tariff Board will decide it.

Mr. Ginwala.—What you really want is to capture the remaining market; or do you want to get a higher price?

Mr. Captain.—At present we want to capture the remaining market.

Mr. Ginwala.—Without getting a higher price?

Mr. Captain.—We would like to get a higher price. Even without it we would like to capture the market.

Mr. Ginwala.—Do you think that that would help the industry?

Mr. Captain.—It would. In our own case it would help us a lot if we could sell our output. Our difficulty is in selling our output. Even with our factory working at half its capacity, we cannot sell our output. So, it would be a great help if we are able to sell our output.

Evidence continued on Saturday June 28th.

Mr. Captain.—Before you proceed with the formal evidence to-day, may I say a word in explanation of what I said yesterday? As regards the cost sheet given in answer to question No. 95, I think that you drew my attention to the fact that Rs. 50,000 for factory labour and Rs. 70,000 for General services, supervision and local office charges amounted to about Rs. 5 per ton of cement. Well, I agreed with you then, but I have been thinking about it. Now what I remember is this. Take 'power and fuel.' That includes a certain amount of labour. The system that we have got at our factory is that, instead of employing labour direct to do something, we employ labour contractors. When wagons of coal and gypsum arrive, we give the unloading work to a contractor. That is one instance. Then, take the question of

packing cement. We pack cement in bags and they have got to be tied up with wire. Instead of employing coolies ourselves, we give the work to a contractor. We pay him so much per hundred bags. That item is included in the cost of packing.

President.—If you could give us a note showing various instances of that kind, we would be able to see what it comes to.

Mr. Captain.—I wish to draw your attention to the answer we have given in reply to question 37.

President.—I remember that you referred to the fact that you employed contract labour for certain purposes.

Mr. Captain.—We say there “A considerable amount of work at the factory is done through labour contractors such as quarrying limestone, transporting clay, loading and unloading wagons of coal, gypsum and cement, packing cement, etc.” In the case of quarrying limestone, lots of coolies are employed to do this work. We employ contractors and pay them. The cost of these coolies is shown in the cost of raw materials.

President.—Perfectly, that was quite clear all along.

Mr. Captain.—As regards loading and unloading, etc., all that work is given to contractors. We have shown how much we paid to contractors during the last eight months down here.

President.—You have given the total.

Mr. Captain.—I would not like to say that the whole of this Rs. 80,000 did not go towards the making of 23,000 tons of cement. We have always a stock of limestone. All the lime that has been quarried has not been used.

President.—I don't mind so much about what I may call ‘quarry labour.’ That is a separate matter. If you could give us a note of the amount paid for packing, that is, to the labour contractors on account of packing, that will be useful.

Mr. Captain.—Yes, * also the amount spent on loading and unloading, coal and gypsum, loading cement, etc.

President.—Is that included in packing?

Mr. Captain.—Yes. There is one item of cost which is not included because that was not in the form, i.e., Selling Agents' Commission.

President.—Why not lump it all under “miscellaneous”?

Mr. Captain.—I won't say that it has not been so included. I had better make certain of it.

President.—You would be able to give us the actual figures later on. What is the rate of the commission?

Mr. Captain.—5 per cent. on the f.o.r. works price.

President.—Take a case like the sale of 5,000 tons of cement to the Port Commissioners of Calcutta. In such a case, who would get the commission?

Mr. Captain.—Our agents at Calcutta—Messrs. Burn & Co., Ltd. They are our sole agents for Calcutta, and for any sale we effect in their province, they get the commission.

President.—A big contract like that might have been handled by the Head Office.

Mr. Captain.—But then, they would naturally protest against it.

President.—If you are bound by the contract, it is obvious that you should pay it. I was rather criticising the system under which contracts of that kind are made.

Mr. Captain.—Quite.

President.—After all, this system of Managing Agents which is commonly in vogue in India is an expensive system.

Mr. Captain.—It is.

* See Statement II-5.

President.—Especially if you have got selling agents as well even for big contracts. If you are selling in small quantities to retail people up and down the country, you cannot handle there rates conveniently from one centre. But when a single sale is about 5 per cent. of your maximum output for the year, it does make a difference.

Mr. Captain.—After all, it is not that they do nothing. In the case of the sale to the Port Commissioners of Calcutta, they take instructions from them. We are in Bombay and the Calcutta Port Commissioners are in Calcutta. Supposing they want so many wagons of cement at a certain time, instead of communicating with us in Bombay, they give instructions to Messrs. Burn & Co., who in turn communicate with the works.

President.—Would not your people at the works be able to handle this?

Mr. Captain.—A certain amount of time would be lost.

President.—I don't see why time should be lost. Instead of writing to Messrs. Burn & Co., the Port Commissioners will write a letter to your works. Are Burn & Co. better able to secure wagons? Is that the reason for employing them?

Mr. Captain.—They do a certain amount of work.

President.—What you describe is quite common in the commercial world of India to-day. But it is always a question, when any question of protection arises, how far it is a fair charge to make.

Mr. Captain.—When you are selling cement all over India, it becomes necessary to have selling agents all over India, but as you say, in the case of big contracts, it might be possible to wipe out the commission. These people who do a great deal of work in pushing the sale of our cement would not earn anything substantial if we cut out all Government orders. Government and semi-Government bodies are the principal consumers.

President.—If the Managing Agents are not to undertake any of the selling work, it seems that again raises the question that their rate of commission is too high. However, I do not wish to discuss that further, because it is a general question not affecting one industry or one firm.

In reply to question 114 (C), you say "Even now, as far as prices and quality are concerned, it is able to face foreign competition in most places in India, though not in all." Surely that is over-stating the case. If that is the case, you would not require protection.

Mr. Captain.—We mean there are the markets of the interior, excluding ports and places near the ports.

President.—You told us that the markets in the interior were comparatively unimportant.

Mr. Captain.—Yes.

President.—What it comes to is this: that you can at present-day prices command the market but the prices are unremunerative.

Mr. Captain.—What I mean is, if we are to get the same price for our cement as the English manufacturer gets for his (which we cannot hope to get), it would be great improvement on our present position.

President.—But the point is this. What you say here is "Even now as far as prices and quality are concerned, etc." That ought to mean that you can sell at as low a price as the foreign manufacturer and make the same profit. Obviously, you don't mean that.

Mr. Captain.—We don't mean that.

President.—I quite admit that, prices being as they are, you can command these markets. The prices are unremunerative.

Mr. Captain.—Quite.

President.—Then you say "The cost will also further go down in a few years when the labour becomes more efficient." There again it is the same point which I brought out yesterday. After all, the labour costs, even with the corrections that you have made to-day, do not amount to a very large

percentage of the total cost. The total saving you can effect in that way is not very considerable.

Mr. Captain.—The explanation we have given below makes a slight difference. It is not merely a question of the saving of wages, but also a question of increase in production. If your production increases, it would bring down the cost. With the same amount of coal it might be possible to produce 120 tons where to-day we produce 100 tons. A really good burner would do that. That would bring the cost down.

President.—Would you save coal?

Mr. Captain.—Yes.

President.—That is another matter. If it would bring your coal bill down, that is a big thing.

Mr. Captain.—Yes, it would. Then, there is another thing. A rotary kiln is all lined with bricks. It is a pretty expensive item.

President.—Are these ordinary bricks or what?

Mr. Captain.—Very special fire bricks. They contain a very high percentage of alumina.

President.—Where do you get them from?

Mr. Captain.—From England and Norway and Sweden. We have recently been trying the bricks made by Messrs. Burn & Co. at Jubbulpore. They do not contain a high percentage of alumina, but they contain a high percentage of silica. We are making experiments with them.

What happens is this. If you have a burner who is not competent, he burns out the whole lining. You may have a new lining; still, in a week's time, he will burn it out. That means stopping work and having a new lining for your kiln. The efficiency of a burner is very important. He can save us costs in all sorts of ways. That is why we are so anxious to get a burner out from England.

President.—I understand. It is not merely that you are going to get a better outturn but you are going to use fewer materials. That will bring down your cost as regards bricks and coal.

Mr. Captain.—Yes.

President.—In reply to Question 115, you say "As explained by the Fiscal Commission in their report, the burden on the consumer which is the chief objection to protection is practically nil in such a case." That is subject to this qualification, is it not, that eventually you hope that the price will rise? You told us that yesterday.

Mr. Captain.—Quite, but as I explained, the price we are getting in Bombay and Calcutta is about Rs. 15 less than the price of the imported cement. According to my view a rise in our price of Rs. 15 a ton would be a very big increase but still it would not be a burden.

President.—I am afraid it is.

Mr. Captain.—It is a burden on the consumer as regards that portion of his cement which was Indian cement, but it would not be any burden on the consumer who was using imported cement.

President.—I quite agree.

Mr. Captain.—That is what I was thinking. It would be a burden no doubt, but the consumer is rather having an unfair advantage now.

President.—If there is any unfairness it is inflicted on the consumer by the manufacturers who after all are willing to sell their cement to him.

Mr. Captain.—It is not the fault of the consumer that he is getting his cement at such a low price, I quite agree, but he is getting it at a price which is unreasonably low.

President.—There again as I pointed out yesterday, I think that the manufacturers will have to take this into account that, if they want the consumption of India to go up to a high figure, prices will have to stay down.

Mr. Captain.—That is my opinion too.

President.—That is the real dilemma in which I think the manufacturers are placed.

Mr. Captain.—I would like to be allowed to point out this. Supposing to-day cement is selling in Bombay at Rs. 45 a ton, if the consumer gets it at Rs. 55 a ton, still he will be getting it really cheap, considering the fact that 2 years ago he was paying Rs. 100 and more for a ton of cement.

President.—The freight from England is about Rs. 11 a ton.

Mr. Captain.—It is Rs. 12.

President.—The consumer in England is getting his cement at Rs. 45 a ton.

Mr. Captain.—Yes, at £3 a ton.

President.—If the consumer in India has to pay Rs. 55 a ton, I don't think that he is getting it cheap as compared with consumers in other countries.

Mr. Captain.—The consumer all over India will not get it cheap, but in some parts of India he will get it cheaper than the consumer in England.

President.—Rs. 55 a ton is not a low price as compared with the prices in other countries. It may be comparable with the price in the United States where the scale of living of the people is very high.

Mr. Captain.—But I think the consumer of cement of last year would have thought Rs. 55 a very low price.

President.—Last year?

Mr. Captain.—Even in 1923. About the beginning of 1923 the price of cement in Bombay was Rs. 55 or 56 a ton at the works. It has dropped of course. A lot of new cement works began working in the middle of 1923 and the price has dropped tremendously. There is another thing I would like to say with regard to the other markets. Of course we do not sell such cement in the United Provinces because we are a new concern, but others do a lot of business there in the U. P.

President.—That is quite clear. It is your experience there. Of course we shall ask the other companies and our final opinion will depend on the combined effect of all the evidence. At page 52, you say "To protect the Indian cement industry adequately, it is necessary that an import duty of at least Rs. 25 per ton should be levied on all cement imported into India." Why do you recommend this particular rate of Rs. 25 a ton. Is it based on the circumstances of your factory, or is it the general claim of the industry after discussion?

Mr. Captain.—It is the general claim after some discussion.

President.—Are you in a position to tell us why this particular figure was suggested?

Mr. Captain.—I think we suggested a sufficiently high figure which we thought would keep out the foreign stuff altogether. It may not do it in all parts of India. I think we would probably be able to sell it cheaper everywhere with this duty, but not much cheaper in Madras and Rangoon. As far as I remember there was not really much discussion about this. It was pretty arbitrarily fixed. It was thought that there was no reason why any imported cement should come into the country at all, considering that we make as good a cement and we are prepared to sell it as cheap. We thought that there should be a sufficiently high duty which will discourage people from paying a higher price for the imported cement in the market.

President.—For the greater part of the country the proposed duty would practically be prohibitive and in the outlying markets it would at any rate give you a chance?

Mr. Captain.—That is so.

President.—If Rs. 60 a ton is the present price of imported cement in the ports, with an increase of Rs. 16 a ton the price would go up to Rs. 76 a ton. Let us assume that Rs. 5 is the difference at which most of the consumers will take the Indian cement.

Mr. Captain.—I do not think so. There would require to be a greater difference.

President.—If your cement is as good as theirs, and if consumers find that it is so after trial, I do not believe that people will be prepared to pay Rs. 5 extra for the pleasure or privilege of buying imported cement.

Mr. Captain.—They won't ultimately but they might do it for a year or two.

President.—It seems to me that, if imported cement is selling at Rs. 76 a ton, Rs. 5 a ton ought to amply cover the difference on sentimental grounds.

Mr. Captain.—Otherwise I cannot explain why when there is a difference of Rs. 10 or Rs. 15 a ton between the Indian and the English cement, some people are buying imported stuff.

President.—That difference was only last year and probably not during the whole of last year.

Mr. Captain.—Of course you would have to bear this in mind. Although the British price was Rs. 60 it was not Rs. 60 the whole of last year either.

President.—At any rate one does notice that, both in Calcutta and in Bombay, the imports have gone down considerably.

Mr. Captain.—Gradually people will realise that it is to their advantage to use Indian cement: but they have been paying very much more for more than six months any way.

President.—Take it on this basis, that, if imported cement is coming into Madras or Karachi at Rs. 75 a ton, Rs. 70 is what you expect to get at these places for your cement. That means that you have to sell at the works for Madras at not more than Rs. 40.

Mr. Captain.—It would mean something less than Rs. 40.

President.—I am taking it on the figures you have supplied—something like Rs. 42 for Karachi and Rs. 45 for Rangoon. Some of the cement factories, at any rate the Sone Valley Cement Co., are better off as regards going to Rangoon, and worse off as regards Karachi, but taking all these three places you are as favourably situated as any other firm.

Mr. Captain.—There is one in course of construction at Shahabad by Tata's. When that factory is completed, I think that will be quite close to Madras.

President.—Where is Shahabad?

Mr. Captain.—This place is in the Hyderabad State and the factory would be closer to Madras.

President.—That brings me to a point I was getting at. It seems to me that it is very doubtful whether even a duty of Rs. 25 a ton would enable factories in the Central Provinces and Northern India to command the Madras market, but on the other hand, if materials exist in Southern India, the natural thing is that the requirements of Southern India should be supplied by factories there. It is not the natural heritage of the Northern India manufacturer to supply the Southern India markets.

Mr. Captain.—Even if we do not make a profit, it is a great thing to sell our cement. Even at Rs. 65 we would like to sell at Madras.

President.—That still does not in any way meet my point. It is not a market you can retain permanently if the materials exist there in reasonable quantities and there is coal near at hand. If the question is to come up at what rate protection is necessary to enable Indian manufacturers to hold the Madras market, then it must be manufactured nearer Madras than you are.

Mr. Captain.—I do not know about the quality of the raw material down there. You are going to hear Mr. Billimoria who will be able to tell you about it. I have heard that there are some difficulties about it.*

President.—That may be so. If it is not possible to make cement cheaply in Southern India that is another point, but we cannot assume it.

* See oral evidence of the Indian Cement Company, Limited.

Mr. Captain.—Another point is that they will have to get their kiln coal from Bengal—from such a distance.

President.—Even so it seems possible that they may be able to sell their cement cheaper in Madras than you.

Mr. Captain.—There is the Dwarka Cement Company situated on the coast which is quite close to Bombay. They bring their coal by water and yet we undersell them quite easily. Their cost is higher and we have got no difficulty in competing with them in Bombay. I do not know their other difficulties but we compete with them in Bombay quite well.

President.—I would like to put you another point. Assuming that cement cannot be made in Burma, how far do you think it is reasonable that the fiscal system should be adjusted so as to secure to the manufacturer in Northern India the command of the whole of the Burma and Southern India markets. I might point out that the duties which have been imposed by the Legislature on steel were not conceived on that basis. I quite admit that it was not necessary to consider that to the full extent in the case of steel, because the total production was only a fraction of the total consumption, whereas in the case of cement the total production is in excess of the consumption. But still the point has got to be considered.

Mr. Captain.—After all would not you take into consideration what would be the amount of burden on the consumer in Burma and Madras? If the price is going to be high, you will say that you would not fix a heavy burden on the consumer but, according to what appears to me at present, the burden on the consumer would not be high. At the most it will be Rs. 10 a ton and on the total quantity it comes to Rs. 5 lakhs.

President.—Is it not pretty close to what I suggest. At present they are getting cement at Rs. 60. Your suggestion is that they will be getting it at Rs. 70.

Mr. Captain.—When you consider the whole extent of the burden it does not amount to much, and I think Burma and Madras may well be called upon to make this little sacrifice.

President.—The peculiar result will be in this case that the whole of the burden will fall upon the only areas of the country which do not materially benefit because no manufacturers there will get any benefit from the protection. The benefit will go entirely to people in Northern India and the burden will be borne by people in the Southern parts.

Mr. Captain.—If India grows more prosperous it will react on Burma and Madras somehow or other.

President.—It is a broader question, because the Board cannot adopt one principle in dealing with one industry and a different principle in dealing with another industry. The question is how far is it reasonable or fair in a country like India to impose protective duties to preserve the whole of the Indian markets for producers in India, when, owing to the location of the natural resources, the economic area which they can normally command is very much smaller than the whole of India.

Mr. Captain.—I would answer it this way. It would be reasonable if the burden on the consumer is going to be comparatively small: it would not be reasonable if the burden is heavy. It will all depend on the extent of the burden. That is the way I look at it.

President.—If there were no duty at all, Burma people would get their cement at Rs. 51 a ton. You are proposing 40 per cent. duty.

Mr. Captain.—It is Rs. 60 a ton.

President.—You must not start on the basis of Rs. 60 which includes Rs. 9 duty already.

Mr. Captain.—Surely, Sir, the present Rs. 9 duty is for purposes of revenue.

President.—Undoubtedly, but that makes no difference as to the burden on the consumer. He has to bear the burden whatever object the Government has in view.

Mr. Captain.—I submit to you this. You are contemplating a change from the present system. How much are you going to increase the burden by? The burden will be there anyhow.

President.—It amounts to 40 or 50 per cent.

Mr. Captain.—The price is going to rise for them from Rs. 50 to Rs. 60 which works out to about 15 per cent.

President.—That may be so, but the total burden is 40 per cent. It is no use saying that it is a light burden. It is not negligible by any means.

Mr. Captain.—But that is not the amount of the increased burden.

President.—Also I may point out to you that under the present system, the duties are on a tariff valuation of Rs. 60 a ton, and when the valuation comes down, the present duty of Rs. 9 will be lower.

Mr. Captain.—It might go down by a couple of rupees, at the most.

President.—Quite so, but that will make an extra burden.

Mr. Captain.—I have taken the figures on the safe side when I put them at Rs. 5 lakhs for both Burma and Madras.

President.—I heard it said by the Burma representative in the Legislature "All these things impede our development and we are the most backward Province in India."

Mr. Captain.—I do remember that being said, but I also remember something contrary being said by some other people. They said they would not mind this little sacrifice if India is going to be prosperous, and that they will also share it ultimately.

President.—I quite admit that; but still what I am putting to you is—I am only putting the case against you as an advocate—that these are the difficulties you have got to meet.

Mr. Captain.—After all I would again repeat that the increased burden we are asking to be put on the people of Madras is negligible.

President.—These are hard times and Rs. 10 is not a sum to be neglected.

Mr. Captain.—When compared to the revenue that is collected from Burma and Madras together?

President.—What it comes to is this: When you cannot sell cement to the places in question without sending it over 1,000 miles of land transit, can it be said that you have a natural advantage in that market. Is it possible that you could ever from the Central Provinces hold your own in the Madras and Burma markets without protection?

Mr. Captain.—We might in this way. Just as the manufacturer in Great Britain sells a certain amount of his surplus below cost, all manufacturers have got to do the same. You cannot be selling at the same price in all markets: you sell at cost price in some places and you may not be able to make any profit. It will still be a help to us even if we got rid of our cement at cost price.

President.—Eventually you will have to be able to produce cement cheaper by Rs. 10 a ton than the British cost, because their freight rates are only half of yours, and they will be selling in these markets under precisely the same conditions as you.

Mr. Captain.—But they have got other markets on which to sell. If you look at the different places to which manufacturers in England export, you will see that out of a total export of 500,000 tons in the year only 113,000 tons come to India. They send out cement to a great many other places.

President.—It is quite certain that, if you are content to sell your cement in outlying markets at a price which just pays you and no more, so will the British manufacturer, who has been for years and years an expert in that way.

Mr. Captain.—If he is compelled to do it, he will do it. Take the market of East Africa. He is probably better situated as regards this market than we are, and he may sell it there. It is a question of geographical position.

President.—You are a sanguine person if you think that competition is going to become less keen in the next ten years.

Mr. Captain.—I mean there are other markets for the British manufacturer.

President.—I can assure you that the British manufacturer's appetite for markets is insatiable.

Mr. Captain.—I also do know this, but I would not sell at loss if I am not compelled to do it, and he will not do it their.

President.—These outlying markets are going to be the battle ground between the English manufacturer and the Indian manufacturer. If you are both selling at the same price and their freight rates are half of yours, then your costs have got to be lower than their costs by just half that freight. You are at a permanent disadvantage in these markets if there is no protection, and that is the trouble. The Fiscal Commission have laid down as one of the conditions that eventually the industry ought to be able to hold its own without protection. You may do that in a great part of India and in places comparatively near your works, but it seems to me very doubtful about these more distant places.

Mr. Captain.—I may read the following passage from the Fiscal Commission's report—paragraph 105.

"Difficulties may arise, however, not from any mistakes in location, but simply in consequence of the great distances in India. An industry may be located in a most suitable position. It may, however, be at such a distance from certain parts of the country adjoining the seaboard that it is unable to compete in those parts with goods imported by sea. Cases of this nature will no doubt be taken into consideration by the Tariff Board, but it would not in our opinion be right to endeavour to secure for an industry such protection as will enable it to compete in every possible market in India, if this involves giving protection appreciably higher than is required for the success of the industry in the greater part of the country."

President.—I had this distinctly in my mind and therefore you see that is a point which the Board will have to consider very carefully. Can we recommend that the rate of duty should be calculated on such a basis as will give you a chance in Burma and Madras?

Mr. Captain.—I would not say this, but I would look at it from another point of view. The cement industry is in an exceptional position because the home production is greater than the total demand. Considering the case of protection in the abstract, where prices are governed by the prices of imported articles, protection, as a rule, does increase the price as in the case of steel, but that is not necessarily a vital objection that it means a burden on the consumer. You cannot have protection at all without it, but after all is said and done what will happen is that in the case of protection for cement, prices will go up only in two provinces of India and then only by a small amount. It is a small burden on the consumer when compared with any other industry.

President.—That is only as regards the immediate effect. On your own hopes and expectations in the course of three or four years, when the cement production has increased and has overtaken the consumption, then you hope to have higher prices.

Mr. Captain.—Perhaps after three or four years we may be able to do without the Madras and Burma markets. But still I would suggest this. We would always have a certain amount of surplus production. There would be a certain amount we will always be glad to get rid of at cost price or below cost price. It is reasonable and there is nothing extraordinary about it.

President.—Even supposing that the rate of duty you recommend is imposed, you would always sell at lower prices in Burma and Madras. That

seems to me the ordinary principle, but nevertheless I am bound to put to you the points I have been putting.

Mr. Ginwala.—I want to go into the selling price that you ought to get. Have you considered whether, if you get an import duty of Rs. 25 a ton, you would really be able to compete against the imported cement?

Mr. Captain.—Yes.

Mr. Ginwala.—First of all I want to know what your position is in managing the company. If the company is purely managed in the interests of the debenture-holder, then you can afford to sell at much lower prices than any of your competitors, because you need not write down the full amount for depreciation, and you need not pay any dividends to the shareholders. You would be satisfied so long as you get interest on the debentures.

Mr. Captain.—Quite so, but we cannot look at it from that point of view alone.

Mr. Ginwala.—I am looking at from the point of view of the ideal debenture-holder who looks after his own interest.

Mr. Captain.—I am afraid the court will ask us to do as well as possible for the company also.

Mr. Ginwala.—You are entitled to look after your own interest and then anybody else's. Is it not obvious that you can undersell anybody as you are situated at present?

Mr. Captain.—Yes.

Mr. Ginwala.—In your case, therefore, there are three prices at which you can sell, first of all looking after your own interest as debenture-holders, secondly the prices that you ought to get on your present output, which is half your full capacity and thirdly, the price which you ought to get on your full output. Let us determine these three prices and let us see how you will stand if the duty is raised to Rs. 25 a ton. You have taken Rs. 29 as your works cost.

Mr. Captain.—Yes.

Mr. Ginwala.—That does not include any item for general repairs and you cannot go on like that.

Mr. Captain.—No.

Mr. Ginwala.—Will Rs. 4 be enough as an allowance?

Mr. Captain.—More than enough. We will put it at Rs. 2 to Rs. 3.

Mr. Ginwala.—That will make it Rs. 32 per ton?

Mr. Captain.—Yes.

Mr. Ginwala.—You think you have got to add other charges?

Mr. Captain.—Yes.

Mr. Ginwala.—As a pure and simple debenture-holder bent on getting his return, you would be entitled to Rs. 11 a ton on the present output?

Mr. Captain.—Yes.

Mr. Ginwala.—And, say, one rupee for working capital on Rs. 8 lakhs?

Mr. Captain.—It would be slightly more than that—Rs. 1-7-0.

Mr. Ginwala.—That is Rs. 12-7-0?

Mr. Captain.—Yes.

Mr. Ginwala.—That gives you a total of Rs. 44-7-0. Now let us take the other—your present output. Working as a shareholder you take Rs. 32 on the present output?

Mr. Captain.—Yes.

Mr. Ginwala.—Then, you take Rs. 11 for debentures, Rs. 12 for ordinary shares, Rs. 1-7-0 on the working capital, and for depreciation you take on the replacement value.

Mr. Captain.—It will come to about Rs. 12-7-0.

Mr. Ginwala.—And one rupee a ton for Agents' commission. That gives you Rs. 38 plus works cost Rs. 32, that is Rs. 70 f.o.r. works. Therefore, in Bombay it would be Rs. 85, in Calcutta Rs. 81, in Madras Rs. 100, Karachi Rs. 98 and Rangoon Rs. 95. Elsewhere we have taken the c.i.f. price of imported cement as Rs. 49, not counting the duty.

Mr. Captain.—Yes.

Mr. Ginwala.—If you add Rs. 25 to that it comes to Rs. 74. If you have got to sell it at Rs. 10 less, it comes to Rs. 64. So that if you want to have a fair manufacturer's profit you cannot compete with anyone.

Now let us take your full production. Let us take the works cost at Rs. 30. We will take the incidence of the other charges at half. That would be Rs. 19?

Mr. Captain.—Yes.

Mr. Ginwala.—That comes to Rs. 49 f.o.r. works with freight, etc., in Bombay.

	Rs.
Bombay it will come to	66
Calcutta	62
Madras	81
Karachi	79
Rangoon	76

Getting Rs. 64 per ton, you cannot compete at all in these last three markets except at a loss, even with your full output.

Mr. Captain.—I would not be making a fair manufacturer's profit, I would not quite be working at a loss.

Mr. Ginwala.—In Bombay and Calcutta you may just get it, but in other places you would not get it, you will lose. If you get Rs. 64 on these figures then in Bombay you lose Rs. 2, in Madras Rs. 17, in Karachi Rs. 15 and in Rangoon, Rs. 12. Is that worth while? Your point is that you must capture these three markets. I have given you the full benefit of the 25 rupees and I have given you the full benefit of your full production. Is it possible under these conditions to capture the market?

Mr. Captain.—It is certainly not possible to make the fair manufacturer's profit.

Mr. Ginwala.—Is it any good either to you or to the country?

Mr. Captain.—With great respect I submit that it is.

Mr. Ginwala.—You say Madras, Karachi and Rangoon should pay Rs. 25 a ton roughly. But you do not benefit by it, nobody benefits by it on these figures?

Mr. Captain.—I would submit that it would greatly benefit our present position. After all is said and done, the capital might be reduced, we might reduce the working capital, the profits might be reduced and the rate of depreciation might be reduced a bit; then the duty of Rs. 25 would do on the whole.

Mr. Ginwala.—If you want these people to pay Rs. 25 a ton there must be a proportionate gain to the country and to the manufacturers?

Mr. Captain.—I have worked that out myself. I quite agree that we won't make what may be called a reasonable profit in the case of manufacturers, but it pays us to be able to sell in our present position.

Mr. Ginwala.—I am taking your full production.

Mr. Captain.—We do hope that with protection we will be able to keep somewhere near the full production.

Mr. Ginwala.—If you get it what will be your position?

Mr. Captain.—If we are able to sell at cost with full production, it will be of very great advantage to the industry.

Mr. Ginwala.—The question is, will that keep the industry alive? The idea is not merely that your firm should be kept alive: will the industry be kept alive, that is the point? You have got to explain as a claimant for protection what the position is going to be. On the assumption that you get the protection you are asking for, I am putting the case as it appears to me.

Mr. Captain.—After all, that would be as regards two of the three markets. As regards Karachi, of course there is no reason why a Cement Company in the Central Provinces should go all the way and sell there. What is probably going to happen is that, if protection is given, the Dwarka Cement Company will sell at Karachi.

Mr. Ginwala.—We will take each company as it comes to us. Suppose you were the only company at present? Do not let us mix up issues.

President.—Your point rather is that as regards one of the three outlying markets there are other firms better situated to be able to supply?

Mr. Captain.—Yes.

President.—But still Mr. Ginwala's point remains as regards the other two markets.

Mr. Captain.—After all is said and done, the total for Madras and Rangoon comes to 42,000 tons a year, and it would be of advantage to us even if we sold there at cost price. Of course in cost we have taken, the full amount of depreciation. Even if we get something over the works cost it is to our advantage.

Mr. Ginwala.—You are losing sight of one fact that, if you run up to your full output, even so far as Calcutta and Bombay are concerned, you have not got a market.

Mr. Captain.—No, we haven't.

Mr. Ginwala.—Therefore, when you ask us to calculate your cost and selling price on your full output, you are asking us to do something which, can never be to your advantage.

Mr. Captain.—I would in reply put it this way: that even at the present rate of duty that we have asked for we will not be well off, but we did not want to ask for anything that would be too high.

Mr. Ginwala.—Well, so far as this Board is concerned, it is not limited by what you ask. If in the opinion of this Board it is advantageous to the country that an industry ought to be protected, well then, having regard to all the general conditions, the Board is bound to make a recommendation. Now the question is, by giving you this protection, or any other protection, will the industry live? That is the point you have got to satisfy us on before we can proceed further.

Mr. Captain.—I would answer this question in this way. I mean this that more will live with protection than without protection. It may be that even with protection one company or two might come to grief, but a great many more companies would come to grief without protection, and this would produce something like a crisis.

Mr. Ginwala.—I have given you the figures of Madras, Karachi, Rangoon, etc., to point out that, as far as one can see, first of all if you had your full production you won't have the market: if you do not have your full production then you cannot even with this protection sell at a reasonable profit in any of these provinces. Now what is the Board to do?

Mr. Captain.—What we would like the Board to do is to give us a higher rate of protection for three years and reduce the rate later on.

Mr. Ginwala.—But then the demand will go down and you will be no better off. You won't be able to sell your present output if the price goes up. You have yourself admitted that people have a prejudice against Indian cement, and that they do not understand the use of cement. If you put a still higher tariff the demand will still further go down?

Mr. Captain.—It is a question of choosing between the lesser of two evils. I grant that even with this production we will not make even a fair

manufacturer's profit. We are selling at works cost at our Works. But if we get this protection, we will get something more than our works cost.

Mr. Ginwala.—In my view—I am not speaking for the Board—unless an industry can say that with the amount of protection it gets it is able to survive competition and do without protection, it is not worth while for the country to give protection to that industry. In your case it is not enough to say that you yourselves or some other firms are willing to sell at Madras at cost price: you cannot go on doing that for ever. Why should the country pay more for an article when in the end it is not going to benefit by paying more for it?

Mr. Captain.—What we are going to sell is 340,000 tons in this country. If you prohibit the foreign cement, for 200,000 tons we are going get, if not a fair manufacturer's profit, at least some profit.

Mr. Ginwala.—That is not your present output?

Mr. Captain.—If we can produce 340,000 tons that will be something more than our present output, about 50 per cent. more.

Mr. Ginwala.—Will that enable the industry to live?

Mr. Captain.—We shall be able to keep our industry going for three years, and by that time we shall be able to work up to our full capacity. I may point out that in 1920 the consumption here was 200,000 tons and in 1923 it was 340,000 tons, an increase of 60 per cent. in three years. And cement is now going down in price, so that there is encouragement to the consumer to buy more cement. There is every likelihood that the rate of increased consumption will be maintained.

Mr. Ginwala.—That is a reasonable frame of mind for a man who is not daunted by difficulties, but as a Board we are bound to take a more cautious view of things.

Mr. Captain.—Won't you take into consideration the fact that in 1920 the consumption was 200,000 tons and in 1923 it rose to 340,000 tons?

President.—If it is a fact, that rise was accompanied by a marked fall in the price, and if in order to do you any good we have to raise the price, we should not make any allowance for an increase in consumption.

Mr. Captain.—But I would like to point out that there was a great drop in price after these figures were worked out. The big drop really took place in 1924.

Mr. Ginwala.—You must remember this, that a good deal of the increase in the use of cement may be accounted for by the fact that there were many works of public utility which were kept in abeyance during the war and a certain amount of arrears had to be made up under public works practically all over India. Take the big docks in Calcutta, for instance: take the development work in Bombay. Many things which were kept in abeyance for a long time were eventually started after the war, and therefore you cannot always expect the increase to be in the same proportion unless the people of the country take to the use of cement much more readily than they have been doing.

Mr. Captain.—Is it not reasonable to expect that they will take to the use of cement more readily than they have been doing before? The experience is that ordinary people are using more cement at present than they did before. Then again I may also mention the Sukkur Barrage Scheme. They will use a considerable quantity of cement there.

Mr. Ginwala.—But the Sukkur Barrage Scheme also must come to an end.

Mr. Captain.—It will go on for more than three years.

President.—Does it not occur to you that, supposing a heavy protective duty were put on, the immediate result would be that the Bombay Government may decide not to use any more cement in the Sukkur Barrage. Where would you be then?

Mr. Captain.—The present position is that the Bombay Government know that the productive capacity of the Indian plant is much more than the demand and there is so much internal competition that they are bound to get cement cheap.

Mr. Ginwala.—Then again my answer is what is the good of a duty then?

Mr. Captain.—With a duty we shall be in a better position than we are at present.

Mr. Ginwala.—In a big country like India, or America or Canada where the geographical distances are very long, you cannot, as the Fiscal Commission has also pointed out, have a tariff which we enable the indigenous industry to compete at all points. Take the case of the United States of America, for instance. In the Pacific coast even with a high tariff in the case of steel, for instance, a lot of steel and pig iron is imported. The same thing may be expected in India. According to you, India must follow a policy by which the whole country has got to pay a high rate of duty in order that you may capture the whole market. If we were to make recommendations which will enable you to capture the whole of the market, we shall have to take the Madras rate which is the highest—Rs. 100 a ton.

Mr. Captain.—We recognise that fact. We do not ask for Rs. 50 a ton: we ask for Rs. 25 a ton.

Mr. Ginwala.—But Rs. 25 a ton does not enable you to do it. We will have to fix a duty of 50 a ton if you are to capture the whole of the market. If we recommend that, Bombay, Calcutta and the whole of India will have to pay at that high rate of duty. As you see in the case of the steel industry in connection with the exclusion of Burma, the Government of India and the Legislature did not recognize different tariffs for different parts of the Indian Empire. Therefore that is out of the question.

Mr. Captain.—I am sorry to interrupt you but I may with great respect point out that, even if you put 50 per cent. or even 100 per cent. duty, as far as Bombay and Calcutta are concerned probably as long as the internal competition in cement is severe, prices will be governed not by the price of imported cement but by that internal competition.

Mr. Ginwala.—Leave that out for the moment. The idea is that you must get the price that the tariff is intended to enable you to get. There is no point in fixing a tariff if the industry does not get the price.

President.—Admittedly it won't over the greater part of the market for some time to come.

Mr. Ginwala.—We must discuss the thing from the general point of view. Now then, if we leave out the market that you cannot capture under the present conditions, what is your proposal?

Mr. Captain.—My answer is this. Taking the position of the manufacturer he looks upon his position as a whole. He sells at one price in one place, he sells cheaper in another place, and I do maintain that it would be an advantage to an Indian factory even if they can sell at a price little above the works cost at Madras and Rangoon, which it will be able to do with a duty of Rs. 25 per ton. Supposing cement cannot be landed in Madras at less than Rs. 75, and supposing we sell at Rs. 70 a ton, even then we get Rs. 40 a ton at the works. Our works cost even at our present rate of production is only Rs. 29-8.

Mr. Ginwala.—It may be a distinct advantage, but will that keep the industry alive, that is the point?

Mr. Captain.—He will make some profit in other places.

President.—Owing to internal competition you will only be able to cover your works cost in some of the biggest markets.

Mr. Captain.—We will be able to do better.

President.—You will be able to do no better at all as long as the internal competition exists.

Mr. Ginwala.—Is there any movement in the cement industry to raise the prices?

Mr. Captain.—There was a talk about it but it came to nothing. I would be quite frank with you. In my opinion the sensible thing for the Indian manufacturers is to come to some arrangements as regards output and price, but I am most emphatically of opinion that it would be to the advantage of the manufacturers to fix the price as low as possible in order to encourage a larger consumption of cement.

Mr. Ginwala.—You complain that you cannot import any expert labour except British labour. Is that a real hardship?

Mr. Captain.—It does happen in the case of the cement industry. We found from actual experience that it was a real hardship as far as our own company was concerned when we got our new Manager. The factory was in the course of construction, and we were really hard hit by having to wait for a considerable time for a General Manager. We gave our English Agents instruction to get a General Manager and then after waiting for a long time we had to get one from America. Then again, there is the case of the burner. We have been trying to get a burner for the last 4 or 5 months but without any success. The salary that we have offered works out to something more than twice the salary that he would get in England and we have privately informed them that we would be prepared to pay even more.

Mr. Ginwala.—I do not think any other cement works have got such difficulties.

Mr. Captain.—That is my belief too, and as far as I know, the Jubbulpore Cement Factory and ourselves are the only two. I think their lease was signed only recently and the Central Provinces Government put that clause in their lease also. There was a conference at Nagpur about it but we do not know what was the result.

Mr. Ginwala.—Don't you realise that cement is an article which is required for war purposes?

Mr. Captain.—It is so.

Mr. Ginwala.—And therefore there is some reason for this restriction.

Mr. Captain.—They don't seem to have realised the difficulty of obtaining suitable men from England. I would not have realised it myself before. Ordinarily I may tell you that it would be easy to get experts in other industries from England. Take the textile industry, for instance.

Mr. Ginwala.—The point is that cement is one of the articles which is useful for war purposes. If you don't have British subjects as Manager, Engineer, etc., supposing a war broke out, the country itself would not get the benefit of the industry.

President.—Government might have to intern your best workers.

Mr. Ginwala.—If it is a friendly power, they would be required by their own country.

Mr. Captain.—I hope that an exception might be made in the case of a friendly power like the United States.

Mr. Ginwala.—America might require these men.

Mr. Captain.—They have not got conscription as yet in America.

Mr. Ginwala.—Is the restriction necessarily a disadvantage?

Mr. Captain.—In actual practice, it is a disadvantage. After all is said and done, I don't think that any Indian manufacturer would want to bring out a man from outside England, if he could possibly get a man from England. For one thing he would have to pay much more, and for another we are much more in touch with England than any other part of the world really. But it does rather tie our hands at present. If we get a little more freedom, we will certainly be better off. At any rate, we feel this as a hardship.

Mr. Ginwala.—As regards power and fuel, in your works cost you have given us Rs. 10 a ton in round figures.

Mr. Captain.—That includes kiln coal.

Mr. Ginwala.—That is comparatively a somewhat low figure on the whole.

Mr. Captain.—Is it low?

Mr. Ginwala.—It appears to be a low figure. What is that due to?

Mr. Captain.—It may be due to the geographical position. I don't know the conditions in the other factories.

President.—So far as you are aware, you have got no advantage in respect of your process.

Mr. Captain.—Not over the newer factories. Probably we have over the older factories. But as far as the new factories are concerned, I know that they have all got up-to-date machinery.

Mr. Ginwala.—Your factory is 27 miles from Katni to the south?

Mr. Captain.—I should say it is rather north.

Mr. Ginwala.—May be. Is there another company at Katni?

Mr. Captain.—There is one at Katni. There is another at about six miles from our factory known as the Jubbulpore Portland Cement Company, Limited, in a place called Mehgaon.

Mr. Ginwala.—So far as these three companies are concerned, they should have more or less the same power and fuel cost, assuming that the equipment is about equal.

Mr. Captain.—If any of their cost is higher, I can account for it only in one way. Of course I don't know the real cause of it. But I can only speak from information.

President.—We have not yet had any figures from the other companies, so we are not referring to them.

Mr. Ginwala.—I am only asking you a hypothetical question.

Mr. Captain.—Supposing they made a contract for their coal, say, two years ago at a high figure and they are still getting the high priced coal, naturally their cost will be a bit higher.

Mr. Ginwala.—Have you entered into any long contracts?

Mr. Captain.—Our contracts will expire at the end of this year.

Mr. Ginwala.—For how many years were these contracts made?

Mr. Captain.—We made contracts for 10,000 tons of kiln coal and about 10,000 tons of boiler coal. Both the contracts will run out at the end of the year. They would have run out much earlier if we had been working our factory to its full capacity. We did not make them at the beginning of the year. We made them only in February or March.

President.—What the Board saw of long contracts in their last enquiry did not on the whole lead them to think much of such contracts.

Mr. Captain.—No.

Mr. Ginwala.—You sold to the Calcutta Port Commissioners at Rs. 32 a ton?

Mr. Captain.—Yes.

Mr. Ginwala.—And the price f.o.r. Calcutta comes to Rs. 43-12-0, including freight?

Mr. Captain.—Yes.

Mr. Ginwala.—It is a very low rate.

Mr. Captain.—It is a low rate. We have got to quote a competitive price. I may tell you that we have recently lost an order in the Stores Department. The price that got it was Rs. 27-8-0 at the works.

Mr. Ginwala.—Which company got it?

Mr. Captain.—The Jubbulpore Portland Cement Company got it. We quoted Rs. 28-12-0.

Mr. Ginwala.—It is about Rs. 15 less than the price of the imported cement.

Mr. Captain.—Yes. We are competing amongst ourselves.

Mr. Ginwala.—The tariff has nothing to do with it.

Mr. Captain.—As I pointed out yesterday, I submit that it is of great advantage to be able to sell more. The fact that we are able to sell our output would do us much good.

President.—If you go on at this rate, you will shut out the foreign cement inside a year.

Mr. Captain.—I say frankly that the sensible thing would be for the cement manufacturers to come to some understanding and not cut each other's throats.

Mr. Ginwala.—So far as you are concerned, these freight rates that you have given to Bombay and Calcutta are not unfavourable when compared to the freight that the British manufacturer has to pay?

Mr. Captain.—The freight from England to Bombay is about Rs. 12, whereas the freight from our factory to Bombay is Rs. 15-8 a ton. The difference is Rs. 3-8-0.

Mr. Ginwala.—As regards Calcutta?

Mr. Captain.—It is about a rupee less, as the freight from our factory to Calcutta is only Rs. 11.

Mr. Ginwala.—These are the principal markets, are they not?

Mr. Captain.—Yes, they are the principal markets.

Mr. Ginwala.—If you are to compete really against these people, assuming other things are equal, your cost of production must approximate to their cost. Do you think that that can be done in this country?

Mr. Captain.—We might do that, or in the alternative we must be content with a lower rate of profit.

Mr. Ginwala.—But you would not get capital, with a lower rate.

Mr. Captain.—We have already got the capital. We have got the machinery.

Mr. Ginwala.—You are always thinking of your own firm, and not of the whole industry.

Mr. Captain.—No. The industry is there, the machinery is there to-day.

President.—You think they could carry on for a long time, even though dividends reach the vanishing point?

Mr. Captain.—Quite.

Mr. Ginwala.—In your answer to Question 66, you have not given us the sort of information we wanted. What we wanted really to find out was how much you were at a disadvantage in terms of money in respect of the various items mentioned in the question?

Mr. Captain.—I am very sorry about it. Really I was hard pressed for time. I ought to have done better.

Mr. Ginwala.—I am not blaming you. Take the case of the Customs duty. You could easily tell us the Customs duty on each of the articles you use.

Mr. Captain.—The machinery has come out both during the time when Messrs. Burn & Company were Managing Agents, and during the time when Messrs. Mathradas Goculdas & Company were Managing Agents. In keeping accounts, they have not shown these items separately. I could not get it out separately. I could only get it for a portion of the time.

Mr. Ginwala.—We want to know whether it makes any substantial difference in the cost of production when compared with the cost of production in foreign countries.

President.—The kind of information we want is this: in order to produce a ton of cement, you require a capitalisation of something like £8 a ton in England and in India you require £10 or £11 or whatever it is.

Mr. Captain.—I follow.

Mr. Ginwala.—Then in England they use various materials on which they don't pay any duty. Here you use the same quantity or more and you use consumable stores on which you pay duty. Would you be able to send us these figures in your case?

Mr. Captain.—Would you like figures as regards capital cost of working capital?

Mr. Ginwala.—Both of course we want.

Mr. Captain.—I will try and send them.

Mr. Ginwala.—You refer to some substantial concessions in freights. Do the railways give any concession?

Mr. Captain.—It is a concession rate. If you pay according to ordinary rates, the freight to Bombay would be something like Rs. 60 a ton.

Mr. Ginwala.—What is the principle of the concession? Can every one get it?

Mr. Captain.—You apply for the concession to the Traffic Department and they decide it.

President.—What Mr. Ginwala means is: have you got a special contract with the Railway, or is it one of the rates which they give to any customer when they think that circumstances justify it?

Mr. Captain.—We have no special contract with the Railway. They gave us the rates which they thought circumstances justified.

Mr. Ginwala.—Is it dependent on mileage?

Mr. Captain.—It does. I think that they have got some such system as this. If you go a certain number of miles on their line, they will give you a concession which works out at a particular figure.

Mr. Ginwala.—It is a very important factor that we have got to consider if, as you say, you have got a rate which is only one-fourth of the usual rate. It is a very big concession from the railway point of view.

Mr. Captain.—I don't know whether it is a quarter or a third. It is a fairly substantial concession. We get it over the G.I.P. line but we do not get on the E.I.R. line on which we travel 65 miles.

President.—But you do get a concession rate when you send your cement to Calcutta?

Mr. Captain.—We do.

Mr. Ginwala.—For 67 miles you pay Rs. 4-13-0 and for 616 miles you pay Rs. 10 odd?

Mr. Captain.—Yes.

Mr. Ginwala.—Is that merely due to the fact that the distance is very small?

Mr. Captain.—The distance is so small that it is not worth their while, they say, to give a concession.

Mr. Ginwala.—Supposing you go over two or three lines?

Mr. Captain.—We would have to pay more.

— *Mr. Ginwala.*—Is not the freight calculated on the total mileage?

Mr. Captain.—No, it is not. Each company charges for the distance travelled on its line. You might be travelling 5,000 miles but they look upon their 50 miles only. We submit that this is unfair.

President.—I don't say that that is a good system, but that is the system which is followed. Your Bombay rates come to 3 pies per ton per mile. But how many maunds make one ton?

Mr. Captain.—27½ maunds make one ton.

President.—It is getting down to one-eighth of a pie per maund per mile. It is difficult to see how the railways can go much lower than that.

Mr. Ginwala.—It is for the railways to determine whether they cannot make some arrangement to give a uniform rate on the total mileage. They may have some reason for not doing that.

President.—Look at the Capital Account which you have given in answer to Question 78. I would like to know how this is financed. You have only 60 lakhs of paid up capital and 60 lakhs of debentures; your block value is Rs. 135 lakhs and your working capital is Rs. 8 lakhs.

Mr. Captain.—We have not got the whole 8 lakhs yet. We have got Rs. 6,60,000. The Debenture holders have lent more money after they have entered into possession. They have got to run the factory.

Mr. Ginwala.—There is some mistake in your accounts I think.

Mr. Captain.—It is like this. I have worked it out. The Debenture loan is Rs. 60 lakhs. Then the Trustees for the Debenture holders have financed, after they have come into the possession of the factory, about Rs. 10 or 11 lakhs. Out of that Rs. 6 lakhs has gone towards the capital expenditure, and the remaining Rs. 5 lakhs has gone towards the working capital, and the balance of it is interest. If you take share capital Rs. 60 lakhs, plus Rs. 60 (Debeneture loan) and plus Rs. 6 lakhs more for capital expenditure, and take the interest on the Debenture loan for two years from the 1st of January 1922, which will be about Rs. 6 or 7 lakhs, you will get the total figure.

Mr. Ginwala.—That interest has gone into the block account. Therefore you have got to earn on the block value of Rs. 135 lakhs plus your working capital of 5 lakhs which comes to Rs. 140 lakhs. You say that you have spent Rs. 7 lakhs more on buildings and Rs. 15 lakhs on machinery. So, there is another Rs. 22 lakhs. Thus, you have got to earn on its. 162 lakhs.

Mr. Captain.—It comes to very little. It is about 9 annas a ton.

Mr. Ginwala.—We have to allow for Rs. 9 lakhs more. So, it will come to about Rs. 1-8-0. We will have to add that.

Mr. Captain.—Yes. With your permission I would like to say this. After all, when the Tariff Board is considering the question of protection and manufacturers' profit, it may be that at the present capitalisation, the manufacturers may not be able to make a profit. You have got to take this into consideration. Here is the machinery. The company may be reconstructed. It may be purchased by another company at only a crore of rupees.

Mr. Ginwala.—We cannot take that.

Mr. Captain.—What I am suggesting is: take all the cement plants together. Supposing the capital cost was much less to some other company, would it pay the country then to work the machinery? Would not the Tariff Board consider this question?

President.—May I put it this way? Supposing the Tariff Board could determine with reasonable accuracy what the cost of putting up a factory of a given output would be at the present time, and supposing they were to say "it would be reasonable to allow 8 per cent. on the whole of this capital and to calculate the depreciation at an all-round rate of 6½ per cent." Do you think that it is a reasonable way of doing it?

Mr. Captain.—Yes.

President.—I admit that it is a very difficult thing to do. But that is what is largely in your mind when you admit that the particular figures of your concern may be misleading to this extent that they come on the high side?

Mr. Captain.—Yes. I don't think that I am expressing myself very clearly. What is passing in my mind is this. Do not think of the different companies. Take the country as a whole. It has got a certain amount of

cement machinery. Is it going to be profitable to the country at large to work this cement machinery?

President.—We are prepared to go further. It is worth while to go on working the machinery even at a small profit.

Mr. Captain.—Yes. In considering the amount of profit, the capital that you would take into consideration need not necessarily be the capital that has actually been spent to erect this factory.

President.—You must take into account the capital which would be necessary to replace the machinery. Unless you set aside the amount required for replacement, it is a wasting asset, and eventually you will have nothing to replace your machinery with.

Mr. Captain.—You must set aside for full depreciation on the replacement basis, but as far as the question of manufacturers' profit is concerned, I don't think, looking at it from the point of view of the interests of the country as a whole, you would necessarily take exactly the whole capital cost.

President.—Your case is different. What we had to deal with in connection with steel was 'what would attract fresh capital into the business.' But I admit that in the case of cement, that is not an urgent problem.

Mr. Captain.—No.

Mr. Ginwala.—It is difficult to find what principle to apply to your industry.

Mr. Captain.—I suggest to you to make it possible for the country to work the cement machinery which is there. It has cost the country a lot of money.

Mr. Ginwala.—It is a reasonable hypothesis.

Mr. Captain.—Even taking the capital cost at Rs. 50 lakhs, it is not possible to work the machinery profitably at present rates.

Mr. Kale.—Can you say that India has got any special advantages, intrinsic or natural, with reference to this industry when compared with other countries?

Mr. Captain.—I don't say that other countries have not got those advantages. We certainly have natural advantages. We have raw materials on the spot. We have coal at a reasonable distance. We have any amount of cheap supply of labour.

Mr. Kale.—The reason why I am asking you the question is this: generally protection is asked for on such grounds, as the industry being in a state of infancy and being suitable for the country, etc.

Mr. Captain.—I would submit that the industry is suitable. We have got ample supply of raw materials and other advantages which I have mentioned already.

Mr. Kale.—Compared with the foreign article, you already enjoy an advantage in price of about 40 per cent. You have got an advantage of Rs. 12 in the matter of freight, Rs. 9 in Customs duties and Rs. 2 in landing and other charges.

Mr. Captain.—That is Rs. 23 per ton. But we have got to pay freight from our factory to Bombay which is Rs. 15-8-0 a ton.

Mr. Kale.—So far as Bombay and Calcutta and other ports are concerned the foreign stuff is landed there at a price which, on an average, leaves you at an advantage to the extent of 40 per cent.

Mr. Captain.—I don't follow these percentages quite clearly.

Mr. Kale.—It is Rs. 23 a ton.

Mr. Captain.—But against that we have got to pay Rs. 15-8-0, as freight for a ton of cement from our factory to Bombay. So we have not got the advantage of full Rs. 23. We have got the advantage of only Rs. 23 minus Rs. 15-8-0, i.e., Rs. 7-8-0, so far as Bombay is concerned.

Mr. Kale.—What I am putting to you is this. You are at an advantage with reference to the United Kingdom, for instance, on account of freight, duty and landing charges. How is this advantage wiped out? In answer to the President yesterday you said that you are handicapped on account of the higher prices you have got to pay for your machinery, stores and so forth, and that handicap amounted to 20 to 30 per cent. I take it that that handicap wipes out the advantage you have got here.

Mr. Captain.—With great respect I would point out that the advantage is not Rs. 23 but Rs. 7-8-0.

Mr. Kale.—In Bombay and Calcutta markets?

Mr. Captain.—The advantage is Rs. 7-8-0 in Bombay and Rs. 11 in Calcutta.

Mr. Kale.—Are we to take it that it is wiped out by the disadvantages?

Mr. Captain.—Not only because of the disadvantage but, as has been pointed out, we are an infant industry. We suffer from many disadvantages. We have pointed out one difficulty—the question of the burner. The man has got to be trained and we have not got trained labour in this country and our costs are going higher. They will come down in course of time.

Mr. Kale.—From the figures you have given it does not appear that in the course of five years you will be able to stand foreign competition. In the case of protection, you ought to be able to show that, after five years, the temporary disadvantages will disappear and you will be able to stand on your own legs.

Mr. Captain.—If our Indian burners will improve and become good in three or four years, it may make an enormous difference.

Mr. Kale.—It would not come to more than 8 as. a ton.

Mr. Captain.—It will come to more than Rs. 5 per ton. We have got kilns and we get with an Indian burner a daily production of 100 tons with 40 tons of coal. A good burner will use 40 tons of coal and will produce 120 tons. That is 600 tons more per month. By using the same quantity of coal we will get 600 tons more. There is also the lining in the kiln and that is burnt down by an incompetent burner—I have known them do it—in 15 days. If you have got a competent burner he could make it go on night and day for six months. These difficulties add to your cost.

Mr. Kale.—Do you put it down as 25 per cent. reduction in cost if all these things take place?

Mr. Captain.—It will be a big difference. The greatest thing in cement making is the burning. If we get satisfactory burning, our cost will go down a great deal.

Mr. Kale.—It appears from what you have told us that you will be able to make this industry live a little longer. It will be a prolonged agony, that is all.

Mr. Captain.—In three or four years we do expect to get our cost down.

Mr. President.—Mr. Kale's point is this. Let us take it that cement without any duty at all would come in at about Rs. 50 a ton. As far as I can see, your overhead and profit come to about Rs. 20 a ton on full production. Supposing you carry on with something less than that, say Rs. 15 a ton. In order to get to Calcutta at Rs. 50 a ton you have got to keep Rs. 10 for your freight to Calcutta. That takes you down to Rs. 40. Take Rs. 15 for your overhead and profit. Then you have only Rs. 25 for works cost. Do you think that your works cost will go down to that level?

Mr. Captain.—As a matter of fact in our private conference at the factory it has always been our ambition to bring the cost down to Rs. 25, and we believe it is a possibility without any difficulty at all.

President.—Mr. Kale's point is this: Even on your cost which as far as we have seen is certainly lower than anybody else, you have got to

squeeze a bit to get down to that, and it is not obvious how others are going to get down to it.

Mr. Ginwala.—You must really get your figures checked and must not come and say afterwards that there is a difference of Rs. 10 or something like that there.

Mr. Captain.—The cost figures are absolutely correct. After all, I have got to rely on information which we have received, but they have been checked at the Head Office.

Mr. Ginwala.—Especially your fuel cost I should like you to check again.

Mr. Captain.—We get our boiler coal on a freight of Rs. 3 a ton. Take for instance the Gwalior Cement Company. They are probably paying a freight of Rs. 10 a ton on their coal from Bengal.

Mr. Ginwala.—If you are sure, so much the better.

Mr. Kale.—Unless your cost of production goes down substantially I do not see how any measure of protection is going to help the industry.

Mr. Captain.—It is an infant industry and you cannot get over that. Labour will get more efficient. Even people in my position will learn a little more than they do at present.

Mr. Kale.—It is only a pious wish?

Mr. Captain.—Is it not reasonable to assume that?

Mr. Kale.—There is a limit beyond which your improvement cannot go.

Mr. Captain.—We have barely started on the improvement process yet and we are bound to go a great way.

Mr. Kale.—You have just told us that you are inclined to distinguish the industry from the factories which are engaged in the industry so that you would wish that somehow or other the cement machinery in this country should be worked. Does it not amount to a sort of nationalisation of the industry?

Mr. Captain.—I may explain it this way. I do not suggest that Government should take it. We have been talking about these figures at a rate of profit calculated on a capital of, say, Rs. 1,20,00,000. I submit that it is not necessary to consider that at all so far as the country is concerned. Even supposing that our factory cost only Rs. 20 lakhs, even then you cannot make it pay.

Mr. Kale.—On the present figures you say it is not possible for these factories to make any profit until reconstructed.

Mr. Captain.—It will be a great benefit to the industry and to the country that they should be reconstructed, but no amount of reconstruction or writing down is going to help them without protection.

Mr. Kale.—If we grant protection it may happen that these companies will go on, as they have been going, from hand to mouth and they will not be reconstructed. You will leave them to mutual competition? And you think that those who are the least efficient may go to the wall and those who are efficient would be kept alive?

Mr. Captain.—I would like to keep all alive. If they came to a reasonable arrangement between themselves they could all remain alive. With great respect I submit, that, if you say that even with protection those less efficient will have to go to the wall, then I say that more will go to the wall without protection than with protection.

Mr. Kale.—It is not a permanent remedy.

Mr. Captain.—I submit it is permanent if you look at it this way. For these three years what is going to happen? The industry is in its infancy: labour will be inefficient for three or four years. The demand in the country for these years will be less than the supply. After these three years the demand will be much greater and the labour will be more efficient. If we tide over this period we will be able to exist.

Mr. Kale.—You have no reliable basis to go upon.

Mr. Captain.—After all there are two assumptions that I have made, one, that labour will become more efficient. Is that after all an unreasonable assumption? Indians are ordinarily intelligent people and they are sure to improve.

Mr. Kale.—I want to reduce everything to the basis of cost of production.

Mr. Captain.—It may be as much as Rs. 5 a ton.

Mr. Kale.—You must be able to convince us on the point.

President.—You have got to reduce your present cost by Rs. 7 or 8 per ton because your present cost will increase by Rs. 2 or 3 on account of repairs to machinery, etc.

Mr. Captain.—May I explain one thing. We are supposed to get an output from the present kiln of 150 tons a day and on our two kilns we have to get 300 tons. With a good burner I think we ought to get 150 tons on the average. We have gone on for days and days and we have got only 90 to 100 tons, and I am going to send you our cost sheets* and you will see how the cost varies as production varies. We had one good burner who was trained in another factory. Unfortunately there was an accident in the factory and the man was killed. Immediately we had no competent burner and the cost went up high. Recently we had another burner trained and the cost came down. Supposing we produce 3,000 tons a month and our cost is Rs. 40, then if we produce 4,000 tons the cost will be Rs. 30. It will make a big difference, though you may use a little more coal.

Mr. Kale.—Now, the difficulty about burners: is it common or only peculiar to you?

Mr. Captain.—I understand that in the case of the factories which have been working for some time, they have got burners from England.

Mr. Kale.—As regards the other factories we may find that even in spite of efficient burners their cost is high.

Mr. Captain.—They may have other difficulties we have not got, but this is a disadvantage inherent in an infant industry in India unless you get men from abroad.

President.—But have not the older companies succeeded in overcoming the difficulties?

Mr. Captain.—I may mention one company—Bundi. I think they are getting very good production out of the kilns.

Mr. Kale.—Then their cost of production must be lower than yours?

Mr. Captain.—Should be lower on the kiln. For instance I may say that we are a new factory. We might enjoy the advantage in this that we have got the latest up-to-date machinery, Bucyrus shovels for getting our raw materials and so on.

Mr. Kale.—You have not begun to use them?

Mr. Captain.—We are using them for loading the stone. It will affect our cost considerably when we do give them full play. I may also say that the process of packing may be slightly better in our place.

Mr. Kale.—We cannot consider your factory only. We have to take the industry as a whole, take all the facts, disadvantages, etc., into consideration.

Mr. Captain.—These are not permanent disadvantages. Of course, as I say, I cannot answer for them. I do not know how they are situated, but probably their disadvantages are also temporary.

President.—You have told us that in your opinion it would be a sensible arrangement if the manufacturers were to combine, so as to secure more adequate prices. Now supposing you happen to be the factory which was most favourably situated. You might have certain advantages in having

* Not printed.

bought up-to-date machinery at a time when prices were lower and you might have accumulated big reserves during years of prosperity. Do you think from your point of view the combination would necessarily be a good business? It might pay you better to hang on until some of the others had been frozen out, and then your turn would come.

Mr. Captain.—We were all agreed except one company: what was present in their mind was probably something like what you have put to me. But I think they are short-sighted and I think it would be to the advantage of all. There are schemes like this worked out.

President.—But you cannot run the thing at all unless there is some degree of financial responsibility.

Mr. Captain.—It might pay the combine to make some of these companies shut down. The actual scheme that was worked out was a very good scheme. We had to cut down the output to the present demand. It has been recognised by us that, if we are going to encourage increased consumption in India, we have to keep prices low.

Mr. Ginwala.—In answer to Question 57 you have not given us all the figures wanted—prices of imported cement for 1912, 1913, 1914, etc.

Mr. Captain.—I shall give you these.

Mr. Ginwala.—The present day, c.i.f. price is about the same as the pre-war price according to the figures which other companies have given. There is hardly anything which has yet reached the pre-war level, and therefore it is possible that the foreign manufacturer may not be able for long to sell his cement at as low a price as £2-7-6 f.o.b. In that case the Indian manufacturer won't appear so unfavourably situated compared to the foreign manufacturer, supposing his price comes to £3.

Mr. Captain.—I did get some information. This is what technically comes within the definition of "dumping."

Mr. Ginwala.—My point is this. Is there any prospect of this price of £2-7-6 going up? Can the British manufacturers go on selling at £2-7-6?

Mr. Captain.—According to the report of the Associated Portland Cement Manufacturers they themselves say that they are selling for the export market at cost price. If the consumption of cement in England goes up—which is likely as they are starting development works like road-making, etc., to relieve unemployment—there would be no need to export cement.

Mr. Ginwala.—What is the normal selling price in England?

Mr. Captain.—£2-18 to £3 a ton.

Mr. Ginwala.—Is that a price which leaves a profit?

Mr. Captain.—They are making a good profit. One of the companies made a handsome profit last year, I know.

Witness No. 2.

The Indian Cement Co., Ltd.

A.—WRITTEN.

Statement I.—Replies to questionnaire received from the Indian Cement Company, Limited, dated 12th June 1924.

With reference to your letter dated the 21st ultimo, forwarding copies of the Questionnaire to be answered by the Cement Companies in connection with your Board's enquiry into the Cement Industry, we beg to forward herewith the answers to the Questionnaire on behalf of the India Cement Company, Limited. We also enclose, as desired, 5 spare copies of each set of answers and trust that these will reach you in time. We have stated our case fully in our answers but in the event of your Board requiring us to tender oral evidence, we shall be prepared to send our representatives for the purpose to Simla. We would, however, point out that as their presence is imperative at a General Meeting of one of our allied Companies at Hyderabad on the 25th instant, it will not be possible for them to go to Simla between the dates mentioned by you. In the event therefore of our oral examination being considered necessary, we would request you to fix a date after the 30th June if you can possibly do so:

With reference to the information required by the Board in connection with "Works Costs" we have given all possible information bearing on the points and issues raised in the questionnaire and we leave it to the Board to publish such portions as they may consider necessary to enable the public to properly appreciate the case of the Cement Companies, for protection.

REPLIES TO QUESTIONNAIRE.

I. INTRODUCTORY.

1. The Indian Cement Company, Limited, was registered as a public Company on 28th August 1912 in Bombay under the Indian Companies Act.
2. Eighty per cent. of the Capital invested in the Company is held by Indians. All the Superior Management at the Head Office and the Works are Indians and the only non-Indians are the Manager and the Head Chemist. All the Directors except one are Indians.
3. The Company manufactures Portland cement only at present.
4. The factory commenced manufacture in October 1914.
5. The present full capacity is 30,000 tons annually of Portland cement. If our existing old cement mill is converted to raw grinding at a cost of about Rs. 60,000 the capacity would be 40,000 tons annually.
6. The output of Cement Clinker annually has been—

	Tons.
1914	945
1915	4,912
1916	7,408
1917	14,042
1918	17,760
1919	19,457
1920	16,222
1921	25,750
1922	21,261
1923	14,814

7. In the Port of Porbandar in Porbandar State, Kathiawar, Western India; the Works being on the Dock Estate.

(a) Yes. The limestone and siliceous stone deposits are situated on the Porbandar State Railway ten miles from the Works, sidings connecting up same: the requisite clay or mud is obtained from the alluvial deposits adjoining the Works site.

(b) Coal is the only item which is not within easy reach of our Works, but as will be shown later, the cost laid down at Works was a reasonably low figure when the Works were started. In the last few years the rise in the railway freights as well as in the price of coal has very adversely affected the situation.

(c) The Company's factory is situated very close to the very important ports and distributing markets of Bombay and Karachi and is also most favourably situated for the Persian Gulf Trade.

(d) The most important factors in selecting the site for a cement factory in India are (1) an abundant supply of raw materials of the correct composition, (2) ample water supply, (3) suitable fuel supplies within reasonable distance of the Works site, (4) close proximity of the site to large Cement Consuming Centres and easy access to the railways feeding those Centres, (5) Good and sufficient labour.

8. We manufacture only one kind of cement, viz., Portland cement, designated by the British Standard Committee on Portland cement as "Artificial Portland Cement."

9. Yes. We manufacture to the British Standard Specification. The British Standard Specification for Portland cement requires modifications applicable to British and Indian cements and such modifications are now under consideration. For India special clauses will be necessary only in so far as they relate to the temperature of the testing room and the setting time at the higher temperature prevailing in India. These proposed changes are being now investigated by a Sub-Committee in India.

10. We claim that our cement is equal in quality and appearance to the best English cement and superior to most of the imported cements. Our cement generally commands at least as good prices in competitive markets as Belgian, German or Japanese cement, but there is still a definite bias in the minds of certain consumers in favour of English cement which enables it to command a few rupees premium but this bias is being gradually removed as consumers get more familiar with Indian Cements.

II. RAW MATERIALS.

11. Limestone, siliceous stone and clay.

12. (a) 15,000 tons cement per annum, limestone 19,711 tons, siliceous stone 1,652 tons, clay 4,136 tons.

(b) 30,000 tons cement per annum, limestone 39,423 tons; siliceous stone 3,305, clay 8,272 tons.

13. For 1 ton of cement we require 1.3141 tons limestone, 0.1102 tons siliceous stone, 0.2757 tons clay.

(a) The wastage before calcining is approximately 3.5 per cent.

(b) During calcination about 37.68 per cent. loss occurs.

(c) Loss nil.

14. 1.7 tons of dry raw materials are required to produce one ton of cement.

15. 1 ton clinker is required to produce 1 ton of cement.

16. 83.78 per cent. of raw materials are drawn from the well known Porbandar limestone quarries which contain virtually inexhaustible supplies of raw material. These deposits are situated 10 miles from the factory.

17. The raw material is in the form of limestone chips, being quarry waste, it is collected by petty contractors and loaded into open high sided

metre gauge wagons of 272 maunds capacity and hauled by locomotive from the quarries to the factory sidings, the railway being worked by the Porbandar State for transporting Porbandar stone blocks from the quarries to various stations in Kathiawar or to the docks for shipment.

18. In lieu of all Royalties directly leviable on raw materials the Porbandar State charge a Royalty on the cement produced therefrom at the rate of annas five per ton of cement.

19. The cost of raw materials per ton delivered and stored on the factory site for the year 1923 was as follows:—

(a) Limestone—

	Rs.
(1) Royalty	Nil. (<i>vide</i> answer No. 18).
(2) Labour	0.56
(3) Freight by rail	0.80
(4) Miscellaneous	...
TOTAL	1.36

(b) Siliceous Stone—

	Rs.
(1) Royalty	...
(2) Labour	0.97
(3) Freight by rail	0.80
(4) Miscellaneous	...
TOTAL	1.77

(c) Clay—

	Rs.
(1) Royalty	...
(2) Labour	2.033
(3) Freight	...
(4) Drying clay	1.380
TOTAL FOR DRY CLAY	3.413

N.B.—The rates have varied very little during the past 5 years; about 1917 the railway freight rates were increased 150 per cent.

20. We have an Agreement with the Porbandar State granting us the rights to quarry raw materials for a period of 40 years from 1912. A copy of agreement herewith. We do not consider the terms unfavourable.

21. The raw materials are constant in composition and no deterioration is anticipated.

22. The raw materials are quite satisfactory.

23. We have secured 40 years' rights to obtain raw materials. The supply is practically inexhaustible.

Costs may increase as the scales of labourers wages advance or freight rates increase.

24. No.

25. No.

26. No.

27. No. We do consider the existing freight rate of Rs. 5-0-0 per 200 maunds from the quarries to our Works (10 miles) excessive.

III. LABOUR.

A. Quarry Labour.

28. This work is done by petty contractors; numbers of people engaged not recorded by us.
 29. Not so far as known to us.
 30. Indigenous.
 31. No.

B. Factory Labour.

32. For a few years more, imported skilled labour is necessary.
 33. At present no imported labour is engaged but one skilled European Kiln Burner or attendant would be necessary when the factory works to full capacity.
 34. The factory was started with two imported experts one as Manager, the other Chemist and Assistant Manager but no skilled labour. These two officials trained both Engineers and Chemists besides all other skilled labour required in the process of manufacture. Indians have been trained in all Departments of Cement Manufacture and transferred to other Works in which the Company were interested or obtained positions in one of the many new works operating in India.
 35. The only imported help to-day is the General Manager and the Assistant Manager and Chemist and we have to pay in their case at least 50 per cent. more than a Manager or a Chemist could get on works of the same size in Europe.

36. Total Indian labour numbers 348.

Average rate of wages :—

	Rs. A. P.			
Shift Engineers	4	5	4	daily.
Fireman and Greasers	1	8	0	"
Electric machinery attendants	1	8	0	"
Cement machinery attendants	1	6	0	"
Greasers	1	0	0	"
Kiln burners or attendants	4	0	0	"
Kiln Greasers	1	0	0	"
Semi-skilled coolie labour (male)	0	13	0	"
General coolies	0	11	0	"
Female coolies	0	8	0	"
Foreman	4	0	0	to Rs. 6 daily.
Chemists	2	0	0	to Rs. 7 daily.
Fitters and Blacksmiths	2	0	0	daily.

37. See statement attached. (Appendix I.)
 38. The labour force is sufficient and is drawn from the vicinity of the works except shift engineers. We have trained all our works staff and labour.
 39. The Indian labour here is intelligent and improves with training but in efficiency and stamina it stands somewhat lower than workmen in the more favourable climates of Europe or America.
 40. Most of the labour being local residents of Porbandar and the town being not a congested area like Calcutta or Bombay, no housing arrangement has been found necessary. As regards promotion of the welfare of labour in other directions, the period of the Company's prosperity has been too short to enable it to undertake any measures in this direction, and in the last two years in particular, the Company has had to pass through very difficult conditions.

IV. POWER (INCLUDING FUEL).

41. Steam power.

42. Electric power is used on certain outlying units of the plant, the alternators being rope driven. Cost per unit is not available.

43. Coal is employed as fuel for the steam power plant. Coal is obtainable in sufficient quantity at present.

44. The coal fuel required for power, calcination and all purposes amounts to 0.6 tons per ton of cement produced.

For the sake of economy we use 1st and 2nd grade coal half and half.

45. 50 per cent. of fuel comes by rail a distance of 885 miles and 50 per cent. by rail a distance of 1,442 miles. The prices f.o.r. works siding being Rs. 19-0-0 and Rs. 31-0-0 per ton respectively.

46. No.

47. We do not use wood as fuel.

V. MARKET

48. The total Indian production of cement for each year since the factory commenced manufacture in 1914 is as follows:—

Tons.					Tons.				
1915	.	.	.	18,000	1920	.	.	.	86,320
1916	.	.	.	38,664	1921	.	.	.	128,627
1917	.	.	.	73,726	1922	.	.	.	147,615
1918	.	.	.	84,344	1923	.	.	.	235,229
1919	.	.	.	86,814					

49. The estimated total Indian demand for cement at present is about 8,50,000 tons.

50. As will be seen from the following remarks of Mr. Musgrave and Mr. Davies in the Indian Munitions Board Hand-Book in 1918, the Government themselves were of opinion that India would need very large quantities of cement in future years:—

"After the war when works at present in abeyance will be continued the requirements will be greater than ever. The use of ferro-concrete comparatively new even in western world is extending very rapidly, bridges and heavy structural work of all kinds and even ships being made of it. It will in itself provide a big market for Portland cement. The opening up of Mesopotamia will also afford a large sale for Indian cement if it be available.....; The output of these factories being very much short of the present demands even, it will obviously not suffice for future requirements and there is still room for additional works in other parts of India."

The above prognostication has not been realised on account of the trade depression and more particularly on account of the severe retrenchment policy adopted by not only the Government of India but each Provincial Government and by various semi-public bodies which cannot fail to have a very adverse effect on the construction of public works and therefore on the use of cement. But there is every reason to believe that the Indian demand will substantially grow from year to year and the reasons for this belief are that when the existing financial stringency gradually disappears, more and more works of public utility as well as private building for both industrial and residential purposes will be taken up requiring the use of cement in steadily increasing quantities. The diversified uses to which Portland cement can be put particularly on account of its prevalent low prices will induce a larger demand for it in other directions and specially as a substitute in place of lime mortar. Experiments in connection with such substitution are now being

carried on in the Gwalior State and by some engineers in the United Provinces with successful results so far as regards efficiency and economy.

The total annual consumption of cement in this country has shown steady and at times even rapid progress as can be seen from a statement attached herewith. It will be seen that consumption increased by 25 to 35 per cent. yearly in the first 3 years. Then there was a sudden halt undoubtedly due to a large extent to the world economic prices of 1907 which upset trade and industry all over the world but even in this period consumption was well maintained. In the next 5 years, we have again a very considerable increase, the figures for 1912-13 being as much as 60 per cent. over the highest figure of the previous quinquennium. 1913-14 shows a falling off from this as it must, because the last six months of this year were affected by the great war with its financial and economic complications, scarcity of freight and difficulty of getting supplies from Europe where cement had become a most necessary war material. Fortunately, just at this time, the three pioneer concerns Katni, Bundi and this Company had come to the producing stage and consumption again started going up limited only by the available supplies and we estimate it at about 2,52,000 tons for the year 1921-22 against 1,60,000 in the highest pre-war year. By this time retrenchment became the watchword with every Government, public or semi-public body and this was coupled with the depression in trade and industry which cannot but have a very adverse effect on the consumption of cement and yet consumption was well maintained even in 1922-23 and the figure is likely to be still higher for the year just closed. With the great need for the development of irrigation, communications, etc., that undoubtedly exists in this country, there is very little doubt that consumption will once more get into its stride as soon as the necessary finance is available at reasonable rate and should in a few years be able to take care of all the cement that can be produced by the various concerns now in existence.

51. This Company's principal markets in India are Karachi, Kathiawad, Gujrat, Bombay, and Madras. Kathiawad is the province in which the factory itself is situated. Karachi, Bombay and Madras are reached by sea and their respective distances from the factory are 302, 258 and 1,908 miles.

52. The Company's own factory is situated at a port and this question therefore does not arise in the case of this Company.

53. Places like Singapore, Java, Sumatra, Seychelles, Aden, Persian Gulf, and Mesopotamia would be the most natural outlets for the output of this Company, as the distances from the port where this factory is situated to the markets named, are shorter than from other competing countries, provided reasonable freights are granted by the shipping companies. This Company is annually exporting about 1,500 tons of cement from its factory to Persian Gulf ports by country crafts. Export to other places mentioned above is not possible by country crafts but it is very probable with reasonable ocean freights, the present steamer freights being prohibitive. Japan is able to export cement to Singapore, Java and Sumatra owing to low freights given by its state-subsidized steamship companies, whilst India is unable to do so.

54. The cement manufactured by this Company has been purchased by the Local Governments, Railways as well as Public Bodies and also by the Military Department. During the war almost the whole output of the Company was commandeered by the Government at Rs. 50 per ton or thereabout when the market price was anywhere from Rs. 125 to Rs. 150 and at one time was as high as Rs. 250 per ton.

After the termination of the war, the Development Department of the Government of Bombay which naturally is a very large consumer has entered into a contract with four Companies, Katni, Bundi, Jubbulpore, and Dwarka—for the supply of all cement that they may require on the basis of cost plus 15 per cent. The benefit of this contract was extended to the Public Works Department and such semi-public bodies as wished to join in it with the result that our sales to such public bodies have been much smaller than they otherwise would have been in this Presidency. However, this Company has

been able to secure substantial orders from both the Bombay and the Madras Corporations. We have also been supplying cement to several railways in and around Kathiawad and to the Garrison Engineer, Military Works, Bombay. We attach herewith for your information a booklet on our Ganapati cement in which we have appended a list of some of our principal customers.

(b)

	Quantity supplied.	Average Price per ton ex-works.
	Tons.	Rs.
In 1920	833	80
1921	1,525	90
1922	2,963	70
1923	562	50 ✓

VI. FOREIGN COMPETITION.

55. The foreign countries from which cement is mainly imported to India to compete with the indigenous article are Britain, Belgium, Germany, Japan and Denmark.

56. The prevalent competition is only in the case of Portland cement as India does not manufacture any other variety.

57. (a)

	Prices of imported cement per ton.	Prices realised by* us per ton.
	Rs.	
1912	45—50	} Not producing. Began producing only in October 1914.
1913	"	
1914	60	
(b) 1917	Rs. 125 going up to Rs. 225	Output commandeered by Munitions Board @ Rs. 42-8 subsequently raised to Rs. 55 ex-works.
	Rs.	Rs.
(c) 1921-22	200—150	150—100
1922-23	150—75	100—70
1923-24	75—55	70—50

We regret we have no detailed information as to the f.o.b. price and charges of imported cement.

58. The information is obtained from the local market.

59. We are unable to give any opinion on this subject.

60. We believe that the prices at which foreign producers sell for export to India must be unremunerative, although we are not in possession of figures in definite support of such belief. The following extract, however, from the Town Correspondent's letter in the *Times* Trade Supplement appearing in the issue of 3rd May 1924 of that paper is very suggestive. Professor H. E. H. Fremantle, Acting Chairman of the Board of Trade and Industries, South Africa, has especially investigated the dumping of cement in the Union and made the recommendation that a dumping duty of 2s. 5d. per cask should be imposed on English cement coming into the country at an f.o.b. price of 8s. per cask in accordance with existing law:—

"In regard to English cement, Prof. Fremantle summarizes his case in the following passage:—

"The latest figures available show that in the month of August 200,000 lb. of cement were imported from the United Kingdom at an

f.o.b. value of £200 and the figures for the preceding months, though much larger, are at much the same rate. The August figures work out at an export price of 7s. 11d. per cask. The home consumption value therefore was 10s. 4d. per cask and the export price was 7s. 11d. per cask. The amount of the dumping was thus 2s. 6d. The dumping duty enforced is 6½d. a cask. The duty which should have been enforced according to the law as I understand it, is 2s. 5d. a cask."

The following extract from the Associated Portland Cement Limited's annual report for 1922, dated 15th April 1923, also lends support to the statement that foreign producers export cement to India at below cost of production:—

"To hold our old standing (export market) connections it has been necessary to sell at net works cost and occasionally even lower."

61. Foreign competition is naturally keenest at all the Indian ports, as the freight on cement for several thousand miles of transport by sea from Europe is generally lower than what Indian Companies have to pay for railway transport to much smaller distances. This Company ought to be in a particularly favourable position to compete with such foreign cement, as it is itself situated at a port but the want of a mercantile marine deprives us of the advantage that would otherwise accrue to us as we have to pay for say Madras a freight of Rs. 22 per ton whereas our European competitors can take cement to Madras for only Rs. 12-8-0 or thereabouts.

62. The low prices at which foreign cement has entered India since the termination of the war are, in our opinion, due to (a) the disorganised European exchanges, (b) the low freights offered by Steamship Companies in order to keep their vessels employed even at some loss rather than being obliged to lay them up, (c) the general trade depression following the war resulting in foreign countries having to export their products even at low prices in order to keep their hands employed and maintain their organization.

63.

	Freight from Porbandar.	Approximate Freight from British or Continental Ports.
	Rs. A. P.	Rs. A. P.
Karachi	6 0 0	12 8 0 per ton.
Bombay	6 0 0	
Madras (by sea and rail combined) .	21 5 0	

In the monsoon, no shipment is possible from Porbandar to any of the above ports except Bombay, in which latter case cement can be railed from Porbandar to Bhavnagar and then shipped to Bombay at a freight of Rs. 11 per ton.

64.

	Freight from Porbandar to	Railway Freight from Port of Bombay
	Per Ton. Rs. A. P.	Per Ton. Rs. A. P.
Ajmer	15 12	14 12 0
Ahmedabad	11 8	9 1 4
Nagpur	26 8	13 4 0
Surat	13 4	5 10 10
Poona	14 4	4 4 0

65. We have heard reports to this effect but possess no evidence in support of such reports.

66. We consider that as compared with the foreign manufacturer, the Indian manufacturer is at a disadvantage in respect of all the points enumerated herein, except (d).

67. We consider that the disadvantages under (a), (e), (g), (h) and (i) are more or less of a permanent nature. The disadvantages under the remaining heads (b) and (c) are in our opinion temporary and would disappear within a period of 5 to 10 years. The disadvantage under (f) will persist so long as railway freights remain at their present level and continue to constitute a big handicap on the proper distribution of the finished article.

68. The Indian manufacturers of cement except in the case of one or two Companies whose works are situated comparatively near the coal fields are in a disadvantageous situation owing to distance of the coal fields from the factories. This situation, however, has been brought about by force of altered conditions after the works were established. For instance, in the case of this Company, it was estimated when the Company was started that Bengal coal would not cost more than Rs. 15 per ton laid down at the works. The actual cost to-day is Rs. 30 per ton. Similarly as regards freight on the finished product, both sea and rail freights have gone up by more than 50 per cent. over what they were when the works were started.

VII. EQUIPMENT.

69. Yes. Although a small capital outlay is necessary to ensure continuity of full output of 40,000 tons annually. A 40,000 ton unit plant is economically sound practice if location of plant is satisfactory.

70. Yes.

71. 69 per cent. of our total capital outlay has been incurred on plant and machinery.

72. Our Works operate on what is known as the "Dry" Process. The present plant for preparing raw materials consists of Jaw Crushers, Elevators, Rotary (coal fired) Dryers, adjustable feed tables for proportioning raw materials, Ball Mills for preliminary grinding and Tube Mill for fine pulverising followed by mixing and storage silos for the Raw "Meal" or flour. The raw material is calcined in 2 rotary kilns (pulverised coal fired) this section of the plant being fully equipped with electric motors, rotary cooler with air Blast for cooling the clinker, coal crushing and pulverizing plant consisting of Ball and Tube Mills. The calcined material is ground into Cement in the most modern type of combination Ball Tube Mill.

The Power Plant consists of one English Make 840 I. H. P. Horizontal compound steam engine, one Auxiliary Steam Engine of 250 I. H. P. with Babcock and Wilcox Boiler with chain grate stocker of large size supplying all the steam required, with three old Lancashire Boilers of almost equal capacity as "stand-by" steam raising plant. 2 electric alternators are rope driven from the respective engines supplying Power to outlying machines electric motor driven and for Lighting.

73. Our Machinery is now quite up to date and economical.

74. Many improvements have recently been effected in cement making machinery and the process more carefully tuned up to produce a better and stronger cement.

75. Since 1916 we have entirely remodelled our process of manufacture and installed new Plant and Machinery to bring our works quite up to date.

New plant for crushing, drying and mixing our raw materials was installed and came into operation in October 1923; this plant consisted of 1 Jaw Crusher, Conveyors, Elevators, 3 storage silos for crushed and dried materials, adjustable feed tables to proportion materials accurately, shaking and mixing conveyor, etc.

The results have more than fulfilled expectations giving us accurate control over the proportioning of raw materials resulting in great uniformity of the cement produced with largely increased Tensile Strength and uniform soundness.

One small rotary kiln with its attendant cooler, coal crushing, drying and pulverising plant was put into operation in 1920; this kiln was the only one obtainable during the war (when it was bought) and not large enough for our requirements but was purchased to enable us to immediately improve the tensile strength of our cement which was low as the raw materials were calcined solely in a kiln of the vertical continuous type installed in 1914 when same were considered "modern."

As soon as a second rotary kiln was obtainable at reasonable rates one was purchased and the same came into operation in May 1924. Since September 1922 we have been marketing cement made from clinker calcined only in the Rotary Kiln, having abandoned the original Vertical Kiln with its attendant briquetting plant, etc.

The 2nd rotary kiln and auxiliary plant is of the most modern design and is operating very successfully.

With a view to economy we installed, in July 1922, a modern large unit Babcock and Wilcox Boiler with chain grate stoker, economiser, etc., for Steam Raising, and this plant has operated successfully since.

A modern combination Ball Tube Mill for cement grinding was purchased in 1922 and commenced grinding cement in March 1924, giving satisfaction.

Our works are now equipped with all modern machinery and plant, the process of manufacture also being on the same high level enabling us with confidence, to face any competition in regard to quality and to produce a cement which will pass the proposed new revision of the British Standard Specification, revised or modified to suit the Indian Climate.

76. We contemplate only the modification of our spare Ball and Tube Mills to constitute an additional Raw Material grinding plant to ensure that both Rotary Kilns can calcine, continuously to their full capacity, giving us thereby an annual output of 40,000 tons of cement.

77. None of the cement-making machinery was manufactured in India and to the best of our knowledge, no one manufactures such machinery which is in the hands of a few expert manufacturers in Europe and America only. Spare parts for grinding machinery such as liner plates for mills and jaw crushers are now obtainable in India.

VIII. CAPITAL ACCOUNT.

78. (a) Nil.

(b) Nil.

(c) Rs. 7,51,168-12-8.

(d) Rs. 17,86,062-5-4.

(e) Rs. 19,647-12-8.

79. (a) The sum of Rs. 41,992-12-10 spent for kiln patent and concession has been written off on 31st December 1918 and the above sum is not shown in the books of the Company at present.

(b) Nil.

(c) The figures shewn represent the actual cost without depreciation.

(d) The figures shown represent the actual cost without depreciation except the value of Wolff's engines which became useless and were rejected, viz., Rs. 1,07,035-9-1 and depreciation on Light Railway and Sidings, viz., Rs. 3,000 written off on 31st December 1921.

(c) and (d) The total depreciation fund accumulated since manufacturing commenced on Building and Machinery is Rs. 6,76,500.

(e) The figures given represent the value after depreciation amounting to Rs. 18,705-7-0 has been written off.

80. We have not been able to set aside sufficient amount for depreciation since manufacture commenced as allowed by the Income-tax rates which even we consider inadequate owing to heavy wear and tear of our machinery, as the factory works 24 hours continuously. This was because during the

first two or three years of this Company, there were losses due to trouble with the plant, etc., and again the last two years we have not been able to earn such profits as would enable large sums to be carried to the Depreciation Fund.

81. We estimate Rs. 11,50,000 and Rs. 24,00,000 would be the present cost of building and machinery respectively, whereas the cost of buildings and machinery to date of this factory without deducting any amount for depreciation is Rs. 7,51,000 and Rs. 17,86,000 respectively. The operating cost of an entirely new plant would be less than that of ours.

82.

—	Particulars	Sellers	Rs.	A.	P.	Rate of remittances at average rate of
1917	Part expenses of rotary Kiln and machinery pertaining to it, viz., Cooler, Clay, dryer, cool dryer etc., etc.	F. L. Smidth & Co., New York.	62,096	7	0	\$ 100 Rs. 296½
1918	Ditto . . .	Ditto .	2,85,025	0	0	„ 100 „ 280½
1919	Ditto . . .	Ditto .	2,04,711	3	11	„ 100 „ 284½ and 240
1920	Ditto . . .	Ditto .	9,594	15	0	„ 100 „ 360
1921	Boiler & Economiser .	Babcock & Wilcox.	1,13,810	4	11	1/3 5/8.
1922	Ditto . . .	Ditto .	13,575	4	9	1/3 11/32
1922	2nd Rotary-Kiln Unidan Mill and rearrangement machinery.	F. L. Smidth & Co., Copenhagen.	1,00,105	11	9	1/3 21/32
1923	Ditto . . .	Ditto .	2,59,474	4	6	1/4 7/16

83. (a) Authorised Capital, Rs. 60,00,000.

(b) Subscribed Capital, Rs. 37,00,000.

(c) Paid-up Capital, Rs. 36,77,150.

The shares are divided into 15,186 ordinary shares of Rs. 250 each.

84. The Company has not issued Preference Shares and its Capital is divided into ordinary shares only.

85. The Company has not issued Deferred Shares and its Capital is divided into Ordinary shares only.

86. (a) Statement showing the amount of the ordinary paid up share Capital for dividend:—

	Rs.
1913	6,96,900
1914	9,80,100
1915	12,23,800
1916	18,98,800
1917	19,00,000
1918	19,00,000
1919	20,13,730
1920	23,79,490
1921	26,04,420
1922	31,72,250
1923	36,77,150

(b) Statement showing the actual amount distributed as dividend on Ordinary Share Capital:—

	Rs.
1917	15 per share of Rs. 250.
1918	20 „
1919	35 „
1920	80 „
1921	37/8 „
Old issue 1922	22/8 „
New issue 1922	5/4 „
for 6 months 1923	nil.

Statement showing the percentage on the paid up Share Capital of each class which the dividends represent:—

(c) 1914	nil.	
1915	nil.	
1916	nil.	
1917	6 per cent.	
1918	8 „	
1919	14 „	
1920	12 „	
1921	15 „	
1922	9 „	old share
1922	4 1/2 „	new „
1923	nil.	

87. Average rate 5·8 per cent on the old shares and 2·8 per cent. on new shares.

88. Rs. 1,00,000 is the amount of Debenture Loans raised by the Company on the 26th June 1913 at the rate of 5½ per cent. per annum and 30th September 1933 is the day fixed for the redemption of the said loans. No debenture sinking fund has been established by the Company.

89. A sum of Rs. 1 lakh was carried to a reserve for the equalization of dividends from the profits of the year 1921. There are no other reserves. There is however a sum of Rs. 11,37,900 to the credit of Share Premium account.

90. Rs. 60,000 would be required to convert the existing old cement grinding Ball and Tube Mill to a Raw Grinding unit as mentioned in item 76 and being the maximum capacity to 40,000 tons.

If oil fuel ever becomes available at cheap rates as a substitute for coal fuel we should require some 3 lakhs to make the necessary change in plant equipment and provide oil lighters and storage reservoirs.

91.

IX. COST OF PRODUCTION.

FORM I.

Statement showing the total expenditure incurred on the production of cement during certain years:—

	1917	1921	1922	1923
	Rs.			
1. Raw Materials . . .	5.42 28,775	5.80 74,675	6.34 64,501	6.77 51,944
2. Factory Labour . . .	7.83 41,576	7.28 93,847	8.38 85,173	8.12 61,953
3. Power and Fuel . . .	40.65 2,15,888	48.46 6,20,473	44.72 4,54,666	39.79 3,03,687
4. Ordinary Current Repairs .	12.99 68,984	11.53 1,48,553	12.23 1,24,350	12.93 98,651
5. General Services, etc. .	11.10 58,981	8.18 1,05,345	10.27 1,04,367	13.33 1,01,696
6. Miscellaneous . . .	3.20 17,010	1.68 21,672	1.96 20,135	2.50 19,089
7. Packing . . .	18.81 99,912	17.37 2,23,887	16.48 1,63,470	16.54 1,26,271
	5,31,126	12,88,452	10,16,662	7,63,196
	Tons	Tons	Tons	Tons
Total Production . . .	14,042	25,750	21,261	14,814

FORM II.

Statement showing the Works' Cost per ton of Cement.

	1917	1921	1922	1923	REMARKS.
1. Materials . . .	2.04	2.89	3.03	3.50	(a) A portion was packed in old bag. (b) Owing to high price of coal.
2. Factory Labour . .	2.96	3.64	4.00	4.18	
3. Power and Fuel . .	15.37	(b) 24.09	21.38	20.50	
4. Ordinary Current Repairs	4.91	5.74	5.84	6.67	
5. General Services, etc. .	4.20	4.09	4.90	6.83	
6. Miscellaneous, etc. .	1.21	.84	.94	1.23	
7. Packing . . .	(a) 8.25	(a) 10.	(a) 9.70	(a) 9.25	
	38.94	51.29	49.79	52.21	
Less for Gypsum . .	1.0	1.0	1.0	1.0	
	37.94	50.29	48.79	51.21	

92. The Works' cost increased in the year 1923 owing to the fact that the factory was working at less than its full capacity and hence the following items were affected:—

Factory labour	4.18
Ordinary current repairs, etc.	6.67
General service and supervision	6.83
Miscellaneous	1.28

If it had been possible to run at full capacity the above figures would have been reduced by 50 per cent.

93. No. We furnish below an estimate* of the works cost for some future year on the assumption that an output is obtained equivalent to the full capacity of the plant:—

(1) Raw materials	3.50	9.33
(2) Factory labour	3.00	8.00
(3) Power and fuel	15.75	42.00
(4) Ordinary current repairs and maintenance of buildings, plant and machinery	3.50	9.33
(5) General services, supervision and local office charges	3.75	10.00
(6) Miscellaneous, e.g., rent, municipal taxes, insurance, etc.	.75	2.00
(7) Packing	7.25	19.33

37.50

Less for Gypsum . 1.00

36.50

94. Yes. We have adopted a monthly system of cost accounting and submit herewith a typical sheet for examination.

95. We are not in a position to furnish the information.

96. Rates allowed by the Income-tax Authorities are as under:—

	per cent.
Cement Machinery	7½
Building housing machinery	2½
Godowns, etc	5
Furniture	1,980

Owing to heavy wear and tear and to the fact that cement factories have to run continuously for all the 24 hours, we consider the rate of depreciation should not be less than 10 per cent. for Machinery.

97. The statement showing the sum required annually for depreciation at income-tax rates on the total block account if the assets are valued at cost:—

	Rs.
Machinery	1,42,200
Buildings	21,920
Furniture	1,980
TOTAL	1,66,100

* See also Statement II.-

We consider the rate for depreciation on machinery should not be less than 10 per cent. and accordingly we beg to submit figures as under:—

	Rs.
Machinery	1,89,300
Buildings	21,920
Furniture	1,980
TOTAL	2,13,200

98. The sum of Rs. 2,08,750 will be required annually for depreciation at Income-tax rates whereas Rs. 2,68,750 will be required at the rate of 10 per cent. on manufacture, which we consider suitable.

99. According to the present and full output of the factory, viz., 15,000 and 30,000 tons respectively, the incidence per ton of cement at income-tax rate is Rs. 11'6 and 5'53 respectively, whereas at the rate of 10 per cent. on machinery, the incidence would be Rs. 14'32 and 7'16 respectively. In view of our answer to question No. 81 the incidence per ton of cement at income-tax rate would be Rs. 5'21 and if 10 per cent. is allowed on machinery the incidence would be Rs. 6'71.

100. According to the present output the Company requires Rs. 5,00,000 as working Capital and Rs. 8,00,000 in case the factory works at full capacity.

101. The Company has so far been able to provide all the working capital it requires.

102. Nil.

103. Cost of month's output is Rs. 1,25,000 according to works cost only. The chief reason why Rs. 8,00,000 would be needed as working capital is due, to the fact that (a) special spare parts of machinery are to be stocked (b) in Porbandar, it is not possible to obtain all-kinds of stores immediately and we have to keep the same in stock. (c) It is not the practice of buyers to pay cash against delivery which means large outstandings. (d) Owing to shortage of wagon supply and also owing to long distance between coal collieries and the factory, we have to keep in stock a sufficient quantity of fuel.

104. The average value of the finished goods stocked by the Company is about Rs. 3,00,000. It takes about 3 to 4 months between production and payment when markets are normal.

105. It is necessary to keep in stock coal of the value of Rs. 75,000 to one lakh when the factory is working continuously which would be only 3 months' supply.

106. The Company has a Head Office in Bombay under the control of the firm of Managing Agents, besides the office of the Local Management at the Works.

107. The annual amount of the Head Office expenses is Rs. 45,000 and Agents are entitled to 10 per cent. commission on the net profit.

108. From and after the registration of this Company a commission at the rate of ten per cent. per annum on the annual net profits of the Company after making all proper allowances and deductions from revenue for interest on loans and deposits and working expenses chargeable against profits but without making any deductions for or in respect of interest on debentures or of any amount carried to insurance reserve depreciation or sinking fund or to any other special fund or in respect of any expenditure on Capital Account.

109. According to the present output the cost of Head Office expenses comes to Rs. 3 per ton whereas on the output equivalent to the full capacity of the plant, it will come to Rs. 1-8-0 per ton. Agents' commission depends upon profit made by the Company.

NOTE.—Corrections have been made in the replies to Questions 98 and 99 in accordance with Mr. Bilimoria's statement during the oral evidence.

X. MANUFACTURER'S PROFITS.

110. Twelve per cent. on Ordinary shares and 15 per cent. on Deferred Shares.

111. (a) 10 per cent. on preference shares.

(b) $8\frac{1}{2}$ per cent. on Debentures.

The Dwarka Cement Company, Limited, has actually issued 9 per cent. Preference Shares and the Bombay Telephone Company, Limited, holding a monopolist position and with a handsome assured income, could not recently raise a debenture loan at a rate under $8\frac{1}{2}$ per cent.

112. A return of less than 12 per cent. on Ordinary shares would not attract investors.

113. Rs. 10 is the incidence per ton when the output is equivalent to the full capacity of the plant for declaring a fair dividend on Block Account of this Company.

On the present rate of output the incidence per ton would come to Rs. 20 per ton.

(b) The Company has not issued Preference Shares.

(c) Rs. 0.183 and Rs. 0.366 are the incidences per ton of cement when the output is equivalent to full capacity of the plant and at the present rate respectively for interest on the debentures.

XI. CLAIM FOR PROTECTION.

114. The Indian Fiscal Commission laid down the following three conditions to be satisfied by a particular industry before the Tariff Board recommended it for protection:—

- (1) The industry should be one possessing natural advantages.
- (2) The industry must be one which without the help of protection is either not likely to develop or is not likely to develop so rapidly as is desirable in the interests of the country.
- (3) The industry must be one which will eventually be able to face world competition without protection.

Of the above there can be no question that the Cement Industry fulfils the first condition better than any other industry, as all the necessary material is available in large quantities and in different parts of the country and the labour and the markets are also there.

We can also confidently say that if this industry is not allowed to succumb to present abnormal world conditions but is enabled to survive, it will certainly be in a position ten or fifteen years hence to face world competition, because with the great need India has of development of irrigation and other public works, the demand should by then be nearer the present output capacity and enable production to be made in this country at the lowest economic cost. Therefore we think we can confidently say that the cement industry is one that will be able to fulfil condition 3 above-mentioned.

As for Condition 2, the position unfortunately is that the industry has, under the impetus of war conditions and the expectations then raised, developed but too rapidly and as events prove, the present output capacity is far in excess of the present requirements of the country. But we submit that that is all the more reason why steps should be taken to see that it does not succumb to the present abnormal conditions. Condition 2 clearly emphasises the need of development and would even advocate steps to make it more rapid if such development as there was, was too slow in the interests of the country. It could not therefore have been the intention that a largely developed industry should be allowed to go under and disappear and that no efforts should or need be made to save it, because such an

attitude would make futile the endeavours and sacrifices made by the country for the development of its industries.

It is therefore, we submit, a necessary corollary of condition 2 that the tariff should be raised sufficiently high to at least ensure to the manufacturers of this country the full benefits of the markets of their own country and thereby enable them to live.

115. (a) Our answer is in the affirmative.

(b) Even now the needs of the country can be met twice over by the indigenous product shutting out all foreign imports.

116. The fact that the combined output of the then existing Cement Companies was commandeered by the Indian Munitions Board during the war period is evidence that the industry is of importance on national grounds.

118. Our claim for imposition of protective duties applies to Portland Cement and not any other cements which can readily be distinguished for customs purposes from Portland cement.

119. Before answering this question in detail, we would respectfully point out in view of the present capacity for production in this country being for greater than the present consumption that it will be an economic extravagance to allow any foreign cement to enter the country and that the figure of duty should therefore be put sufficiently high to achieve this purpose. If this is done, then the necessity for special separate measures to counteract the causes named in clauses (a) and (b) would be unnecessary. However as the Board has asked for our views as to what detailed steps we might think necessary in case they do not approve of our suggestion of a prohibitive duty, we beg to reply as follows:—

(a) It is extremely difficult to have any sliding scale of duties that can cope with the wide and sudden fluctuations of exchange, the most recent example of which is the variations both up and down of the Belgian and the French Franc in a very few weeks. A suitable method of meeting the situation is suggested in a latter part of this query under 119 (c) for the consideration of your Board.

(b) Where a freight subsidy is given a countervailing duty in addition to the normal duty and equal to the freight subsidy would be the right measure.

(c) If the Board has arrived at the figure of cost of Indian cement on the respective present outputs of the companies, i.e., the figure which Indian Companies should secure in order to live, (and this can be very easily ascertained from the costs that form the basis of payment in the contract with the Bombay development department), it follows that all measures should aim at securing such figures to the Indian Companies. It is impossible to provide in a Tariff Schedule for any sudden changes in foreign selling prices from unforeseen causes but it can be done in another way we submit the following for the Board's consideration:—

- (1) The figure reached by the Board as above should be the basis selling price,
- (2) The Board may arrive at the figure of the "the normal import price" to-day and the difference between the two might be made a specific import duty per ton.
- (3) It may further be provided that on all invoices on which—calculated at the exchange of the day—the importing cost is less than "the normal import price." An additional duty shall be collected equal to the differential between the actual import cost in rupees and the "normal import price."
- (4) All invoices for cement (and this should apply to all goods which come under the regime of protective duties if evasions are to be reduced to a minimum) should have consular invoice attached to them to form a satisfactory basis for calculation of the differential.

120. (a) The present customs duty of 15 per cent. might have proved useful when cement was quoted at Rs. 100 to Rs. 150. With the low prices at which cement is selling to-day, the duty is not deterrent to the importation of foreign cement by those users who still think English cement superior and more reliable, although there is no longer any ground for such belief and Indian producers are prepared to undergo the strictest tests.

(b) Transport charges of foreign cement to Indian Ports are, as shewn elsewhere, actually lower than those insured by Indian producers to most Indian markets and the most important markets are at the ports.

121. We consider that the duty should be such as to effectively prevent the entry of foreign cement when the Indian product is available in any required quantity and of satisfactory quality. It is a sheer economic waste for India to throw away large sums on an article that it can get within its own borders and India cannot afford such waste.

From this point of view, we consider a specific duty of 25 rupees per ton essential, as, then, those that still want foreign cement would have to pay for it and would be gradually forced to see whether they could not do equally well by using the local product.

Although not owing within the terms of reference to the Tariff Board, we do not think it irrelevant to point out that the stoppage of all unnecessary imports *pro tanto* improves the Balance of Trade of this country and has a strengthening effect on its exchanges and by keeping the money in the country it adds to the store of Capital for industries of which this country is so badly in need. These are considerations that, altogether apart from the saving of a struggling national industry, should have weight both with the Government and the Legislature when the question of a suitable Tariff is under consideration.

It may be contended that there was no meaning in Indian consumers being asked to pay a higher price when they can get the imported article cheaper. But while this seems sound as between one individual and another, the case is entirely different as between one country and another. As a country India has to see whether it is a gainer by imports at a cheaper rate than can be produced in the country. To do this it must see whether the same number of its children as are now employed in the cement industry could produce the same amount of wealth in other occupations. The only occupation that most of them can turn to to-day is agriculture and the committee can easily see that the total increase in national income from agriculture from the labours of the few thousand men now employed in the cement industry would be much smaller than the value of the cement produced by them represents to the country to-day and it would show that the country is distinctly a gainer even if individual consumers had to pay a higher price, but in the case of cement, there is not likely to be even this drawback.

122. It is true that the present productive capacity exceeds the total consumption of the country and that is exactly why we advocate a tariff sufficiently high to keep out foreign cement, because if it can be kept out, the local product would have its market expanded *pro tanto*.

The approximate production by Indian Companies for 1923-24 should be about 250,000 tons and the imports for the same period 110,000 tons. Elimination of such imports by a suitable tariff would have the effect of expanding the market for the local product by over 40 per cent. and would have a very appreciable effect in putting heart into Indian Companies and in cheapening their costs. As even with such expansion the available market would be much under the total capacity of the present works, the consumer would be fully safeguarded because competition among Indian Companies will remain keen on account of the fact that marketing a larger output would mean a lower cost and consequently a greater chance of showing a good margin of profit.

ANNEXURES.

- *1. Booklet on cement.
- *2. Statement regarding total imports into India. (Appendix II.)
- *3. Typical statement of cost account.
- *4. Agreement with Porbandar State.
- *5. Last report and balance sheet of the company.
- 6. Answer to Question 37. (Appendix I.)

TATA SONS, LTD.,
By their Constituted Attorney.
(Illegible)
Agent,
The Indian cement Co., Ltd.

APPENDIX I.

ANSWER TO QUESTION No. 37.

(A) A statement of the total wages bill for Indian factory labour:—

	Rs.
1917	41,576
1918	50,619
1919	55,680
1920	71,067
1921	93,847
1922	85,173
1923	61,953

(B) A statement showing average daily wages per man in the different classes:—

	Rs. A. P.	Rs. A. P.
	1917-1919	1920-1923
Shift Engineer	2 5 4	4 5 4
Fireman	0 12 0	1 8 0
Electric Machinery attendants	0 10 0	1 8 0
Cement machinery attendants	0 9 0	1 6 0
Greasers	0 8 0	1 0 0
Stationery Kiln attendants	0 13 0	1 8 0
Stationery Kiln coolies	0 8 0	1 0 0
Semi-skilled coolies labour (male)	0 8 0	0 13 0
General coolies	0 8 0	0 11 0
Female coolies	0 5 0	0 8 0
Fitters and Blacksmiths	1 0 0	2 0 0

* Not printed.

APPENDIX II.

Question No. 50.

Total imports of cement into India from 1901-02 to 1922-23.

Year	tons.
1901-02	34,450
1902-03	32,320
1903-04	46,690
1904-05	62,110
1905-06	89,420
1906-07	85,720
1907-08	89,390
1908-09	98,230
1909-10	100,610
1910-11	126,640
1911-12	116,950
1912-13	160,560
1913-14	146,520
1914-15	144,970
1915-16	131,630
1915	18,000
1916-17	89,390
1916	38,664
1917-18	83,750
1917	73,726
1918-19	27,180
1918	84,344
1919-20	91,800
1919	86,814
1920-21	130,720
1920	86,320
1921-22	124,720
1921	128,627
1922-23	133,260
1922	147,615
1923-24	113,137
1924	235,229

* Indigenous Production.

Statement II.—Letter, dated 3rd July 1924, from the Agents, The Indian Cement Company.

With reference to the oral examination of the undersigned by your Board on the 2nd instant, so far as it related to the Works Costs, he pointed out to the President that subsequent to the submission of the Works Costs figures by us (as per Answer No. 93) we have received from our Porbandar Works the actual figures of the cost of running the factory with the complete plant, consisting of the two Rotary Kilns, for the first time for the month of May 1924, and these show a reduction in respect of the following items over the estimated figures of those items in our Answer No. 93:—

	Estimated figures.	Actual figures.	Reduction.
	Rs.	Rs.	Rs.
(1) Raw Materials	3.50	3.06	0.44
(3) Power and Fuel	15.75	14.71	1.04
(4) Ordinary Current Repairs, etc.	3.50	2.14	1.36
(7) Packing	7.25	6.65	0.60
Total	30.00	26.56	3.44

The above will reduce the total cost of production shown as Rs. 36.50, in our Answer No. 93 to Rs. 33.06, and we shall be glad if the Board will see their way to substitute the actual figures in place of those given by us in respect of the four items enumerated above and at the same time reduce the total figure to Rs. 33.06.

In this connection we would kindly request you to alter the words "Less saving by mixing Gypsum" which occur at the conclusion of our Answers Nos. 91 and 93, to read "Less for Gypsum" in order to prevent any possibility of misinterpretation to which the former words may be liable.

We should be obliged if you will kindly intimate to us that our request will be complied with.

Witness No. 3.

The Gwalior Cement Company Limited.

A.—WRITTEN.

Replies to questionnaire received from the Gwalior Cement Company, Limited, under cover of a letter, dated 12th June 1924, from the Managing Agents (The Indian Cement Company, Limited).

With reference to your letter, dated the 21st ultimo, forwarding copies of the questionnaire to be answered by the Cement Companies in connection with your Board's enquiry into the cement industry, we beg to forward herewith the answers to the questionnaire on behalf of the Gwalior Cement Company, Limited, of which this Company are the Managing Agents. We also enclose, as desired, 5 spare copies of each set of answers and trust that these will reach you in time. We have stated our case fully in our answers but in the event of your Board requiring us to tender oral evidence, we shall be prepared to send our representatives for the purpose to Simla. We would, however, point out that as their presence is imperative at a General Meeting of one of our allied Companies at Hyderabad on the 25th instant, it will not be possible for them to go to Simla between the dates mentioned by you. In the event, therefore, of our oral examination being considered necessary, we would request you to fix a date after the 30th June if you can possibly do so.

With reference to the information required by the Board in connection with "Works Costs" we have given all possible information bearing on the points and issues raised in the questionnaire and we leave it to the Board to publish such portions as they may consider necessary to enable the public to properly appreciate the case of the Cement Companies for protection.

ANSWERS TO QUESTIONNAIRE.

I. INTRODUCTORY.

1. The Company was registered on 27th October 1919 as a Public Limited Company.

2. Of the share capital amounting to Rs. 25 lakhs about 95 per cent. is held by Indians.

The Board of Directors number 8, of whom 7 are Indians.

The superior management are all Indians except one European Manager at the Works and a European Kiln Burner.

3. Portland cement only is manufactured.

4. Our Banmor Factory commenced manufacturing cement from April 1923.

5. The full capacity of our Works as at present equipped is 40,000 tons of cement annually.

6. The output of the factory for the year, from April 1923 to April 1924 was 18,483 tons of cement-clinker.

7. Our factory is located at Banmor, on the Great Indian Peninsula Railway, 12 miles north of Gwalior City Station.

(a) It is advantageously situated in regard to the area from which our raw materials are obtained.

(b) Reasonably close to the Central Provinces coalfields though somewhat distant from the Bengal fields.

(c) Advantageously situated to the important markets of Delhi and the United Provinces.

- (d) Labour is reasonably cheap and obtainable to our requirements when kept fully and continuously employed.

The water supply is ample and of excellent quality and our Works are served by the Great Indian Peninsula Railway Broad Gauge and the Gwalior Light Railway.

The most important factors in selecting the site for a cement factory in India are (1) an abundant supply of raw materials of the correct composition (2) ample water supply, (3) suitable fuel supplies within reasonable distance of the Works site, (4) close proximity of the site to large cement consuming centres and easy access to the railway feeding those centres, (5) good and sufficient labour.

8. We manufacture only one kind of cement, viz.—Portland cement, designated by the British Standard Committee on Portland cement as “Artificial Portland Cement.”

9. Yes. We manufacture to the British Standard Specification. The British Standard Specification for Portland cement requires modifications applicable to British and Indian cements and such modifications are now under consideration. For India special clauses will be necessary only in so far as they relate to the temperature of the testing room and the setting time at the higher temperatures prevailing in India. These proposed changes are being now investigated by a Sub-Committee in India.

10. We claim that our cement is equal in quality and appearance to the best English cement, and superior to most of the imported cements. Our cement generally commands at least as good prices in competitive markets as Belgian, German or Japanese cements but there is still a definite bias in the minds of certain consumers in favour of English cement which enables it to command a few rupees premium but this bias is being gradually removed as consumers get more familiar with Indian cements.

II. RAW MATERIALS.

11. Limestone and clay.

12. (a) For an output of 20,000 tons per annum as at present running owing to lack of demand for cement our annual requirements of raw materials would be:—

	Tons.
Limestone	32,800
Clay	250

(b) For an output of 40,000 tons cement annually, i.e., full capacity of our plant we require annually:—

	Tons.
Limestone	65,600
Clay	500

13. For 1 ton cement we require 1·64 tons limestone and 0·0125 tons clay. The approximate wastage is as under:—

- (a) 3·50 per cent.
- (b) 35·99 per cent.
- (c) Nil.

14. 1·6525 tons of dry raw materials are required to produce one ton of clinker.

15. 1 ton of clinker is required to produce 1 ton of cement.

16. Limestone supplies are drawn from a hill of limestone about one and-a-half miles in circumference and 300 feet high—the supply being ample for all our possible requirements.

The deposits are situated 32 miles from the Works on the Gwalior Light Railway. Clay in abundance is obtained from deposits within a mile of the Works.

17. The limestone is quarried and transported in 16 tons capacity open high-sided bogie wagons on the Gwalior Light Railway running from the quarries to the crusher in the factory.

Clay is transported on donkeys as less than 2 tons is required daily for full output of the factory.

18. A royalty of Re. 1-4-0 per ton of cement going out of the Works is levied by the Gwalior Durbar in lieu of any royalty on raw materials concession charges, etc.

19. We give below the cost per ton of raw materials delivered at the factory:—

Limestone.

	Rs.
(1) Royalty	<i>Nil.</i>
(2) Labour	0-678
(3) Freight	1-309
(4) Miscellaneous charges	·095
	2-082

Clay.

	Rs.
(1) Royalty	<i>Nil.</i>
(2) Labour	} ·882
(3) Freight	
(4) Miscellaneous charges	

20. The terms were considered favourable in 1919 when the Company was floated but under to-day's altered conditions we find the royalty and water-cess and railway freight on raw materials rather burdensome.

21. The quality of the raw material is excellent and in 14 months' working has given every satisfaction; no deterioration will occur.

22. No deficiency.

23. The Company has obtained a lease for quarrying raw materials for a period of 30 years from 1st July 1920 from the Gwalior State. We regret a spare copy of this lease is not available.

24. No. We have the right to quarry any other limestone deposits found within a radius of 20 miles of the factory or 20 miles radius of the existing deposits.

25. No.

26. No.

27. We are endeavouring to get a reduction in rail freight rates on our limestone.

III. LABOUR.

A. Quarry Labour.

28. The number of labourers working at the quarries is not known to us as a contractor does all collection and wagon loading.

29. See 28.

30. Labour is indigenous.

31. The actual winners of the stone are men used to quarrying limestone for building and lime burning; labour easily trained.

B. Factory Labour.

32. For a few years more imported skilled labour is necessary.

33. At present there is only one skilled European Kiln burner imported from England.

34. The factory was started with one European as Manager, the Assistant Manager and Chemist being an Indian having had a long training at the Indian Cement Company, Limited's Factory at Porbandar. Indians are being trained in all departments of cement manufacture, and it is anticipated that eventually the employment of the imported labour will be unnecessary.

35. The only imported help to-day is the Manager and the Kiln Burner and we have to pay in their case at least 50 per cent. more than a Manager or a Kiln Burner could get on the Works of the same size in Europe.

36. The total number of Indian workmen employed is 280 labourers. The average rates for the Indian workmen are as under:—

	Per day.
	Rs. A. P.
General Foreman	6 10 8
Draftsman and Overseer	4 2 8
Electric Foreman	5 13 4
Power Plant Foreman	4 5 4
Workshop Foreman	2 13 4
Assistant Chemists	1 0 0
	to
	3 0 0
Shift Engineer	3 0 0
Burners	3 0 0
Wiremen	2 13 4
	0 14 0
Greasers	to
	1 8 0
	1 8 0
Fitters	to
	2 8 0
	0 8 0
Ordinary Labourers	to
	0 10 0
Female coolies	0 6 0

37. The factory commenced manufacturing cement from April 1923. The total wages bill for the factory Indian labour for 8 months comes to Rs. 28,500, and the average wages per man in the different classes are same as stated in our reply to Question No. 36.

38. The Indian labour force is sufficient provided they can be kept together, i.e., given whole time work continuously. It is mostly drawn from the vicinity of the Works; skilled labour such as engineers and artisans generally come from other parts of India.

39. The coolie labour here though not very intelligent improves with training, but in efficiency and stamina it stands somewhat lower than workmen in the more favourable climate of Europe and America.

40. Bungalows and quarters of stone have been constructed for all employees who are housed in a sanitary manner in single story quarters with good open spaces and ventilated.

IV. POWER (INCLUDING FUEL).

41. Electric power is obtained from Steam Turbo Alternators installed in the factory.
42. The cost per unit generated is annas 0-7852.
43. Coal fuel is used for steam raising purposes.
44. 0-525 tons fuel for power and all other purposes is required per ton of cement produced.
45. For the sake of economy we use first and second grade coal half and half. 50 per cent. of the coal fuel costs Rs. 12-0-0 per ton and the other 50 per cent. costs Rs. 20-0-0 per ton f.o.r. Banmor (our Works).
46. No.
47. We do not use wood as fuel.

V. MARKET.

48. The total Indian production of cement since the factory commenced manufacture in 1923 is 235,229 tons.
49. The estimated total Indian demand for cement at present is about 350,000 tons.
50. As will be seen from the following remarks of Mr. Musgrave and Mr. Davies in the Indian Munitions Board Hand Book in 1918 the Government themselves were of opinion that India would need very large quantities of cement in future years:—

“After the War when works at present in abeyance will be continued the requirements will be greater than ever. The use of ferro-concrete comparatively new even in Western World is extending very rapidly, bridges and heavy structural work of all kinds and even ships being made of it. It will in itself provide a big market for Portland cement. The opening up of Mesopotamia will also afford a large sale for Indian cement if it be available. The output of these factories being very much short of the present demands even, it will obviously not suffice for future requirements and there is still room for additional works in other parts of India.”

The above prognostication has not been realised on account of the trade depression and more particularly on account of the severe retrenchment policy adopted by not only the Government of India but each Provincial Government and by various semi-public bodies which cannot fail to have a very adverse effect on the construction of public works and therefore on the use of cement. But there is every reason to believe that the Indian demand will substantially grow from year to year and the reasons for this belief are that when the existing financial stringency gradually disappears, more and more works of public utility as well as private building for both industrial and residential purposes will be taken up requiring the use of cement in steadily increasing quantities. The diversified uses to which Portland cement can be put particularly on account of its prevalent low prices will induce a larger demand for it in other directions and specially as a substitute in place of lime mortar. Experiments in connection with such substitution are now being carried on in the Gwalior State and by some Engineers in the United Provinces with successful results so far as regards efficiency and economy.

The total annual consumption of cement in this country has shown steady and at times even rapid progress as can be seen from a statement attached herewith. It will be seen that consumption increased by 25 to 35 per cent. yearly in the first 5 years. Then there was a sudden halt undoubtedly due to a large extent to the world economic crisis of 1907 which upset trade and industry all over the world but even in this period consumption was well maintained. In the next 5 years, we have again a very considerable increase,

the figures for 1912-13 being as much as 60 per cent. over the highest figure of the previous quinquennium. 1913-14 shows a falling off from this as it must, because the last six months of this year were affected by the Great War with its financial and economic complications, scarcity of freight and difficulty of getting supplies from Europe where cement had become a most necessary war material. Fortunately, just at this time, the three Pioneer concerns, Katni, Bundi and The Indian Cement Company had come to the producing stage and consumption again started going up limited only by the available supplies, and we estimate it at about 2,52,000 tons for the year 1921-22 against 1,60,000 tons in the highest pre-war year. By this time retrenchment became the watch word with every Government, public or semi-public body and this was coupled with the depression in trade and industry which cannot but have a very adverse effect on the consumption of cement and yet consumption was well maintained even in 1922-23 and the figure is likely to be still higher for the year just closed. With the great need for the development of irrigation, communications, etc., that undoubtedly exists in this country, there is very little doubt that consumption will once more get into its stride as soon as the necessary finance is available at reasonable rate and should in a few years be able to take care of all the cement that can be produced by the various concerns now in existence.

51. The Company's principal markets in India are Delhi, the United Provinces, the Punjab, Central Provinces, Rajputana, and a few outlying parts of Gujarat.

52. All the markets named above are more or less distant from the ports. It is difficult to estimate the approximate demand in each of these markets as they are fed by a number of other indigenous companies.

53. We consider that export from our Gwalior Works to countries outside India is not probable.

54. Cement manufactured by us has been purchased by Governments, railways and public bodies. Since the commencement of manufacture, i.e., April 1923 to April 1924, 800 tons of cement were supplied to the Indian Stores Department for the Military Stores Department at Khirgi and Tank at Rs. 60 per ton f.o.r. destination; railway freight from Banmor to Khirgi being Rs. 22-2-0, i.e., Rs. 37-14-0 per ton f.o.r. Banmor.

About 400 tons were supplied to Great Indian Peninsula Railway at Rs. 36 per ton f.o.r. Banmor and 750 tons of cement requirements of the same railway to be supplied in the year 1924-25 at Rs. 34 per ton f.o.r. Banmor.

The Company is also under a contract to supply the cement requirements of the United Provinces Government up to 31st July 1924.

The Company have also supplied to the Port Commissioners, Calcutta, through their Agents about 400 to 500 tons cement at Rs. 49 per ton f.o.r. Howrah.

VI. FOREIGN COMPETITION.

55. The foreign countries from which cement is mainly imported to India to compete with the indigenous article are Britain, Belgium, Germany, Japan and Denmark.

56. The prevalent competition is only in the case of Portland cement as India does not manufacture any other variety.

57. This Company commenced to sell cement only from May 1923:—

(i) c. Rs. 75 to Rs. 55 during the year 1923-24.

(ii) c. Rs. 40 to Rs. 36 ex-Works.

58. The information as to the prices is obtained from the local market.

59. We are unable to give any opinion on this subject.

60. We believe that the prices at which foreign producers sell for export to India must be unremunerative, although we are not in possession of figures in definite support of such belief. The following extract, however,

from Cape Town correspondent's letter to the "Times" Trade Supplement appearing in the issue of 3rd May 1924 of that paper is very suggestive. Professor H. E. H. Fremantle, acting Chairman of the Board of Trade and Industries, South Africa, has especially investigated the dumping of cement in the Union and made the recommendation that a dumping duty of 2s. 5d. per cask should be imposed on English cement coming into the country at an f.o.b. price of 8s. per cask in accordance with existing law.

In regard to English cement, Professor Fremantle summarizes his case in the following passage:—

"The latest figures available show that in the month of August 200,000 lbs. of cement were imported from the United Kingdom at an f.o.b. value of £200 and the figures for the preceding months, though much larger, are at much the same rate. The August figures work out at an export price of 7s. 11d. per cask. The home consumption value therefore was 10s. 4d. per cask and the export price was 7s. 11d. per cask. The amount of the dumping was thus 2s. 5d. The dumping duty enforced is 6½d. a cask. The duty which should have been enforced according to the law as I understand it is 2s. 5d. a cask."

The following extract from the Associated Portland Cement Limited's Annual Report for 1923, dated 15th April 1923, also lends support to the statement that foreign producers export cement to India at below cost of production:—

"To hold our old standing (export market) connections it has been necessary to sell at net works cost and occasionally even lower."

61. Foreign competition is naturally keenest at all the Indian Ports, as the freight on cement for several thousand miles of transport by sea from Europe is generally lower than what Indian Companies have to pay for railway transport to much smaller distances.

62. The low prices at which foreign cement has entered India since the termination of the war are, in our opinion, due to (a) the disorganised European exchanges, (b) the low freights offered by Steamship Companies in order to keep their vessels employed even at some loss rather than being obliged to lay them up, (c) the general trade depression following the war resulting in foreign countries having to export their products even at low prices in order to keep their hands employed and maintain their organisation.

63. Freight from Banmor:—

	Rs. A. P.	
Howrah	15 14 4	} Freight on imported cement to these Ports is approximately Rs. 12-8-0.
Bombay	13 5 6	
Karachi	25 10 0	

64. We give below the railway freights from the ports to the up-country markets and also from our factory to the same markets:—

	Railway freight from Ports.	Railway freight from Banmor.
	Rs. A. P.	Rs. A. P.
Sukkur from Karachi	9 4 0	20 11 6
Khirdi from Karachi	20 13 9	22 2 3
Ahmedabad from Bombay	9 1 4	15 14 4
Surat from Bombay	5 10 10	17 0 6
Nagpur from Bombay	13 4 0	16 4 0
Poona from Bombay	4 4 0	12 5 0
Cawnpore from Bombay	17 12 0	6 13 0
Delhi from Bombay	19 4 0	4 15 6
Tatanagar from Calcutta	6 0 0	20 7 0

65. We have heard reports to this effect but possess no evidence in support of such reports.

66. We consider that as compared with the foreign manufacturer the Indian manufacturer is at a disadvantage in respect of all the points enumerated herein, except (d).

67. We consider that the disadvantages under (a), (e), (g), (h), and (i) are more or less of a permanent nature. The disadvantages under the remaining heads (b) and (c) are, in our opinion, temporary and would disappear within a period of 5 to 10 years. The disadvantage under (f) will persist so long as railway freights remain at their present level and continue to constitute a big handicap on the proper distribution of the finished article.

68. (a) The Indian manufacturers of cement except in the case of one or two Companies whose Works are situated comparatively near the coalfields are in a disadvantageous situation owing to distance of the coalfields from factories.

(b) As regards freight on the finished products we consider existing railway freights high and not conducive to expansion of market.

VII. EQUIPMENT.

69. Yes; a 40,000 ton unit plant is economically sound practice if location of plant is satisfactory.

70. Yes.

71. 69-79 per cent. of our total capital outlay has been incurred on plant and machinery.

72. Our Works operate on what is known as the Rotary Kiln "Wet" process. The plant consists of a large Gyratory Crusher for crushing limestone, Elevator, Storage bins, Fine Crushing Rolls, adjustable Feed Table for proportioning the limestones, a combination Ball and Tube Mill for pulverising the raw material with water to form a "Slurry" or thick liquid; "Slurry," bucket elevators, correction basins with air agitation, clay wash mill, "Slurry" storage tank with mechanical agitator, "Slurry" plungers, Pumps, feeding device to control feed of raw material (Slurry) into the Rotary Kiln. One Rotary Kiln is installed in which the raw material is calcined; the kiln being complete with a Rotary Cooler with air blasts for cooling the clinker, the extracted heat being utilised in supplying hot air to the kiln for coal combustion, also for drying the coal in a Rotary Drying Drum.

Pulverised coal fuel is used for generating heat to calcine the raw materials, the coal plant consisting of crushing Rolls, Elevators, Storage Hoppers for wet coal, dried and pulverised coal, all in reinforced concrete Rotary Dryer; one combination Ball Tube Mill for pulverising coal.

An automatic weigher for clinker is installed together with a shaking and chain conveyor to convey the clinker from the cooler to large storage bins and thence to the Hoppers over the clinker grinding mill. The clinker is ground in a combination Ball Tube Mill, elevated by Bucket Elevator and then by Rubber Band Conveyor to a reinforced concrete silo of 3,500 tons cement capacity.

The cement is filled into bags by a vacuum packing machine of which the Works are equipped with two, each capable of packing 10 tons of cement per hour.

All the cement-making machinery was supplied by Messrs. F. L. Smidth & Co. of London and Copenhagen and came into operation in March 1923.

All the machinery is driven by electric motors, the majority of which are direct connected through suitable steel reduction gears and flexible couplings to the various machines; 3 large motors being of the synchronous type with

magnetic clutches connecting the grinding mill pinion shafts through flexible couplings.

Most of the electric motors were supplied by the General Electric Company of Schnectady, United States of America, and a few by The British Thompson Houston Company, Limited, Rugby, England. The steel reduction gears were supplied by Messrs. David Brown of Huddersfield.

The Power Plant consists of two Babcock and Wilcox Water Tube Boilers, each having 5,370 sq. ft. heating surface complete with mechanical chain grate stokers, Green's Economisers, integral superheaters and self-supporting steel chimney. The two steam Turbo Alternators are each of 1,000 K. W. capacity supplied by Messrs. The British Thompson Houston Company, Limited, of Rugby.

N.B.—A full detailed account of the plant and process of manufacture will be found in the Booklet on our Gwalior "Sun" brand cement enclosed herewith.

73. We consider our Plant to be the most up-to-date and efficiently equipped of any in the world.

74. Yes.

75. In designing our Plant we adopted the very latest process of manufacture and installed the most modern equipment obtainable, the plant being purchased in 1920 to 1921.

76. We designed the Plant for duplicating the present capacity of 40,000 tons annually as soon as the demand warranted the expenditure. Most of our buildings will accommodate the Plant necessary for duplication; our Power Plant and many mill units will suffice for the double output, which work will, therefore, require a proportionately small capital expenditure.

77. None of the cement-making machinery was manufactured in India and to the best of our knowledge no one manufactures such machinery, which is in the hands of a few expert manufacturers in Europe and America only.

VIII. CAPITAL ACCOUNT.

78. (a) Nil.

(b) Nil.

* {	(c)	Rs. 27,75,459	0	1
	(d)	Rs. 12,00,904	2	3
	(e)	Rs. 1,23,832	3	7

Rs. 41,00,195 5 11

79. The figures given in answer to Question No. 78 represent the actual costs of various assets. No amount has been set aside to the Depreciation Fund Account as we have not been able to show any profit since we commenced manufacturing.

80. We have not been able to set aside any amount for depreciation since manufacture commenced as allowed by the income-tax rates which even we consider inadequate owing to heavy wear and tear of cement machinery.

81. We estimate Rs. 11,50,000 and Rs. 24,00,000 would be the present cost of building and machinery respectively, whereas cost of building and machinery to date of this factory without deducting any amount for depreciation is Rs. 12,00,904 and Rs. 27,75,460.

The operating cost of an entirely new plant would in no respect be less than at present.

* Replies to (c) and (d) should be reversed; see oral evidence.

82. The Company was registered in October 1919 and the following particulars of plant and machinery represent actual outlay on Capital:—

Boilers were purchased from Messrs. Babcock & Wilcox, Limited, and the payments were made as under:—

	£	s.	d.		
1920.	1,792	11	0	.	@ 1/5 $\frac{1}{16}$
1921.	448	9	10	.	@ 1/3 $\frac{7}{16}$
	844	0	5	.	@ " "
	619	19	11	.	@ 1/3 $\frac{1}{16}$
	4,380	0	1	.	@ " "
	2,801	3	6	.	@ 1/3 $\frac{21}{16}$
	3,302	7	4	.	@ " "
	1,515	9	7	.	@ " "
	683	6	11	.	@ " "
	43	7	9	.	@ 1/3 $\frac{1}{16}$
	<u>14,638</u>	<u>5</u>	<u>4</u>		
	£	s.	d.		
1922.	2,438	11	4	.	@ 1/3 $\frac{1}{16}$
	46	0	3	.	@ 1/3 $\frac{8}{16}$
	17	14	6	.	@ " "
	750	0	0	.	@ 1/3 $\frac{11}{16}$
	585	8	10	.	@ " "
	16	8	1	.	@ " "
	<u>3,854</u>	<u>3</u>	<u>0</u>		
	£	s.	d.		
1923.	585	8	10	.	@ 1/4 $\frac{1}{2}$
1920.	1,792	11	0	.	
1921.	14,638	5	4	.	
1922.	3,854	3	0	.	
1923.	585	8	10	.	
Total	20,870	8	2		
Less Rebate	48	1	7	.	@ 1/4 $\frac{1}{16}$
	<u>20,822</u>	<u>6</u>	<u>7</u>		

Steam Turbines were purchased from Messrs. The British Thompson Houston Company, Limited, and the payments were made to them as under:—

	£	s.	d.		
1920.	2,960	18	0	.	@ 1/10 $\frac{946}{1000}$
1921.	930	0	0	.	@ 1/3 $\frac{1}{16}$
1922.	2,969	8	6	.	@ 1/3 $\frac{21}{16}$
	8,121	18	5	.	@ 1/3 $\frac{5}{16}$
	5,704	0	0	.	@ 1/3 $\frac{21}{16}$
	7,109	9	1	.	@ 1/3 $\frac{11}{16}$
	<u>23,904</u>	<u>16</u>	<u>0</u>		

	£	s.	d.
1920.	42,684	12	0
1921.	5,000	0	0
1922.	19,192	2	5
Total	66,876	14	5
Balance to be paid in 1925.	7,098	12	0
	73,975	6	5

Motors and Switchgears were purchased from Messrs. The International General Electric Company, New York, and payments were made as under:—

	£	s.	d.	
1921.	7,500	0	0	 @ 1/4
	2,500	0	0	 @ 1/3 $\frac{1}{2}$
	540	17	5	 @ 1/3 $\frac{1}{2}$
	<u>10,540</u>	<u>17</u>	<u>5</u>	
	\$			
1922.	6,853.00			 @ 360.00 Rs.
	1,291.17			 @ 352.50 "
	547.30			 @ 360.00 "
	289.44			 @ 361.00 "
	<u>8,980.91</u>			
	£	s.	d.	
	1,071	9	0	 @ 1/3 $\frac{1}{2}$
	424	19	0	 @ 1/3 $\frac{1}{2}$
	812	5	5	 @ 1/3 $\frac{1}{2}$
	<u>2,308</u>	<u>13</u>	<u>5</u>	
	£	s.	d.	
1921.	10,540	17	5	
1922.	2,308	13	5	
Total	12,849	10	10	
	@ \$8,980.91.			

83. The authorised Capital of the Company is Rs. 40 lakhs, divided into 40,000 shares of Rs. 100 each, out of which 25,000 shares of Rs. 100 each have been subscribed. The total amount paid by the Shareholders is Rs. 24,98,040.

84. The Capital of the Company has been divided into ordinary shares only and no Preference Shares have been issued.

85. The Company have not issued any Deferred Shares.

86. No dividend has been declared by the Company since its establishment.

87. Nil. Please see our reply to Question No. 86.

88. The Company has raised a Debenture Loan for Rs. 10 lacks. 100 Debentures of the face value of Rs. 10,000 each were issued on 1st October 1922, bearing interest at 8 per cent. per annum. Five of the Debentures shall be redeemed by the Company every year on 1st October commencing from 1924 to 1931. The remaining Debentures amounting to Rs. 6 lacks shall be redeemed on 1st October 1932. No Debenture Sinking Fund has been established by the Company.

89. Nil.

90. We have no extension or replacement scheme in contemplation at present.

IX. COST OF PRODUCTION.

91.

Form I.

Statement showing the total expenditure incurred on the production of cement from 1st July to 31st December 1923.

	Rs.	A.	P.
1. Raw materials	22,991	11	0
2. Factory labour	14,280	11	9
3. Power and fuel	1,03,105	14	5
4. Ordinary current repairs and maintenance of buildings, plant and machinery	38,270	15	10
5. General services, supervision and local office charges	45,828	1	11
6. Miscellaneous, e.g., rent, municipal taxes, insurance, etc.	19,336	1	9
7. Packing	40,171	1	7
	2,83,984	10	3

Quantity 7,400 tons cement.

This represents the cost for bagging only a part of cement manufactured and not the whole quantity, as all cement is not packed immediately after manufacture, but is stored loose in the cement warehouse.

Form II.

Statement showing the Works cost per ton of cement:—

1. Raw materials	3-10
2. Factory labour	1-93
3. Power and fuel	13-93
4. Ordinary current repairs and maintenance of buildings, plant and machinery	5-17
5. General services supervision and local office charges	6-19
6. Miscellaneous, e.g., rent, municipal taxes, etc.	2-61
7. Packing	9-00
	—
TOTAL	41-93
Less for Gypsum	1-00
	—
	40-93

7,400 tons of cement.

This represents the actual cost for packing 1 ton of cement.

92. We cannot give the comparative statements of costs from 1921 to 1923 as the Company commenced manufacture from April 1923 only.

If the factory had been working at its full capacity the Works costs would have been as under:—

1. Raw materials	3-10
2. Factory labour	1-75
3. Power and fuel	9-18
4. Ordinary current, repairs and maintenance of buildings, plant and machinery	2-50
5. General services, supervision and local office charges	2-30
6. Miscellaneous, <i>e.g.</i> , rent, municipal taxes, etc.	1-88
7. Packing	9-00
TOTAL	29-71
Less for Gypsum	1-00
	28-71

93. Yes; because we had to pay higher prices for coal and gunny bags at the commencement than the price prevalent to-day. We submit below an estimate for Works costs for future years on assumption that the output will be obtained equivalent to the full capacity of the plant:—

1. Raw materials	2-300
2. Factory labour	1-650
3. Power and fuel	7-296
4. Ordinary current repairs and maintenance of buildings, plant and machinery	1-240
5. General services, supervision and local office charges	2-030
6. Miscellaneous, <i>e.g.</i> , rent, municipal taxes, insurance, etc.	1-880
7. Packing	7-300
TOTAL	23-696
Less for Gypsum	1-000
	22-696

94. No. We have not adopted the monthly system of cost accounting, as at present we are unable to manufacture continuously.

95. We are not in a position to furnish the information.

96. Rates allowed by the Income-tax Authorities are as under:—

	Per cent.
Cement machinery	7½
Buildings, housing, machinery	2½
Godowns, etc.	5
Furniture	5

Owing to the fact that cement factories have to run continually for all the 24 hours and the heavy wear and tear of the machinery, we consider, the rate of depreciation should not be less than 10 per cent. for machinery.

97. The statement showing the sum required annually for depreciation at income-tax rates on the total block account if the assets are valued at cost:—

	Rs.	A.	P.
Machinery	2,08,159	6	9
Buildings	25,572	3	5
Furniture	15,092	6	2
	2,48,824	0	4

We consider the rate for depreciation on machinery should not be less than 10 per cent. and accordingly we beg to submit figures as under:—

	Rs.	A.	P.
Machinery	2,77,545	14	5
Buildings	25,572	3	5
Furniture	15,092	6	2
	3,18,210	3	0

98. Please see page 124.

99. Please see page 124.

100. According to the present output the Company requires Rs. 6,00,000 as a working capital and Rs. 9,00,000 in case the factory works at full capacity.

101. The Company is not able to provide the Working Capital, it requires, from Shares and Debenture Capital.

102. The Company has borrowed for the Working Capital Rs. 6 lacks from the Managing Agents and the Imperial Bank of India, the rates of interest to be paid are 1 per cent. above Bank rate to the Managing Agents and 6½ per cent. to the Imperial Bank of India.

103. Cost of month's output is Rs. 1,36,675 according to the Works cost only. The chief reason why Rs. 9,00,000 would be needed as working capital is that (a) special spare parts of machinery are to be stocked, (b) in Banmor it is not possible to obtain all kinds of stores immediately and we have to keep the same in stock, (c) it is not the practice of buyers to pay cash against delivery which means large outstandings, (d) owing to the shortage of wagon supply and also owing to long distances between the coal collieries and factory we have to keep in stock a sufficient quantity of fuel.

104. The average value of the finished goods stocked by the Company is about Rs. 3 lacks. It takes about 3 to 4 months between production and payment when markets are normal.

105. It is necessary to keep in stock coal of the value of Rs. 50,000, when the factory is working continuously which would be only two months' supply.

106. Besides the office of local management at the Works the Company has an office at Bombay which is under the control of the Managing Agents.

107. The annual amount of the Bombay office expenses is Rs. 20,000 and the Managing Agents are entitled to 10 per cent. commission on the net profits.

108. From and after the registration of the Company a commission at the rate of 10 per cent. per annum on the annual net profits of the Company after making all proper allowances and deductions from revenue for interest on loans and deposits and for working expenses chargeable against profits, but without making any deductions for or in respect of interest on debentures or of any amount carried to depreciation, insurance, reserve for sinking fund or any other special fund, in respect of any expenditure on capital account.

109. According to the present output the cost of Bombay Office expenses come to Re. 1 per ton, whereas on the output equivalent to the full capacity of the plant it will come to only Re. 0.50 per ton. Agents' commission depends upon profit made by the Company.

X. MANUFACTURER'S PROFITS.

110. Twelve per cent. on Ordinary Shares and 15 per cent. on deferred shares.

111. (a) 10 per cent. on Preference Shares.

(b) 8½ per cent.

112. A return of less than twelve per cent. on Ordinary Shares would not attract investors.

113. (a) Rs. 7½ is the incidence per ton when the output is equivalent to the full capacity of the plant for declaring a fair dividend on the Capital invested in this Company.

On the present rate of output the incidence per ton would come to Rs. 15.

(b) The Company have not issued Preference Shares.

(c) Rs. 2 and Rs. 4 are the incidences per ton of cement when the output is equivalent to the full capacity of the plant and at the present rate respectively for interest on Debentures.

XI. CLAIM FOR PROTECTION.

114. The Indian Fiscal Commission laid down the following three conditions to be satisfied by a particular industry before the Tariff Board recommended it for protection:—

(1) The industry should be one possessing natural advantages.

(2) The industry must be one which without the help of protection is either not likely to develop or is not likely to develop so rapidly as is desirable in the interests of the country.

(3) The industry must be one which will eventually be able to face world competition without protection.

Of the above there can be no question that the cement industry fulfils the first condition better than any other industry, as all the necessary material is available in large quantities and in more than one part of the country and the labour and the markets are also there.

We can also confidently say that if this industry is not allowed to succumb to present abnormal world conditions but is enabled to survive, it will certainly be in a position ten or fifteen years hence to face world competition, because with the great need India has of development of irrigation and other public works, the demand should by then be nearer the present output capacity and enable production to be made in this country at the lowest economic cost. Therefore we think we can confidently say that the cement industry is one that will be able to fulfil condition 3 abovementioned.

As for condition 2, the position unfortunately is that the industry has, under the impetus of war conditions and the expectations then raised, developed but too rapidly and as events prove, the present output capacity is far in excess of the present requirements of the country. But we submit that there is all the more reason why steps should be taken to see that it does not succumb to the present abnormal conditions. Condition 2 clearly emphasises the need of development and would even advocate steps to make it more rapid if such development as there was, was too slow in the interests of the country. It could not, therefore, have been the intention that a largely developed industry should be allowed to go under and disappear and that no efforts should or need be made to save it, because such an attitude would

make futile the endeavours and sacrifices made by the country for the development of its industries.

It is, therefore, we submit, a necessary corollary of condition 2 that the Tariff should be raised sufficiently high to at least ensure to the manufacturers of this country the full benefits of the markets of their own country and thereby enable them to live.

115. (a) Our answer is in the affirmative.

(b) Even now the needs of the country can be met twice over by the indigenous product shutting out all foreign imports.

116. The fact that the combined output of the then existing Cement Companies was commandeered by the Indian Munitions Board during the war period is evidence that the industry is of importance on national grounds.

118. Our claim for imposition of protective duties applies to Portland cement and not any other cements which can readily be distinguished for customs purposes from Portland cement.

119. Before answering this question in detail, we would respectfully point out in view of the present capacity for production in this country being far greater than the present consumption that it will be an economic extravagance to allow any foreign cement to enter the country and that the figure of duty should therefore be put sufficiently high to achieve this purpose. If this is done, then the necessity for special separate measures to counteract the causes named in clauses (a) and (b) would be unnecessary. However, as the Board has asked for our views as to what detailed steps we might think necessary in case they do not approve of our suggestion of a prohibitive duty, we beg to reply as follows:—

- (a) It is extremely difficult to have any sliding scale of duties that can cope with the wide and sudden fluctuations of exchange, the most recent example of which is the variations both up and down of the Belgian and the French Franc in a very few weeks. A suitable method of meeting the situation is suggested in a latter part of this query under 119 (c) for the consideration of your Board.
- (b) Where a freight subsidy is given a countervailing duty in addition to the normal duty and equal to the freight subsidy would be the right measure.
- (c) If the Board has arrived at the figure of cost of Indian cement on the respective present outputs of the Companies, i.e., the figure which Indian Companies should secure in order to live (and this can be very easily ascertained from the costs that form the basis of payment in the contract with the Bombay Development Department), it follows that all measures should aim at securing such figures to the Indian Cement Companies. It is impossible to provide in a Tariff Schedule for any sudden changes in foreign selling prices from unforeseen causes, but it can be done in another way and we submit the following for the Board's consideration:—
 - (1) The figure reached by the Board as above should be the basis selling price.
 - (2) The Board may arrive at the figure of the "normal import price" to-day and the difference between the two might be made a specific import duty per ton.
 - (3) It may further be provided that on all invoices on which calculated at the exchange of the day—the importing cost is less than the "normal import price," an additional duty shall be collected equal to the differential between the actual import cost in rupees and the "normal import price."

- (4) All invoices for cement (and this should apply to all goods which come under the régime of protective duties if invasions are to be reduced to a minimum) should have consular invoice attached to them to form a satisfactory basis for calculation of the differential.

120. (a) The present Customs duty of 15 per cent. might have proved useful when cement was quoted at Rs. 100 to Rs. 150. With the low prices at which cement is selling to-day, the duty is not deterrent to the importation of foreign cement by those users who still think English cement superior and more reliable although there is no longer any ground for such belief and Indian producers are prepared to undergo the strictest tests.

(b) Transport charges of foreign cement to Indian ports are as shown elsewhere, actually lower than those incurred by Indian producers to most Indian markets and the most important markets are at the ports.

121. We consider that the duty should be such as to effectively prevent the entry of foreign cement when the Indian product is available in any required quantity and of satisfactory quality. It is a sheer economic waste for India to throw away large sums on an article that it can get within its own borders and India cannot afford such waste.

From this point of view, we consider a specific duty of 25 rupees per ton essential, as then those that still want foreign cement would have to pay for it and would be gradually forced to see whether they could not do equally well by using the local product.

Although not coming within the terms of reference to the Tariff Board, we do not think it irrelevant to point out that the stoppage of all unnecessary imports *pro tanto* improves the Balance of Trade of this country and has a strengthening effect on its exchanges and by keeping the money in the country it adds to the store of capital for industries of which this country is so badly in need. These are considerations that, altogether apart from the saving of a struggling national industry should have weight with both the Government and the Legislature when the question of a suitable Tariff is under consideration.

It may be contended that there was no meaning in Indian consumers being asked to pay a higher price when they can get the imported article cheaper. But while this seems sound as between one individual and another, the case is entirely different as between one country and another. As a country India has to see whether it is gainer by imports at a cheaper rate than can be produced in the country. To do this it must see whether the same number of its children as are now employed in the cement industry could produce the same amount of wealth in other occupations. The only occupation that most of them can turn to-day is agriculture and the Committee can easily see that the total increase in national income from agriculture from the labourers of the few thousand men now employed in the cement industry would be much smaller than the value of the cement produced by them represents to the country to-day and it would show that the country is distinctly a gainer even if individual consumers had to pay a higher price, but in the case of cement there is not likely to be even this drawback.

122. It is true that the present productive capacity exceeds the total consumption of the country and that is exactly why we advocate a Tariff sufficiently high to keep out foreign cement, because if it can be kept out, the local product would have its market expanded *pro tanto*.

The approximate production by Indian Companies for 1923-24 should be about 250,000 tons and the imports for the same period 110,000 tons. Elimination of such imports by a suitable tariff would have the effect of expanding the market for the local product by over 40 per cent. and would have a very appreciable effect in putting heart into Indian Companies and in cheapening their costs. As even with such expansion the available market would be much under the total capacity of the present works, the

consumer would be fully safeguarded because competition amongst Indian Companies will remain keen on account of the fact that marketing a larger output would mean a lower cost and consequently a greater chance of showing a good margin of profit.

98. The sum of Rs. 2,08,750 will be required annually for depreciation at income-tax rates whereas Rs. 2,68,750 will be required at the rate of 10 per cent on manufacture which we consider suitable.

99. According to the present and full output of the factory, namely, 20,000 and 40,000 tons respectively the incidence per ton of cement at income-tax rate is Rs. 12.44 and Rs. 6.22 respectively, whereas at the rate of 10 per cent. on machinery the incidence would be Rs. 15.90 and Rs. 7.95 respectively.

In view of our answer to Question No. 81 the incidence per ton of cement at income-tax rate would be Rs. 5.21 and if 10 per cent. is allowed on machinery, the incidence would be Rs. 6.71.

Question No. 50.—Total imports of cement into India from 1901-02 to 1922-23.

Year.	Tons.
1901-02	34,450
1902-03	32,320
1903-04	46,690
1904-05	62,110
1905-06	89,420
1906-07	85,720
1907-08	89,390
1908-09	98,230
1909-10	100,610
1910-11	126,640
1911-12	116,950
1912-13	160,560
1913-14	146,520
1914-15	144,970
1915-16	131,630
1915*	18,000*
1916-17	89,390
1916*	38,664*
1917-18	83,750
1917*	73,726*
1918-19	27,180
1918*	84,344*
1919-20	91,800
1919*	86,814*
1920-21	130,720
1920*	86,320*
1921-22	124,720
1921*	128,627*
1922-23	133,260
1922*	147,615*
1923-24	113,137
1923*	235,229*

* Indigenous production.

B. ORAL.

THE INDIAN CEMENT COMPANY
and
THE GWALIOR CEMENT COMPANY.

Messrs. P. J. BILIMORIA and R. S. SYMONS, recorded
at Simla on Wednesday, the 2nd July 1924.

Mr. Bilimoria.—May I at the outset draw your attention to the statement which has appeared in the *Times of India* in connection with the evidence of the representative of the Central Provinces Portland Cement Company, where he is reported to have stated—I have got a telegram from my Bombay office asking me to contradict that statement—that there is some trouble with raw materials at Shahabad?

Mr. Kale.—What he said implied that it was just possible that the raw materials at Shahabad might not be as good as the raw materials of his Cement Company.

Mr. Bilimoria.—The Shahabad Company is our own Company. Tata Sons, Limited, are the agents. This statement is absolutely unfounded.

Mr. Ginwala.—Have you started your works at Shahabad?

Mr. Bilimoria.—They are under construction. We shall be finishing in about six months' time.

President.—It was something like this. I put it to him that if the Madras market was to be captured, it would have to be done by a company whose works were a great deal nearer Madras, and my recollection is that he replied that the materials in his concern were better than those of the Shahabad Company and that, therefore, he could still hold his own in the Madras market.

Mr. Bilimoria.—That was a prejudicial statement, prejudicial to our own Company and made without any foundation, and I just ask your leave to contradict that statement with all the emphasis I can command, and to say in addition that at none of the cement works in India are the raw materials more suitable for the manufacture of cement than the raw materials at Shahabad.

Mr. Ginwala.—How far is Shahabad from Madras?

Mr. Bilimoria.—It is equidistant from Madras and Bombay. It is about 375 miles from each of these two places.

Will the Board take a note of what I said now. That statement is calculated to affect us prejudicially. At present we are negotiating for further finance for that Company and such a statement, if it is published, would be adverse to the success of our negotiations.

Mr. Ginwala.—So far as we are concerned, what you have said has been taken down. So far as the press is concerned, you can do what you like.

President.—I would like to thank you for the very full statements that you have given us on behalf of both the concerns in which you are interested. The first point I want to ask you about is on page 2 of the representation of the Indian Cement Company. You say that the most important factor in selecting the site for a cement factory in India are five in number. Have you arranged them in what you consider them to be the order of importance?

Mr. Bilimoria.—They are not arranged in the order of importance. If you arrange them in the order of importance, (3) would come first, that is suitable fuel supplies within reasonable distance of the Works site.

President.—You would put that first? Surely the vicinity to your raw materials is more important than that. After all, you have got to move more than a ton and half of raw materials for every ton of cement, whereas you have only got to move about half a ton of coal. Surely the raw materials would come first.

Mr. Bilimoria.—Yes, as regards the distance involved.

President.—Then fuel, and after that?

Mr. Bilimoria.—Yes; after fuel (4) would be the next important consideration, that is, close proximity of the site to large cement consuming centres and easy access to the Railways feeding those centres.

President.—Labour and water supply are less important?

Mr. Bilimoria.—Yes.

President.—You say at the end of your answer to Question 10: "But there is still a definite bias in the minds of certain consumers in favour of English cement which enables it to command a few rupees premium." What would you say from your experience is the difference between the prices of the Indian cement and imported cement on that account? Supposing there were no overproduction in India, and supposing Indian cement was competing against English cement in the ordinary way, what do you think would probably be the difference in the price?

Mr. Bilimoria.—About Rs. 8 a ton.

President.—As much as that?

Mr. Bilimoria.—Yes.

President.—Why should it be so much?

Mr. Bilimoria.—There are certain people who are always more or less led by sentiment and biased in favour of articles which are English, although they can get Indian articles of equally good quality.

President.—That I understand. We have had evidence from several industries to a similar effect. In the case of steel, we were told that the Tata Iron and Steel Company sold just a little below the price of imported steel. In their case, the difference, as far as I could gather, was something like Rs. 5 to Rs. 8 a ton, but that was on a price of about Rs. 150. Rs. 5 to Rs. 8 on Rs. 60 is a much bigger percentage.

Mr. Bilimoria.—Yes.

President.—What I want to get at is whether there is any special reason why the difference should be so high in the case of cement?

Mr. Bilimoria.—No, I could not give any other special reason than what I have stated here.

President.—After all, for the last two years, there has not been much practical opportunity of testing it because, as I said, for other reasons, the difference in price has been very much greater than that.

Mr. Bilimoria.—Yes.

President.—It is possible that when the consumption has increased and the demand has overtaken the supply, the prejudice may have been overcome, and the difference would then be much smaller?

Mr. Bilimoria.—Yes.

Mr. Ginwala.—You have given the full capacity of your works as 30,000 tons.

Mr. Bilimoria.—Yes.

Mr. Ginwala.—But you have never got up to that, even when the market was better?

Mr. Bilimoria.—This capacity of 30,000 tons has been attained only recently for the last three months, when we completed the installation of the second rotary kiln mentioned here.

Mr. Ginwala.—Before that what was your capacity?

Mr. Bilimoria.—24,000 tons, whilst we were running the rotary kiln in conjunction with the vertical kiln; 16,000 tons after discarding the latter.

Mr. Ginwala.—You commenced your manufacture in 1914. What was your capacity then?

Mr. Bilimoria.—Then we had not got any rotary kiln. Acting under the advice of an expert English cement engineer, we had put up a kiln of the old vertical type, whose capacity was estimated to be, and understood to be, 30,000 tons, but from the very commencement it began to give us very great trouble both in our output and in quality, and finally after several experiments and trials and alterations, we had to discard that kiln absolutely about two years ago.

Mr. Ginwala.—In your answer to Question 9, you refer to some alterations in the specifications. By the alterations are these specifications intended to be relaxed or tightened up?

Mr. Bilimoria.—Tightened up; but only as regards temperature they are going to be a little easier in this way. The temperature of the testing room is nowhere near the temperature specified in the British Standard Specification. It is meant mostly for cold climates. Therefore there has always been some difference as regards tensile strength or growth of tensile strength when the tests are carried out in a warmer temperature, and at the same time we have to conform to the standard of tensile strength laid down by the British Standard Specification.

Mr. Ginwala.—Is this tightening up going to help you? You urge the point as if it is going to be to the advantage of the cement manufacturer in India.

Mr. Bilimoria.—It will help us in this way. At present if the cement does not conform to the tensile strength or as regards its growth during the three weeks, the fault may be not due to the cement but to the temperature in which the test is carried out, and so, if that element of temperature is rectified or eliminated altogether, that apparent defect will not hereafter arise.

Mr. Kale.—With regard to these Standard Specifications, you point out—and we have that in evidence also from other firms—that a Sub-Committee is enquiring into this question. Who has appointed this Sub-Committee?

Mr. Bilimoria.—I believe that it is the Architects and Engineers Association of India in Calcutta who have been considering this question for several years, and I believe, with the consent or with the approval of the Testing House officers in Alipore, they have been informally considering the several points. They have co-opted certain men connected with cement works in India, and I believe that they will submit their report to the Testing House officers who will then make the recommendations to the Government.

Mr. Kale.—I have seen an allegation made in the press that with reference to your answer to Question No. 10, that Government and other engineers favour English cement even when equally good cement is available in this country.

Mr. Bilimoria.—That is quite right.

Mr. Kale.—Is this your experience? Is this allegation right?

Mr. Bilimoria.—As I say in the latter portion of that statement, this prejudice is gradually dying and will die out, but it still persists and it is there. There can be no question about it. There are certain engineers in the Public Works Department who have nothing to say against the Indian cement, but they want to be always safe as regards their work. They would not take the so-called risk or chance. They always prefer to use English cement on their works, even though it may cost a few rupees more.

Mr. Kale.—But there is no idea to favour English cement as against Indian cement, simply because it is English cement.

Mr. Bilimoria.—I cannot say that that is the prevailing idea in their minds. I think that it is more or less a bias in their mind.

Mr. Kale.—So it is only an honest bias?

Mr. Bilimoria.—Yes.

President.—I take it that, in any case of that kind came to your notice you would bring it to the notice of the Indian Stores Department, because they are anxious to prevent that sort of thing.

Mr. Bilimoria.—Quite so.

II. RAW MATERIALS.

President.—To go on to the raw materials section: you say in your answer to Question 11 that limestone, siliceous stone and clay are used in your factory. Why exactly do you require the siliceous stone? Yours is the only firm that uses that.

Mr. Bilimoria.—Because siliceous stone contains more silica in it.

President.—Is it because your limestone differs from the kind obtainable elsewhere, or is it because your clay differs from what is obtainable elsewhere?

Mr. Symons.—Limestone differs in quality. We use siliceous stone in the same way as you have to sometimes use two different kinds of chalk in England to obtain the necessary ingredients.

President.—That is to say, some ingredient normally present in the limestone is not present in sufficient quantities, and it has got to be supplemented in this way?

Mr. Symons.—Yes, in order to have the correct proportions.

Mr. Ginwala.—What property has it got that you require in the manufacture of cement?

Mr. Symons.—It is better for calcining purposes.

President.—I think that what Mr. Ginwala means is this. Supposing you did not use siliceous stone, what unfavourable consequences would follow?

Mr. Bilimoria.—The chemical composition of cement is more or less fixed, and certain proportions of certain ingredients must be present.

President.—It means that you must conform to the specification?

Mr. Bilimoria.—Not that.

President.—I am afraid I have not got it.

Mr. Ginwala.—Now there is a certain amount of silica in the siliceous stone.

Mr. Bilimoria.—There must be a certain amount of silica in the raw materials.

Mr. Ginwala.—Why do you want that? To produce what effect in the cement?

Mr. Bilimoria.—You must have certain ingredients in your raw materials to produce cement.

President.—We are not getting any further. The point is this. There are two possibilities. One is that the specification says that cement is to contain a certain proportion of silica. Very well, if you are selling cement according to the standard specification, you must conform to it. But there is another point which may also arise, namely, that, if the silica is absent or is not present in sufficient quantities, the cement may lack some quality which it ought to possess.

Mr. Bilimoria.—The resultant product would not be as good a cement as it should be if the silica is not present in sufficient quantity.

President.—What Mr. Ginwala wants to get it is: in what respect would it be likely to fail?

Mr. Symons.—It would probably be lower in tensile strength due to insufficient calcination.

President.—That is what he wants.

Mr. Givwala.—Then I take it that in other limestones the quantity of silica required is present?

Mr. Bilimoria.—Yes. For instance, in Gwalior, we don't want silicious stone, because the whole of the ingredients are contained in the limestone itself.

President.—You are unusually fortunate there.

Mr. Bilimoria.—Very fortunate indeed.

Mr. Kale.—I thought that silica was contributed by clay and that limestone was more or less pure limestone.

Mr. Symons.—No.

Mr. Kale.—Now you state that limestone must contain not only the element of lime but also the element of silica?

Mr. Symons.—It is difficult to answer such questions.

President.—All these things have got to come from somewhere, and there is no sort of obligation that they should come from one source rather than from another source.

Then, in your answer to clause (b) of Question 13, you say that the wastage during calcining will be about 37.68 per cent.

Mr. Bilimoria.—Yes.

President.—In your answer to Question 18 you say "In lieu of all royalties directly leviable on raw materials, the Porbandar State charge a royalty on the cement produced therefrom at the rate of annas five per ton of cement." That is practically $3\frac{1}{4}$ annas per ton of limestone.

Mr. Bilimoria.—Yes, if you consider only the limestone.

President.—I see that there is also clay.

Mr. Bilimoria.—Yes, and also silica which comes from the quarries.

President.—After all, there would not be a large market for these, but as regards limestone, they are constantly selling to other people?

Mr. Bilimoria.—Yes.

President.—In the case of clay, the cost of drying comes to a considerable amount?

Mr. Bilimoria.—Yes.

President.—Is that because it is not in the form in which you can take it? One can understand that it has got to be dried first.

Mr. Bilimoria.—Yes.

President.—In reply to Question 27, you say "we do consider the existing freight rate of Rs. 5 per 200 maunds from the quarries to our Works (10 miles) excessive." Well, I have worked out the rate. That is apparently about half a pie per maund per mile.

Mr. Bilimoria.—Yes.

President.—You say that you consider that excessive. Is that because you know of other rates given perhaps by other railways which are a good deal less?

Mr. Bilimoria.—The lowest rate which is applicable to coal is $1/10$ th of a pie per maund per mile. I suppose you will take that as a basis per maund per mile.

President.—Is that the lowest coal rate?

Mr. Bilimoria.—That is what I understand. Compared to that, it is five times higher.

President.—What is running in my head is the rate that the Tata Company got for their coal to Jamshedpur.

Mr. Bilimoria.—That must be a special arrangement. As I have stated elsewhere, the rate was formerly lower and it has now been increased during the last five years by 150 per cent.

President.—I am prepared to believe that. One's own experience convinces one that the railway rates have distinctly increased.

Mr. Bilimoria.—Yes.

Mr. Ginwala.—Has it gone up as much as 150 per cent.?

Mr. Bilimoria.—Formerly it was about Rs. 2 per 200 maunds per mile.

Mr. Ginwala.—Did not you make any agreement with the State? This railway belongs to the State, I think.

Mr. Bilimoria.—This railway belongs to the Porbandar State, but there was nothing in the agreement relating to the railway freight, because we were satisfied with the then existing railway freight. Subsequently this railway was transferred to the Gondal State. It is only recently, from the 1st of April this year, that it has again been in the hands of the Porbandar State. We have recently made a representation to them for a reasonable reduction in the rates.

President.—The point I was going to suggest was this: that the railways generally give a concession rate whenever the distance to be travelled is long, but they don't give it when the distance is short.

Mr. Bilimoria.—The point is this. Our Works are situated at the Porbandar Dock, or harbour, and there is a very large trade in the Porbandar stone for building purposes between the quarries and the harbour.

President.—What rate do they charge for the building stone?

Mr. Bilimoria.—The same rate.

President.—I don't want to express any opinion about it, because I have no knowledge of the conditions and cannot judge whether it is a fair rate or not.

Mr. Ginwala.—Is that a light railway?

Mr. Bilimoria.—It is a metre gauge railway.

Mr. Ginwala.—How do the rates compare with the broad gauge rates? Are they not higher than the broad gauge rates?

Mr. Bilimoria.—I don't think that they are higher.

Mr. Ginwala.—How do your rates compare with the ordinary rates?

Mr. Bilimoria.—This rate is obviously higher than the rate prevailing for long distance traffic in Kathiawar.

Mr. Ginwala.—How does it compare with the ordinary rates prevalent in the locality for short distances?

Mr. Bilimoria.—Do you mean for a distance of 10 or 15 miles?

Mr. Ginwala.—That is the way to compare. You cannot take a short distance rate, and compare it with a long distance rate and then say that the rate is high.

Mr. Bilimoria.—My point is this. Here is a continuous traffic offering itself to this railway—thousands of tons of materials requiring to be transported in one year—and therefore there must be some special concession.

President.—I do not know. If I were running a railway on commercial lines, I might wish to impose the highest rate that the traffic could bear. Is not that what a railway is commonly supposed to do?

Mr. Bilimoria.—What we feel is—though I am rather diffident in telling you about it—that the railways consider themselves to be in a monopolistic position, because they know that we have got to accept any rates that they want to impose on us. Otherwise we have no alternative left.

Mr. Ginwala.—The Gondal State is rather stringent.

Mr. Bilimoria.—It was. Now that this railway has passed again into the hands of the Porbandar State, we are hopeful of getting some reduction because of our relations with the State which is largely interested in the welfare of our Works.

Mr. Ginwala.—What difference does it make in rupees?

Mr. Bilimoria.—It would be about Rs. 15,000 a year.

President.—It would mean eight annas a ton on the cost of your cement?

Mr. Bilimoria.—Yes.

Mr. Ginwala.—Even if your freights are high, in the matter of royalty you are not unfavourably situated. One may be set off against the other.

Mr. Bilimoria.—No, we are not unfavourably situated.

Mr. Ginwala.—In answer to Question 16 you say that 83·78 per cent. of the raw materials are drawn from the well-known Porbandar limestone quarries. What about the rest?

Mr. Bilimoria.—The rest are drawn from other places nearabout. That is mostly clay and sand, the latter of which we have recently been substituting partially in place of silica stone. There will be required 275 tons of clay for making one ton of cement. So, the rest of the material is principally clay and some sand which, as stated above, we have been recently substituting for silicious stone.

Mr. Kale.—Your quarry is at a distance of 10 miles from the works?

Mr. Bilimoria.—We could not have helped it. Otherwise we would have located our Works at the quarries, which would have meant other inconveniences in the matter of coal and so on.

Mr. Kale.—All things considered, this is the best locality?

Mr. Bilimoria.—Yes: we are near the harbour now: otherwise we would be 10 miles away from it.

President.—What quantity of gypsum do you use?

Mr. Bilimoria.—About 5 per cent., i.e., 5 tons in about 100 tons of cement, but the quantity depends on the time of setting that we want. Gypsum is required for regulating the setting time.

Mr. Symons.—According to the winter or summer time the amount of gypsum varies—say up to 5 per cent. in the maximum. If the cement is made in the ordinary way we should make it of one setting time which is good for summer or winter. This is the standard setting.

President.—So that your customers, if they want to use it in a particular season, will let you know and you will arrange accordingly?

Mr. Bilimoria.—Yes.

President.—Where do you get your gypsum from?

Mr. Bilimoria.—Usually from Bhavnagar State, which is a considerable distance from our factory. In fact a large part of the price of gypsum is the freight, namely, Rs. 16. The gypsum fields are not connected with railways. It has to be brought to Bhavnagar and then by rail to the Works.

President.—From Bhavnagar State it cannot cost you much in freight.

Mr. Bilimoria.—It costs Rs. 2 to Rs. 3 at the place where it is got, and Rs. 21 at our Works.

III. LABOUR.

President.—Coming to the next section, labour, there is a slight discrepancy between your answers to Questions 32 and 33. In the answer to Question 32 you say “for a few years imported skilled labour is necessary” and in answer to Question 33 you say “at present no imported labour is engaged but one skilled European kiln burner or attendant would be necessary when the factory works to full capacity.”

Mr. Bilimoria.—It is not clearly put in here: the word “but” means “except.”

President.—Apart from the General Manager and the chemist the only European, apparently, is the kiln burner; that is the only other branch in which you want skilled supervision which you cannot at present leave to an Indian?

Mr. Bilimoria.—Yes.

President.—As a matter of fact, compared to other industries, you are better off in this respect that you have to employ a very small number of men who come from outside India.

Mr. Bilimoria.—Yes, but this is a small industry.

President.—Could you tell us the total salaries of the three men?

Mr. Bilimoria.—The total of the three together,—salary of General Manager, Chemist and Kiln burner—is Rs. 3,300.

President.—If, as you hope you would be able to do eventually, you substitute them by Indians, their salaries would be about Rs. 2,000?

Mr. Bilimoria.—I should expect so.

President.—On that basis your extra charge is Rs. 1,300 a month.

Mr. Bilimoria.—I may mention that for these European officers we have to find houses or to rent houses for them, to supply them with servants, and to supply them fuel and these are the ordinary conveniences which they always expect from us. These are to be added to the charges.

President.—How much would you add on that account?

Mr. Bilimoria.—I would add about Rs. 300 to that figure: i.e., Rs. 1,600.

Mr. Ginwala.—Do you expect the Indians to do without these?

Mr. Bilimoria.—I should expect them only to want houses.

President.—The thing is, as time goes on, you will find that the Indian standard is rising. However, that would come to about something less than Rs. 20,000 per annum. On 30,000 tons it would amount to 10 annas a ton.

Mr. Bilimoria.—Yes.

President.—In Question 36 you say that the Indian labour numbers 348. If you were running your factory to the full capacity of 30,000 tons how many more men would you employ?

Mr. Bilimoria.—This is the number required to run the factory at full output.

President.—Do you happen to know any factory in Europe with about the same output? How many men would probably be employed there?

Mr. Symons.—Not quite so many as that, but it depends so much on the works. Some works have their raw material supplied to them: others quarry that.

President.—You have got to exclude the quarrying labour to make the figures comparable with yours.

Mr. Symons.—With an output of 30,000 tons I should say, judging from one or two I know, it would be 160 men.

President.—What I was rather suggesting is this. Supposing the figures are say 160 and taking that to be the number employed in Europe in works of the same capacity, since the wages of the European workmen would be more than twice the wages of the Indian, you apparently have some advantage in respect of the cost of labour as compared with the British factory.

Mr. Bilimoria.—There is first a less number of men wanted there and then there is the larger efficiency.

President.—After all we assumed that they had got the same output as you have. The question is this. Would a factory with an output of about 30,000 tons in England be regarded as a very small one? Would it be well below the average size?

Mr. Symons.—There are some with as low an output as 100 tons a week and there are others with 4,000 to 5,000 tons a week. Even to-day there are works turning out 100 tons a week.

President.—Coming to the point we were on, you say in order to get an output of 30,000 tons you have to employ 160 men. On that basis it would seem that the Indian manufacturer has some advantage in the cost of labour; although he has employed twice as many men, his total wage bill would be smaller.

Mr. Symons.—They carry on other industries connected with the work, such as making casks and other stave work. If you eliminate these it would reduce the number possibly to 120 to 130. That is the minimum.

President.—Even so, how do the rates of wages compare?

Mr. Symons.—I do not know the wages there at the present time.

President.—I do not think you would get a great many British workmen to work at Rs. 1-8-0.

Mr. Symons.—No.

President.—On the basis of 120 it still looks as if you have a certain advantage in the cost of labour. I want to get a general idea in order to balance the advantages and disadvantages. I want to know where you have got strong points and where comparatively weak points.

Mr. Symons.—Yes.

Mr. Ginwala.—In your wage bill in the annexure to answer 37 the total has gone up from Rs. 41,576 in 1917 to Rs. 61,953 in 1923.

Mr. Bilimoria.—Yes.

Mr. Ginwala.—Your output is the same practically, so that it is due to a rise in wages, not a rise in the number of men?

Mr. Bilimoria.—Yes.

Mr. Ginwala.—It may be due to some alteration of your system. If you take the percentage of increase it is about 100 per cent. In the artisan class of workmen the increase has been 100 per cent., and in the menial class about 37 per cent. When did you give your increase in wages?

Mr. Bilimoria.—There have been different stages.

Mr. Ginwala.—When was the last increase given?

Mr. Bilimoria.—The first increase commenced in 1917 and the last one about 2½ years ago, which was given after a strike.

President.—In answer to Question 42 you say “electric power is used on certain outlying units of the plant, the alternators being rope-driven.” Do you produce the electricity yourself?

Mr. Bilimoria.—Yes.

President.—I do not know what “the alternators being rope-driven” means.

Mr. Symons.—There is a large pulley on the engine. The engine will be here and the alternator there, and the rope will drive the alternator.

IV. POWER.

President.—Then in answer to Question 45 you say “50 per cent. of the fuel comes by rail a distance of 885 miles and 50 per cent. by rail about a distance of 1,442 miles.” The first 50 per cent. is that from the Central Provinces coalfields and the second is from the Bengal fields.

Mr. Bilimoria.—Yes.

President.—I take it you use the Bengal coal for the kiln generally and that the Central Provinces coal would not be quite good enough for the kiln?

Mr. Bilimoria.—We mix both coals for use in the kiln.

President.—You have given us prices f.o.r. works siding at Rs. 19 and Rs. 31. I wonder if you could divide that into original cost and freight.

Mr. Bilimoria.—Rs. 5-4 is the cost of slack coal per ton and Rs. 13-12 would be freight and everything—I mean transportation charges. Rs. 11 is the pitmouth price of first class Bengal steam coal, and Rs. 20 is the freight.

Mr. Ginwala.—Is this one of the Railway Board arrangements or is it independent, this price of Rs. 11 a ton?

Mr. Bilimoria.—It is the pitmouth price of the coal.

Mr. Ginwala.—Is it the ordinary market price or is it under any special arrangements?

Mr. Bilimoria.—It is the market price on a contract of 1,000 tons even to-day. We bought out last supply from Messrs. Andrew Yule at Rs. 11-4.

President.—That is to say, you make a contract for a certain quantity to last you for a certain time. It is a short-term contract.

Mr. Bilimoria.—It is only a small contract for a very small quantity of 500 tons. Under present conditions we cannot make long-term contracts.

Mr. Ginwala.—Why do not you get some of Tatas' coal?

Mr. Bilimoria.—We did try it and the cost of Rs. 7 *ex pitsmouth plus* freight comes to Rs. 27, but we find that it is better to use this particular Bengal coal which has got a low ash and a higher carbon. It is only one colliery of Tatas' that we tried and the other was not available.

Mr. Ginwala.—Can you give us the rates at which you purchased your coal in previous years, say in 1917?

Mr. Bilimoria.—I can give you the maximum rates which I have got in my memory.

Mr. Ginwala.—Look at your forms at page 21. Will that give a rough idea of the proportion—15 to 20?

Mr. Bilimoria.—The highest price we paid for Bengal coal was something like Rs. 22 per ton just before the close of the war.

Mr. Ginwala.—That is not borne out by the figures that you have given on page 21—Question 91.

Mr. Bilimoria.—The total cost was Rs. 2,15,000.

Mr. Ginwala.—The output is pretty much the same so that these are comparable. I simply wanted the price of coal in 1917, and if you do not know it, you may tell me whether I can take it in the proportion of 15 to 20.

Mr. Bilimoria.—In 1919 or 1920 the price was higher.

Mr. Ginwala.—Probably it was higher still in 1921?

Mr. Bilimoria.—In fact in 1921 and 1922 we got all our coal from Wales in steamer loads and the coal I know cost us Rs. 50 a ton laid down at our Works, because we could not get wagons and we had to do it; otherwise we could not carry on and it was worth while to pay Rs. 50. So it must be in 1920 and 1921 that we paid high prices.

Mr. Ginwala.—Your coal has gone up in the proportion of 15 to 20. Will that be right as compared to 1917?

Mr. Bilimoria.—1917 as compared with 1923; that proportion will be all right I think.

President.—I notice that the rate you have given for the transport of Central Provinces coal comes to 1/9 of a pie per maund per mile.

Mr. Bilimoria.—It must be 1/10 about. There was recently a reduction.

Mr. Ginwala.—Is there no sea communication between you and Bengal?

Mr. Bilimoria.—There is, but that does not come any cheaper. The Bengal coal, if carried by sea from Calcutta to Porbandar, will come this way; from the Bengal coalfields to Howrah and then down the Hooghly river would cost about Rs. 5-8-0. Then there is the sea-freight of about Rs. 12 at present and then there are the charges of transporting coal from the steamer into small boats or lighters, which comes to about Rs. 2.

Mr. Ginwala.—What lines are run between Porbandar and Calcutta?

Mr. Bilimoria.—The B. I. S. N. Scindia Navigation Company is running but that is generally for large quantities.

Mr. Kale.—Is coal ash a disadvantage in the manufacture of cement?

Mr. Bilimoria.—A higher ash in the coal detracts from the quality of the manufactured article.

Mr. Kale.—I got the impression when evidence was given on behalf of another firm that coal ash was not disadvantageous and, on the contrary, it improved the cement.

Mr. Bilimoria.—The more ash there is in the coal—by the mixture of the ash with the clinker or cement—the quality will deteriorate. There is no question about that. The tensile strength will be affected.

V. MARKET.

President.—In Question 50 on page 8, you begin by telling us what Mr. Musgrave and Mr. Davies have written in the Indian Munitions Board Handbook. I have two comments to make. One is that to a large extent the increase in consumption they predicted has already occurred, and it cannot be assumed that the increase is going to go on steadily and indefinitely at anything like the same rate.

Mr. Bilimoria.—Past experience and an examination of the figures in the past would justify such an opinion.

President.—You are referring to the total consumption figures. Undoubtedly there has been a remarkable increase in the last few years. The present consumption is nearly ten times the consumption of 1901. That is an undeniable fact, but it is a bit of a gamble if you ask the Board to assume that it is going to go on indefinitely. Another point is this: What Mr. Musgrave and Mr. Davies told us was said at a time when everybody was inclined to be sanguine. A good many industries were started on expectations which seemed to be well-founded, and subsequently came to grief. Therefore one has to discount a little all the statements that were made at that time. Lower down in the bottom of the page you say: "The diversified uses to which Portland cement can be put particularly on account of its prevalent low prices will induce a larger demand for it in other directions, and specially as a substitute in place of lime mortar." If it is to make any progress in that direction not only the prices have got to stay low but probably have got to lower.

Mr. Bilimoria.—In the initial stage; but when the engineers come to know the advantages of using cement in place of lime and the efficiency of the work resulting therefrom, I think, as time goes on, they will not be disinclined to pay a reasonably higher price than they at present pay for the stuff.

President.—You may be right, but on that point we have to get the opinion of engineers, because they are after all in the best position to tell us; but in some of the canal projects in the Northern India they are going to use lime and not cement, because they cannot afford the price.

Mr. Bilimoria.—At present?

President.—There was one particular case: it was something like this. I do not know the details. There was a long distributary and they wanted to line the distributary to prevent percolation. They decided to use lime and not cement because the cement was too costly.

Mr. Bilimoria.—We have the instance of the Gwalior Company where experiments have been made in connection with the Sarda Canal Works in the United Provinces where they have on our own suggestion used about 600 tons of cement in place of lime without any complaint, and I presume to their entire satisfaction. I have now received a further enquiry from another engineer from the same section of the work asking me to give him an idea of the lowest price at which we can supply 2 or 3 thousand tons of cement for next year for further use as a substitute for lime, which evidently implies that the present price is in no way an obstacle.

President.—Supposing the prices were to rise to the level of the imported cement.

Mr. Bilimoria.—How much is that, Sir?

President.—At present the Indian cement is being sold at Calcutta and Bombay at a little over Rs. 40 a ton. The imported cement is selling at from Rs. 55 to Rs. 60 a ton in Calcutta and other ports. If the price of Indian cement were to go up to about Rs. 60 a ton, I don't think you would get any increase in consumption. The consumption of cement might indeed go down.

Mr. Bilimoria.—The consumption at even a higher price, so far as my information goes, was not less than at the present low prices.

President.—You yourselves lay emphasis on the rapid increase in consumption.

Mr. Bilimoria.—Rapid increase in production. I only say that the consumption has increased proportionately year by year, or, if you take quinquennial periods, every five years, and at present there seems to be no reason to expect a set back.

President.—If there is a rapid increase in price there is a reason for a set back.

Mr. Ginwala.—You have given us the instance of the canal in the United Provinces. How far is it from your place?

Mr. Bilimoria.—I can't give you the exact distance, but the freight would be about Rs. 12 to 15 a ton.

Mr. Ginwala.—Is it possible that the canal is situated in a locality where lime is not easily available?

Mr. Bilimoria.—Lime is very freely available but we offered them cement, and they tried it because a very small proportion of cement is required in comparison to lime.

Mr. Ginwala.—Can you tell us, taking 100 cft. as your quantity, how much lime would be required and how much cement?

Mr. Bilimoria.—If you use cement in the proportion of 1 part cement and 11 parts sand, still your work would be in no way inferior: it would be superior.

Mr. Ginwala.—How much would the lime cost in your own place?

Mr. Bilimoria.—I can't say off-hand how much it would cost us to produce lime from limestone.

Mr. Ginwala.—We are trying to make a comparison of the relative merits of the two. Supposing you were using lime, making the lime out of your own limestone, how much would it cost? Have you got any figures?

Mr. Bilimoria.—We have got the cost of limestone delivered at our works. Supposing, the cost of converting a ton of limestone into lime is Rs. 2—of course I am speaking off-hand. Mr. Symons tells me that lime at Delhi costs Rs. 21 a brass, i.e., about 100 cft.

President.—I think it will be important for the Board to try and obtain this information from Engineers who are using cement and are in the habit of using it from day to day.

Mr. Ginwala.—You have told us that the cost of lime at Delhi is Rs. 21 a brass. How much would the cement cost?

Mr. Bilimoria.—About Rs. 40 to 42 a ton. Let us take the cement also in cubical measure. A brass of cement would be about 4 tons and, taking the price at Rs. 40 at Delhi, it would be about Rs. 160 a brass as against Rs. 21 a brass for the lime.

Mr. Ginwala.—And you will use 11 parts of lime to one of cement?

Mr. Symons.—Yes, in the proportion of 1 to 11. We have made experiments and this proportion of 11 to 1 or 10 to 1 will give better breaking strength than the lime. At the present moment I think the engineers are not quite sure of the proportion of cement which they can use, and they are now making this experiment, and by that they will be able to judge whether they can use cement in place of lime. I may also mention that one or two

engineers whom I met recently told me that, if we could assure them that cement in the proportion of 1 to 8 or 1 to 9 would give better tensile strength than lime then they could afford to use it.

Mr. Ginwala.—Does it cost more in labour?

Mr. Symons.—Most decidedly not: much less. They are able to take a bag of cement to one place and dump it down and mix, whereas in the case of lime they have got to burn it, then put it in the grinding mill and mix it.

Mr. Bilimoria.—May I mention in this connection a fact about the Sukkur Barrage Scheme? Our chief manager has gone there and visited the engineers and he himself has suggested that instead of using lime and making their own lime and requiring so much capital and labour, he could convince them that the use of cement instead of lime will be very much cheaper, and he has carried on certain experiments and at present

President.—It would be more important, I think, to get the opinion from the Government of Bombay than from your representatives, if they have come to any decision of that kind.

Generally, on this question of consumption what I am really suggesting to you is this, that this prospect of a considerable future increase in consumption is very largely a matter of prices, and any measures taken which would have the result of substantially raising the price will have an adverse effect on the consumption.

Mr. Bilimoria.—If you consider the consumption for the year 1921-22 it is not considerably less than the consumption for the last year when the prices were top prices namely Rs. 150 a ton.

President.—But there was a lot of arrears to make up as a result of the war. Works that were hanging over had to be completed.

Mr. Bilimoria.—Do you include Government works also in that?

President.—I should think so. The Incheape Committee had not sat then! However, let us turn now to question 51. You have given Karachi, Bombay and Madras as your principal markets.

Mr. Bilimoria.—Yes.

President.—When you have put up your own factory at Shahabad, they will be able to put cement in the Madras market cheaper than you can, so that Madras will not be a market that you can hold. So far as Forbunder is concerned, the market is really Sind, Kathiawar, Gujarat and Central India, and perhaps as far south as Poona.

Mr. Bilimoria.—I admit it.

President.—I think it is of some importance. We had a discussion with the manager of the Central Provinces Portland Cement Company as to how far a factory in the Northern India has a chance of getting the southern markets. Once a factory is put up in Southern India between Bombay and Madras it will cut them clean out of the southern markets.

Mr. Bilimoria.—I agree with you.

President.—In answer to question 53 which is on the subject of export trade you say "Places like Singapore, Java, Sumatra, Seychelles, Aden, Persian Gulf and Mesopotamia would be the most natural outlets for the output of this Company, as the distance from the port where this factory is situated to the markets named, are shorter than from other competing countries, provided reasonable freights are granted by the shipping companies." At what sort of price can you export? Let us take one definite place. Do you happen to know the freight from Bombay to Singapore?

Mr. Bilimoria.—From Bombay to Singapore I think it is Rs. 20 per ton.

President.—And from some English port, let us say London to Singapore?

Mr. Bilimoria.—It will be about 17 to 20 shillings.

President.—What would you regard as a reasonable freight from Bombay to Singapore?

Mr. Bilimoria.—Let us take it from Porbunder to Singapore at, say, Rs. 15 a ton.

President.—On the basis of that what price would that mean to you?

Mr. Bilimoria.—About Rs. 40 per ton *ex works*.

President.—With the present freight you have got to sell at Rs. 35 a ton?

Mr. Bilimoria.—With the present rate of freight it comes to selling at Rs. 35 f.o.b. Bombay.

President.—And you will have to add a further charge of bringing same from Porebunder to Bombay; that will be another Rs. 10.

Mr. Bilimoria.—Yes.

President.—There again, Porbunder is not a very important port at present and I imagine that transhipment will be necessary at Bombay. You cannot rely on having steamers starting from Porebunder to all the places except very occasionally?

Mr. Bilimoria.—The B. I. boats regularly touch at Porebunder.

President.—Where are they going to?

Mr. Bilimoria.—They go to the Persian Gulf.

President.—Take the other places you have mentioned in the direction of Singapore—Java, Sumatra and so on. Do steamers going to those places even touch at Porbunder?

Mr. Bilimoria.—What I want to point out is this that they want us to bring our cargo to Bombay and then put on board the steamer.

President.—If that is what they insist on your doing, it is of no advantage to you even if they call at Porebunder?

Mr. Bilimoria.—They say they would take cargo direct from Porbunder if it was a very large quantity.

President.—That is precisely the point I am getting at, that it is not the same thing to have your works at a small port as to have it in a big port, and that is so anywhere in the world. You do not get the same advantage, and you cannot rely on shipping your stuff in the same convenient way.

Mr. Bilimoria.—Yes.

President.—How would you have to pack your cement?

Mr. Bilimoria.—In gunny bags, 20 bags to a ton.

President.—Is cement packed in bags readily accepted by the market in foreign countries?

Mr. Bilimoria.—We did ship cement some years ago to foreign places and even now we are shipping by country crafts into the Persian Gulf and there has been no trouble whatever as regards packing.

President.—I put it to you that it has been urged before the Tariff Board that there is a real difficulty and that, if you want to export cement, you will have to do it in barrels.

Mr. Bilimoria.—I can tell you that even those English companies who used to send out cement to India in barrels are now using bags also because it is easier to handle a 1 cwt. bag than a $3\frac{1}{4}$ cwt. barrel.

President.—You say that the British Companies are now commencing to export in bags?

Mr. Bilimoria.—Yes. English cement in bags is actually coming to India: not only English but some German cement also came into India in bags.

President.—We will make enquiries about that. The information the Board received was the other way about, that unless the Indian companies could accommodate themselves in the matter of packing there was no chance at all of capturing the export market. If you were packing in barrels instead of in bags, what would be the difference in cost?

Mr. Bilimoria.—It all depends on whether we buy barrels in small lots, or whether we put up a barrel making plant which would mean of course capital expenditure on a large scale.

President.—Have you investigated that at all?

Mr. Bilimoria.—We have and found that it would not pay. Even recently we had some correspondence with some people in Lahore as regards packing in barrels, but we find that it would be an impracticable proposition. The consumer now prefers bag packing to barrel packing because if he returns the empty bags back he gets a rebate.

President.—What consumer are you speaking of?

Mr. Bilimoria.—Consumers in India, the public as well as Government bodies.

President.—But after all the consumer who governs the export market are the consumers elsewhere. Have you actually ascertained what the state of things is in any of these places—Java, Sumatra and so on; have you got anything practical as to the views of these consumers?

Mr. Bilimoria.—Four or five years ago we had shipped some cement to Singapore, Java, Seychelles and Aden, all in bags.

President.—That was at a time when they were only too glad to have cement in any form.

Mr. Bilimoria.—I am not in a position to say at present whether any difficulties would not be raised by the consumers in these places against packing in bags, though I believe that in view of the fact that even English manufacturers have shipped in bags no difficulty should arise.

President.—I quite understand what your view is.

Now, in answer to question 54 you refer to the contract with the Development Department of the Government of Bombay. You say "the benefit of this contract was extended to the P. W. D. and such semi-public bodies as wished to join in it with the result that our sales to such public bodies have been much smaller than they otherwise would have been." But then who extended the benefit of the contract?

Mr. Bilimoria.—The Development Department.

President.—How could they?

Mr. Bilimoria.—I believe they were entitled to do so.

President.—You apparently suggest that the extension of the contract was injurious to you?

Mr. Bilimoria.—Yes.

President.—How could that be done without your consent?

Mr. Bilimoria.—First of all the Development Department sent tenders to all the companies then existing for the supply of cement, about 25,000 tons or so, for a period of 10 years asking them to quote their price for such supply, and each of the firms to whom the tenders were forwarded quoted fixed prices. Then we were waiting to hear about the result of the tender, and one morning we just read in the newspapers that the Bombay Development Department had entered into agreement with four Cement Companies for the supply of cement on this basis, and that was the first intimation the Indian Cement Company got of this arrangement entered into behind their back, so to speak.

President.—It is the existence of the contract that is injurious to you, and of course the extension increases the injury?

Mr. Bilimoria.—That is what I mean.

President.—The moment they entered into a contract with four companies of which you are not one, of course one realises that that cuts a part of your market.

Mr. Bilimoria.—Yes.

President.—The way you put it made me think that what you wished to say was that it was only the extension of the contract that affected you.

Mr. Bilimoria.—No, Sir. The extension came later on. The existence of the contract itself was injurious to us.

Mr. Ginwala.—The benefit that you speak of, is it a real benefit?

Mr. Bilimoria.—It was supposed to be. The contract is on the basis that the companies are to be paid the price which is equivalent to the cost of manufacture for that year, plus 15 per cent. on that amount. So that however little cement they may produce or however much they may produce.....

President.—That is a benefit to the producer; you say 'benefit extended to the P. W. D.'

Mr. Bilimoria.—What I mean is this: from the Development Department's point of view it was a benefit to enter into such a contract. To-day it is not a benefit, but at that time it was considered a privilege for the public bodies to go in.

Mr. Ginwala.—What is the distance from your port to Karachi?

Mr. Bilimoria.—302 miles.

Mr. Ginwala.—What is the freight?

Mr. Bilimoria.—Rs. 6 per ton.

Mr. Ginwala.—That is by the British India Steam Navigation Company?

Mr. Bilimoria.—The Bombay Steam Navigation Company.

Mr. Ginwala.—Now, with regard to this packing of cement, the consumers consider that bags are not as waterproof as casks. Why do they prefer barrels?

Mr. Bilimoria.—They would prefer packing in bags as regards handling, but if there is any prejudice it is about keeping the cement stirred for a time in which case, when it is put in barrels, it can stand moist weather for a longer period than bags.

Mr. Ginwala.—In the case of transport are not bags more easily liable to be damaged than barrels?

Mr. Bilimoria.—Yes. But when it is sent by steamer there is not much chance of its being damaged as it is kept inside the hold.

Mr. Ginwala.—Are there no means of waterproofing the bags?

Mr. Bilimoria.—That would add materially to the cost.

Mr. Ginwala.—Have you made any experiments?

Mr. Bilimoria.—Yes. When customers specially require that cement should be packed in waterproofed bags we put them in double bags and charge them double the cost of packing.

Mr. Ginwala.—What would be the cost of tarring the bags?

Mr. Bilimoria.—All these bags are made in Calcutta mills. They are sent out to us in parcels of 500 bags. If you take out each bag and tar it, that means a lot of labour. In proportion to the cost of bags, the cost of this work would be considerable.

Mr. Ginwala.—With reference to your answer to question 54: these prices that you say that you have realised from Government do not seem to be very unfavourable prices.

Mr. Bilimoria.—I don't say at all that these prices were unfavourable.

Mr. Ginwala.—They are good prices.

Mr. Bilimoria.—Because those were times of good prices.

Mr. Ginwala.—In 1923, the average price was Rs. 50.

Mr. Bilimoria.—That is Rs. 50 ex works.

President.—Any Company is lucky that gets Rs. 50 ex works at present.

Mr. Bilimoria.—It is not very good for the Company.

President.—I don't say that it is a remunerative price.

Mr. Bilimoria.—It is better than to-day's price certainly.

Mr. Ginwala.—It is only those small quantities that you sold to public bodies?

Mr. Bilimoria.—Yes.

President.—Are these the prices for the quantities that you supplied to local bodies?

Mr. Bilimoria.—These are the average prices of these sales.

President.—In that case it does not answer the question. The question was "Please state the extent of their purchases and the prices paid during each of the last five years." I don't raise any objection. I only want to be quite sure.

Mr. Bilimoria.—If you want details, I have got a long list and I can let you have it.

President.—It is not necessary.

Mr. Ginwala.—The Government do not pay any more than the ordinary consumer?

Mr. Bilimoria.—Not more nor less.

President.—These are your average prices?

Mr. Bilimoria.—Yes.

Mr. Kale.—You refer to the State subsidies given by Japan?

Mr. Bilimoria.—Yes.

Mr. Kale.—Can you give us any information as regards the system that is followed in Japan?

Mr. Bilimoria.—I could not give you any detailed or accurate information. It is only the vague information I got from one of the departments of our office who have got business relations with Japan and who have got their offices in Japan.

Mr. Kale.—Now, we hear a lot on this subject and we are told that the Japanese Government grants subsidies—not only to cement companies but also to the cotton manufacturers and so on. We have had a good deal of it in the press also. But I want to know whether you can give us any concrete information which would be reliable.

Mr. Bilimoria.—Not at the moment. But I can promise to obtain the information.

Mr. Kale.—That will be very useful to us. We should like to know what other Governments do. We should like to know what other Governments give in the way of subsidies in order to find out whether something of that character is not possible in this country.

Mr. Bilimoria.—Yes.

Mr. Kale.—In your answer to question 54, you say that the company has been able to secure substantial orders from both the Bombay and the Madras Corporations. How did you manage to get the Madras contracts? The railway freight to Madras, I find, is something like Rs. 30.

Mr. Bilimoria.—These contracts we obtained some two or three years ago. We don't say that we have at present.

Mr. Kale.—But the prices you obtained were not very remunerative?

Mr. Bilimoria.—No, but still we wanted to sell to Government and public bodies. We prefer even a reduction in prices in those cases.

Mr. Ginwala.—What are your average prices this year?

Mr. Bilimoria.—Do you mean *ex works*?

Mr. Ginwala.—Yes.

Mr. Bilimoria.—Anything from Rs. 47½ to Rs. 37½. To-day the price is about Rs. 38 or so. It does vary a little according to the distance. For instance, in Kathiawar we can sell at a somewhat higher price, but the other companies cannot as they have got a longer lead.

President.—That is natural enough. Each one of the cement factories, with the exception of those that are close together, has, so to speak, got its own little area where it is able to undersell others at possibly quite a reasonable price.

Mr. Bilimoria.—That is so.

VI. FOREIGN COMPETITION.

President.—You have given us in answer to question 57 the prices of imported cement for 1923-24 as Rs. 75 to Rs. 55. Would Rs. 55 be the price of British cement or continental cement?

Mr. Bilimoria.—To-day the Continental cement would sell at Rs. 50 or even a little lower. By Continental cement, I mean the German, Belgium and Japanese cement. English cement to-day is selling in the Bombay market at about Rs. 58 to 60 and I have just got a quotation from our London Office. The c.i.f. price comes to 11s. 5d. per barrel, which is about 68s. a ton.

President.—What would that be in rupees at the present rate of exchange?

Mr. Bilimoria.—Rs. 48.

President.—That is a great deal cheaper than any other British cement we have heard of.

Mr. Bilimoria.—That is the price for the well-known brands. We had a cablegram recently from London, wherein the following quotations were given per barrel:—

Gillingham £0-8-6 f.o.b., London £0-11-5 c.i.f. Bombay, Tunnel same, local market price £0-8-6 plus Danish O. K. £0-11-0 c.i.f. Bombay.

Mr. Ginwala.—Are these prices that you have given all c.i.f.?

Mr. Bilimoria.—These are market prices. I have not distinguished between English and foreign cements. I have taken the average. If one is selling at Rs. 50 and the other at Rs. 48, and the other at Rs. 60, I have only taken the average, say Rs. 55.

President.—As regards the prices given in the second column: they are the prices that you have been realising at Bombay and not what you actually got at your works?

Mr. Bilimoria.—These are the Bombay prices, not the works prices.

President.—Have you any views to place before the Board as to whether the present prices of British and Continental cements are likely to be permanent? You have told us that you have some reason to think that they are not remunerative. When that happens, there are two possibilities. Either sooner or later the price may go up, or the cost may come down. In the former case the price is a temporary one. In the latter case, it is a permanent one. Do you think that it is likely that the price will stay down where it is at present, or do you anticipate in a year or two that there will be a rise?

Mr. Bilimoria.—I don't think that in a year or two there will be a material rise in the price. I expect a still further fall.

President.—Why do you think so?

Mr. Bilimoria.—Because my information is—though I am not quite certain of it—even in England and in the Continent, cement works are not able to run up to their full capacity and they want other markets than their own to dispose of their surplus output and they are forcing this surplus output on the foreign market, with the result that price has been gradually going down and it may still further go down.

President.—The Indian manufacturer is partly to blame in bringing the price down.

Mr. Ginwala.—What we want to know is this. Can he go on like this? You cannot expect the British manufacturer to go on always selling at a loss and bringing down prices.

President.—The British manufacturer is subject to intensive competition in England.

Mr. Bilimoria.—The same question will apply to the Indian companies. Can they go on reducing their prices every day?

President.—That is a very interesting question. But we are dealing with British or European Companies.

Mr. Bilimoria.—I think that they are in a very much stronger position and that they can easily stand such sort of competition for a number of years, at least for a very much longer period than the many weak concerns in India.

President.—For our present purpose, then the present level of prices must be treated as being permanent?

Mr. Bilimoria.—They want to maintain their market. I am giving a quotation from the speech of the Chairman of the Associated Portland Cement Manufacturers Association that in order to maintain the market they had to sell

President.—Every manufacturer in the world does that, in every business. Certainly it is generally more freely done now than ever before.

In reply to question 64, you have given us freights from Porbandar to various places and also the railway freight from the port of Bombay to those places. There is just this to be pointed out. If you are competing at Ahmedabad with the imported cement, you have got to add to the railway freight from the port of Bombay to Ahmedabad the sea freight from Europe.

Mr. Bilimoria.—Yes, but at the same time we have got to pay the railway freight from Porbandar to Ahmedabad. It will probably be more than the railway freight from Bombay to Ahmedabad for the imported cement.

President.—I understand that. What I am pointing out is just this. In another question, we ask you to compare the freight from Porbandar to Bombay with the sea freight the importer has to pay. If you take the case of the foreign manufacturer, the total freight he has to pay in order to get to Ahmedabad is Rs. 12-8-0 *plus* the railway freight.

Mr. Bilimoria.—Yes, that would be all right if Ahmedabad is a big market. But Bombay itself is a big market.

President.—I know that.

Mr. Bilimoria.—The competition at the ports is keenest.

President.—I quite recognise that. That of course is precisely one of the difficulties of the situation.

I do not quite know whether you suggested in this that the freights given from the port of Bombay to these places are lower than the freight you pay.

Mr. Bilimoria.—Yes, our freight from Porbandar to Bombay is Rs. 6.

President.—That is different. I am still on question 64. Take Ahmedabad for instance. From Bombay to Ahmedabad it is Rs. 9-1-4. From Porbandar to Ahmedabad it is Rs. 11-8-0. The question I asked was whether your information was that the rate per mile from the port of Bombay to Ahmedabad was lower than the rate from Porbandar to Ahmedabad.

Mr. Bilimoria.—The rates must be smaller considering the distances.

President.—Have you worked it out?

Mr. Bilimoria.—From all ports to stations in the interior, the rates are lower than from other places to those places in the interior.

President.—That is true. But you also are at a port.

Mr. Bilimoria.—But, as you say, it is an unimportant port.

President.—There may be this. I do not know whether on your way to Ahmedabad you pass over more than one line.

Mr. Bilimoria.—Yes, that is so from Porbandar to Ahmedabad.

President.—That usually means higher freights. For instance the representative of the Central Provinces Portland Cement Company told us that they paid about Rs. 10 from Jubbulpore to Bombay—a distance of about 600 miles—but from their factory to Jubbulpore—a distance of only 67 miles—they paid over Rs. 4 a ton. They could not get a concession from the East Indian Railway, but they got a concession from the Great Indian Peninsula Railway. I do not know how the Kathiawar system is run now-a-days. Does each State run its own system?

Mr. Bilimoria.—Yes.

President.—Then, I have no doubt the rates will be high.

Mr. Bilimoria.—Each system in Kathiawar is run by its own State and there are so many railways. From Porbandar to Viramgaon, we have to cross at least 4 railways.

President.—The only point about question 64 is, if you attach any importance to the fact that from Bombay the importer gets lower rates, let us have the distances and the freights worked out per mile.

Mr. Bilimoria.—Yes.

President.—In reply to question 68 you say that most of the works are disadvantageously situated in respect of the supply of coal. It is a disadvantage that has existed all along. That is where the British manufacturer has got an advantage.

Mr. Bilimoria.—We are at a port, and the freight of Bengal coal would not have cost us more than Rs. 10 from the colliery to Porbandar works in those days. That was the utmost. To-day it is Rs. 20 and then there is the price of coal.

President.—Everything is double now-a-days. But you must not underestimate the extent to which the cost to the foreign manufacturer has increased.

Mr. Bilimoria.—I have no grievance against the foreign manufacturer. I only want to point out the fact as it is.

Mr. Ginwala.—In answer to question 57, you have given us your quotations from the bazaar.

Mr. Bilimoria.—Yes.

Mr. Ginwala.—Those prices must depend very largely on the quantity of cement available in the bazaar. These would not necessarily represent the import prices.

Mr. Bilimoria.—By bazaar I mean those offices that indent for these articles for merchants. There are indenting officers who indent for goods for dealers, retail or wholesale, through their English agencies, and what I mean by bazaar price is the price at which the indenting officer has got his goods in Bombay. That is not the selling price in the bazaar which is a bit higher.

Mr. Ginwala.—They are really c.i.f. prices then?

Mr. Bilimoria.—Not exactly c.i.f. prices, but all expenses paid inclusive of Customs duty, wharfage and so on.

Mr. Ginwala.—Don't you get your own quotations from your own London Office?

Mr. Bilimoria.—We always keep in touch with the bazaar prices in order to sell our own stuff. That is the sort of information we obtain.

Mr. Ginwala.—Where did you get these rates from? Your realised prices are very much smaller than the import price, especially for the year 1922-23.

Mr. Bilimoria.—In 1922-23, we realised Rs. 100 to Rs. 70 and the bazaar price was Rs. 150 to Rs. 75.

Mr. Ginwala.—Why so much difference?

Mr. Bilimoria.—To-day the difference is Rs. 8 to 10 a ton between the Indian and the English product. In those days, the price being twice or three times high, the difference was also high.

Mr. Ginwala.—But then you have a bigger margin, have not you?

Mr. Bilimoria.—We had in 1921 which was our record year.

Mr. Ginwala.—Because of this margin you must have got better prices.

Mr. Bilimoria.—We did get better prices in 1921.

Mr. Ginwala.—In your answer to question 61, you talk of an Indian Mercantile Marine. Do you really think that an Indian Mercantile Marine would very much reduce your freights?

Mr. Bilimoria.—What we mean is that it should be the duty of the State, for the protection of industries like ours, to help us in developing our export trade in the initial stages.

Mr. Ginwala.—That question only incidentally arises. What you mean is that the State should subsidise the freights on certain commodities.

Mr. Bilimoria.—Or make arrangements with the Indian Mercantile Marine.

Mr. Ginwala.—Do you mean that the Indian Mercantile Marine should be State owned?

Mr. Bilimoria.—It won't be State owned, but State assisted.

Mr. Ginwala.—How would you suggest the subsidy to be paid? Would you pay the subsidy to the manufacturer or to the shipowner?

Mr. Bilimoria.—The subsidy may be paid to the shipowner on condition that he carries the commodities at reasonable rates of freight to enable the Indian companies to compete with the other manufacturers in the foreign market.

Mr. Ginwala.—What would you make the basis of your subsidy?

Mr. Bilimoria.—That would depend on the figures for the different ports.

Mr. Ginwala.—Supposing instead of selling in your nearest market which is Karachi, you are to send your stuff from Porbandar to Madras and want to compete against the Shahabad works, on what basis would you pay the subsidy?

Mr. Bilimoria.—That is out of the question.

Mr. Ginwala.—That is a very important question.

President.—May I intervene for a minute? You can hardly treat this question of subsidy to the Indian Mercantile Marine as more than a side issue of this enquiry, for this reason that only two companies would be benefited by this. It would not benefit the industry as a whole. The others are mainly dependent on railway freight.

Mr. Ginwala.—Can you suggest any basis on which a subsidy can be paid either for sea freight or railway freight? What basis would you suggest?

Mr. Bilimoria.—As regards the railway freight, I don't mean payment of subsidy to the railway companies or to the manufacturers. What I mean is the actual reduction in the present rates of freight which are pressing so heavily upon the indigenous companies. For instance, in bringing our cement from Gwalior to Bombay, we have to pay more freight than a foreign manufacturer has to pay for bringing his stuff from London to Bombay.

President.—You are not comparing two identical things. Sea freight is always cheaper than railway freight.

Mr. Ginwala.—Can you give us any evidence that the railway freight in this country is higher than the railway freight for the same distance in other countries which compete against you?

Mr. Bilimoria.—It is higher in this sense that this country is so vast that commodities produced in one place have to be transported over long distances. Owing to these long distances, freights press heavily and the industries producing these commodities cannot prosper.

President.—That does not answer Mr. Ginwala's question.

Mr. Bilimoria.—You want me to answer, taking 100 miles in India and 100 miles in another country, say England, that the rate of freight in India is higher than the rate of freight in other countries. I have no exact information on that point. But my point is this that, even though the rates of freight in other countries may be higher, this country is so large, and the distances to be travelled here are so long, if the industry is to develop properly and sufficiently, the rates for long distances must be reduced to reasonable limits.

President.—The distances are greater in America than they are in India, are they not?

Mr. Bilimoria.—You cannot compare America with this country in point of industrial development.

President.—Quite. At any rate it has the same handicap in this particular respect.

Mr. Bilimoria.—America may have had it, but it has been overcome.

President.—I am not suggesting that the conditions in America are the same as the conditions in India, but as regards distances, the same difficulty arises there. You cannot set aside natural circumstances of that kind. If any one said that in Europe it was an advantage for the manufacture of iron and steel at Moscow with the abundant supply of coal at Lorraine, that would be a sort of parallel case.

Mr. Bilimoria.—I don't think that the two cases are parallel.

President.—You cannot get away from the fact that you are far away from the coalfields.

Mr. Bilimoria.—That is true. But our complaint against the heavy freights is that they have recently been increased by such heavy proportions.

President.—As a matter of fact I pointed out that it is only one-ninth of a pie per maund per mile. You cannot call that a high rate of freight.

Mr. Bilimoria.—It might not be high in certain cases.

President.—After all it comes to this: either the railway freights are to be fixed on a commercial basis or there must be some reduction on the lowest commercial rate. If it is below the lowest commercial rate the difference falls on Government and it is really of the nature of a subsidy. Subsidies may be justifiable in certain circumstances, but it always seems to me that it rather complicates the whole thing, if the subsidy gets mixed up with the commercial part of it.

Mr. Ginwala.—Of course we would like to get some idea of this, but you are unable to help us any more than by adopting the usual argument that the freights must be brought down.

Mr. Bilimoria.—You want me to suggest the ways and means.

Mr. Ginwala.—We want to know whether it would be in the interests of the country to encourage the industry by reducing the freight at the cost of the general taxpayer. That is what it really comes to—to get over the geographical advantages which you say the industry has got.

Mr. Bilimoria.—Geographical position exists from the very start—whether it is advantageous or disadvantageous—but the present position has been brought about by other forces.

Mr. Ginwala.—In the answer to Question 64 you have not been very happy in the selection of your stations. Surat and Ahmedabad are probably two reasonably good markets for you, but not the others.

Mr. Bilimoria.—They are not large markets at all.

Mr. Ginwala.—Judging by distances, Ajmer is not a good market for you, nor Poona.

Mr. Bilimoria.—Surat is not a good market for us.

Mr. Ginwala.—You must add Rs. 12-8 to Rs. 5-10. Then you get Rs. 13-4 against which the foreign manufacturer has got to pay Rs. 18.

Mr. Bilimoria.—I understand, then, that you are making a comparison on the basis of foreign import, and whether the cement comes from Hamburg or Porbandar it is to be treated the same way.

Mr. Ginwala.—Supposing you want to compete against the foreign manufacturer, what advantages have you got against him? If you went to Nagpur it would be a ridiculous market for you because people at Jubbulpore are nearer. If you select your proper market we want to see how you are situated as compared with the foreign manufacturer.

Mr. Bilimoria.—We will take these three markets, Ahmedabad, Poona and Surat.

Mr. Ginwala.—Poona is not a good market for you. The factory you are constructing at Shahabad will be nearer.

Mr. Bilimoria.—Then the question arises as to the narrowing of the markets and then it comes to the crucial point.

President.—The narrowing of the market is made by internal competition.

Mr. Ginwala.—Leave alone the ports. As regards ports you are not unfavourably situated. It is only Rs. 6 you pay as against Rs. 12-8-0 which the foreign manufacturer has to pay. You have got a lead of Rs. 5-8-0.

Mr. Bilimoria.—My point is this. Why should any foreign cement be allowed to enter the port of Bombay?

President.—You have raised that question in the last paragraph and it is a quite different question. We will come to that later on.

Mr. Ginwala.—Where your market is properly selected you get a lead of Rs. 5 or more as against the foreign manufacturer.

Mr. Bilimoria.—That is the position only as regards freight, but the foreign manufacturer may have a lead of a much higher amount as regards the cost of manufacture.

Mr. Ginwala.—I am talking of freight. You are not so unfavourably situated as you claim to be as regards your principal markets in the matter of freight.

Mr. Bilimoria.—We admit that we are not unfavourably situated as regards freight in the markets of Karachi and Bombay.

President.—In fact you ought to be able to hold your Bombay market against your own Indian competitors because you have got lower freights.

Mr. Bilimoria.—There are other things which enter into the question.

President.—Their cost of production is cheaper?

Mr. Bilimoria.—Because of the larger output.

President.—That is a natural advantage. That tends to show that your factory is too small.

Mr. Bilimoria.—Under present conditions it is too large.

President.—In that case you should withdraw your suggestion that the other companies are underselling you because they have got a larger output.

Mr. Ginwala.—In answer to question 66 you have not given us any information really speaking. You have not read our note.

Mr. Bilimoria.—It is not possible for us to compare our figures with their figures, but I can give you any information that it is possible for me to give, if you put the questions to me. As regards the comparing of the cost of plant and machinery erected in India with the corresponding cost in Western countries, figures are not available.

President.—If you have not got information I do not see how we are going to get it from you orally any more than in writing.

Mr. Bilimoria.—I meant on general points, for instance, if you question what would be the cost of a plant with a output of 30,000 tons as put up

by us and as it would be in England or on the Continent, we can give you that.

Mr. Ginwala.—Supposing your plant were put up in the foreign country, what would be the cost compared to what it cost you here? That means that you have got to add to your cost erection charges, freight and duty and various other incidental charges which the foreign manufacturer has not got to bear. You could have given these figures.

Mr. Bilimoria.—We can give you even now. Take the cost of the plant and machinery as given in another answer—Rs. 18 lakhs. That plant and machinery has been ordered from Denmark or Germany. Then you have to add to it transport charges between Germany or Denmark and Bombay, Customs duties and transport charges from Bombay to Porbandar. You cannot include the erection charges because it would be very difficult to compare our erection charges and theirs.

Mr. Ginwala.—We wanted to know the money value of your disadvantages, but that you have not given us.

Mr. Bilimoria.—It was very difficult to answer in detail because we were pressed for time.

Mr. Ginwala.—You could have given the customs duties on imported materials you have got to pay; also figures for consumable stores and things like that. You can send us another answer in substitution of the present one, if possible.

Mr. Bilimoria.—Cost of plant and machinery erected in India with corresponding costs in England, etc. Without making enquiries at Home I do not see how it is possible to give information.

President.—We are only desirous to get more information, if it is possible.

Mr. Ginwala.—What you have got to do is to balance your advantage with your disadvantage and try to find out how you are situated as compared with the foreign manufacturer.

Mr. Bilimoria.—I could give you f.o.b. cost of the machinery and plant and what it cost us to lay down at our works, but as regards erection charges, that is a different matter.

President.—There would be other items. You would have to pay customs duty. You would have to pay some cost of erection. That no doubt is difficult for you to ascertain.

Mr. Kale.—You say that the ports are very large centres for the consumption of cement. I should like to know whether it is so because local consumption is very large, or is it partly owing to the fact that these ports are distributing centres?

Mr. Bilimoria.—It is principally for local consumption.

Mr. Kale.—You mean on account of the docks and things like that? You think only to a small extent they are distributing centres?

Mr. Bilimoria.—Because nobody except the Dwarka Company and ourselves would bring the cement to Bombay for distributing purposes.

Mr. Kale.—I am speaking of the foreign cement when it comes to Bombay or Calcutta.

Mr. Bilimoria.—Calcutta and Bombay are very large consumers by themselves.

Mr. Kale.—You said something about the location of cement works in India and added that it is not possible to locate your factories near the coalfields, and you have to scatter them in different parts of the country.

Mr. Bilimoria.—That would serve for distribution purposes much better but it has been possible for one company to establish their works in Bihar, near the coalfields.

Mr. Kale.—But many would not establish themselves in that way?

Mr. Bilimoria.—Otherwise there will be concentration of production. That is why the Indian Cement Company instead of extending their works at Porbandar put one in Gwalior and another in Shahabad.

Mr. Kale.—The disadvantage has been partly set off when you locate them in different places?

Mr. Bilimoria.—I should think so: for instance Shahabad may be more distant from the coalfields than centrally situated works, but it might have a market which is much nearer to it and which is more distant for other companies to supply.

Mr. Kale.—Have you any information about companies that manufacture cement in America which is a country of long distances? Have you any particulars as to the transport charges and so on, and do you know how they manage to get over the difficulty with which we are confronted in India?

Mr. Bilimoria.—My information is very meagre but it is this: that they carry on manufacture on a very, very large scale. In fact I have heard of factories producing 500 to 1,000 tons of cement per day and therefore automatically their cost of production is reduced to as low a figure as five dollars a ton—about Rs. 15.

Mr. Kale.—So that they can afford to pay heavy transport charges?

Mr. Bilimoria.—Yes. You mean for transporting within the country itself, but I expect in America there are a considerable number of cement works in different parts of the country for distributing in different centres.

President.—Apparently the price they are getting is not very cheap: otherwise they would have exported. Do they sell it cheap?

Mr. Bilimoria.—They produce it very cheap.

Mr. Kale.—Do you know what amount of protection there is in the United States?

Mr. Bilimoria.—I do not know, but I think the protection there rises up to anything like 50 per cent.

VII. EQUIPMENT.

Mr. Ginwala.—You say that you have reconstructed your plant?

Mr. Bilimoria.—At different stages. Practically it comes to reconstruction. There were so many difficulties, first of all with the vertical kiln which was finally scrapped; then our engines of German type were scrapped and then our boilers to which we have recently made addition. Our plant is absolutely different from what it was at the beginning.

Mr. Ginwala.—That was due to some defective lay-out?

Mr. Bilimoria.—Defect in the engines which were of a German type and the type of the kiln which we were advised to adopt.

Mr. Ginwala.—That you have written off?

Mr. Bilimoria.—The kiln patent and the engines have been written off.

Mr. Ginwala.—How many lakhs did it run to?

Mr. Bilimoria.—About Rs. 1,50,000.

Mr. Ginwala.—Do you consider that now your lay-out and equipment are as good as they ought to be?

Mr. Bilimoria.—Under the circumstances; I want to point out that we produce cement in Porbandar by what is known as the dry process whereas at Gwalior we do it by the wet process which is considered more up-to-date. We cannot adopt it at Porbandar on account of several difficulties and also on account of the initial expense involved.

Mr. Ginwala.—I am asking you this general question. I find that your cost is higher than it ought to be. I want to know whether it has got much to do with equipment.

Mr. Bilimoria.—It has everything to do with equipment.

Mr. Ginwala.—Is it defective?

Mr. Bilimoria.—Not now but because it has been gradually evolved and has now assumed this shape.

Mr. Ginwala.—Have you brought your equipment now to the proper standard?

Mr. Bilimoria.—We cannot compare the efficiency and economy of our equipment with that of Gwalior which is most modern and up-to-date. Our labour costs will always be higher at Porbandar than in Gwalior: our coal costs will be higher because of the greater distance, again we consume 60 per cent. coal against 50 per cent. at Gwalior.

Mr. Ginwala.—Suppose you had the Gwalior plant at Porbandar, what reduction would you expect in your cost of production?

Mr. Bilimoria.—The cost of production apart from the coal question?

Mr. Ginwala.—The quantity of coal that you use must be taken into consideration.

Mr. Bilimoria.—Factory labour would be less by about 1·5, repairs would be less by about 1, supervision, general services, etc., would be less by about 2, that is all.

Mr. Ginwala.—So that you may make a reduction of about Rs. 4 a ton.

Mr. Bilimoria.—Yes, and coal is extra.

Mr. Ginwala.—As against that the plant costs much more.

Mr. Bilimoria.—Yes.

President.—You have given identical figures as to the present cost of erection at Gwalior and Porbandar.

Mr. Bilimoria.—No.

President.—You say in answer to Question 81 “we estimate Rs. 9½ lakhs and 23½ lakhs would be the present cost of building and machinery respectively.” The question is “What do you estimate would be the present-day cost under the heads (a) buildings and (b) plant and machinery of erecting a factory having the same output as your present factory?” These are the present-day costs of the Gwalior factory rather than of Porbandar.

Mr. Bilimoria.—Porbandar plant was less expensive because it is an old plant and put up earlier.

Mr. Ginwala.—How much would it cost if it was erected on the same lines as the Gwalior factory?

Mr. Bilimoria.—It would cost about Rs. 12 lakhs more.

Mr. Ginwala.—You will have to earn on Rs. 12 lakhs more?

Mr. Bilimoria.—Almost the whole plant will have to be scrapped and a new plant put up.

Mr. Kale.—You have just told us that the wet process is more economical than the dry process.

Mr. Symons.—With the dry process so much more machinery is required because raw materials have to be treated in a different way. The limestone has to be dried and the clay has to be dried before you can grind the materials and before you can intimately mix them. After that they have to be calcined and after calcination they have to be ground. With the wet process plant the materials are taken as obtained and mixed at once.

Mr. Kale.—Is either of these two processes suitable for a particular type of material or either process is suitable for any material?

Mr. Bilimoria.—As a matter of fact the dry process is more or less dependent on the materials obtainable.

Mr. Kale.—Supposing you have got here the Porbandar stone, can you adopt the other process here and work with that material?

Mr. Bilimoria.—If we had the Porbandar stone at Gwalior?

Mr. Kale.—Supposing you are starting to-day at Porbandar the Gwalior process.

Mr. Bilimoria.—We could apply the wet process there.

Mr. Kale.—Either of these two processes can be adopted indifferently in the case of the raw materials.

Mr. Bilimoria.—Yes. At the time when the factory was put up it was considered that the dry process was the best to adopt. Subsequently we put up a rotary kiln which we obtained second hand from America. It was war time and that was the only one available and we had to continue the dry process. The adoption of the wet process to-day would involve very heavy expenditure and that would be a matter for consideration.

Mr. Kale.—In answer to question 77 you say "spare parts for grinding machinery such as lining plates for mills and jaw crushers are now obtainable in India." What do you mean by that?

Mr. Bilimoria.—Firms like Alcock Ashdown and Richardson and Cruddas make spare parts according to the patterns submitted.

Mr. Kale.—You have not got to import?

Mr. Bilimoria.—I mean parts for grinding machinery and small things.

Mr. Ginwala.—Are these of cast iron or cast steel?

Mr. Symons.—Cast steel. They are of special chilled steel. On the class of material used depends the wear and tear. Otherwise you would be continually relining your mills and that would mean extra cost.

VIII. CAPITAL ACCOUNT.

President.—Before we go on to the capital account I think it would be convenient to ask you about the last paragraph of your letter. You say "With reference to the information required by the Board in connection with Works Costs we have given all possible information bearing on the points and issues raised in the questionnaire and we leave it to the Board to publish such portions as they may consider necessary to enable the public to properly appreciate the case of the Cement Companies for protection."

Well, if it is left entirely to the Board we should make public the whole thing; that is to say we regard it as desirable, as far as possible, that nothing should be kept back. At the same time we recognise, as we explained in the questionnaire, that there is a difficulty; also we are not in a position to assure you that if you publish, other companies will do the same.

Mr. Bilimoria.—Do you mean that the same rule would not apply?

President.—There is no question of a rule. It must finally depend on the witnesses themselves as to how much they agree to publish. Naturally, if you agree to publish your costs, we should do our best to persuade the other companies also to publish theirs but we cannot promise that we shall be successful.

Mr. Ginwala.—The point is this, you are asking for national assistance; the nation has got to vote, if there is protection by duties, for the necessary amount of taxation, and if it is to be by bounties the necessary money. The country is therefore entitled to know what the actual position is, and it is to your interest that the Assembly and the Government of India should have as full information as possible so that they can make up their minds. Also if we make any recommendations, these recommendations must be based on facts and figures which can be placed before Government in the first instance and afterwards before the Legislature. Now we have got no facts and figures which we can use to substantiate the recommendations that we may make, unless they can be published.

Mr. Bilimoria.—Would it not be possible to follow the same procedure as in the case of the Steel company?

Mr. Ginwala.—They allowed us to publish everything.

Mr. Bilimoria.—If the Tariff Board publishes the whole of the cost figures and everything relating thereto, we will not complain, but if they think that in the interests of the public only certain portions are necessary to be published, then I leave it to their discretion.

Mr. Ginwala.—It is much simpler for us to publish the whole thing.

Mr. Bilimoria.—Do I understand that all this discussion relates to the cost figures, not to the other portion?

President.—The other portions will be published in any case. First of all let us narrow the issue down. As regards overhead charges you have no objection, I take it, to that being published?

Mr. Bilimoria.—No.

President.—As regards depreciation, working capital, head office expenses and Agents' Commission?

Mr. Bilimoria.—No.

President.—That narrows it down to the works costs.

Mr. Bilimoria.—The works cost is a statement which is always prepared for the Auditor's examination, but it is the only statement which the Company considers as of the nature of a trade secret.

President.—After all, it is a necessary material for the recommendations of the Board, and it is desirable that, as far as possible, it should be published.

Mr. Bilimoria.—We have no objection and we shall not raise any objection.

President.—We are very much indebted to you.

Mr. Ginwala.—That is the proper spirit.

Mr. Bilimoria.—We have given actual facts, not suppressed or exaggerated anything.

President.—To turn now to the capital account, question 81 is the first one I want to ask you about. The statement you make this morning rather emphasizes the question I was going to ask which was this: the original cost of your buildings and machinery was Rs. 25,50,000?

Mr. Bilimoria.—Yes.

President.—You say that the present cost of the buildings and machinery with the same output would be Rs. 35 lakhs.

Mr. Bilimoria.—Yes, in that neighbourhood.

President.—I will explain to you the question I was asking which is this. In 1917 you spent Rs. 10,50,000 on the purchase of your plant and machinery and that was a period of high prices, therefore it seems to me open to question whether the present cost of the plant, machinery and buildings for the same output would be higher than the amount in your books.

Mr. Bilimoria.—No.

President.—I gathered from what you stated this morning that the reason why it was higher was that you calculated on a different kind of machinery.

Mr. Bilimoria.—You here ask the question 'for the same output'.

President.—Yes.

Mr. Bilimoria.—Our factory is capable of producing 40,000 tons with an additional expenditure of Rs. 60,000.

President.—We have been asking you what the cost would be on the basis of 30,000 tons.

Mr. Bilimoria.—I have given you figures on the basis of 40,000 tons. What was in my mind in answering this question was that, if we are to put up a factory capable of producing 40,000 tons of cement to-day, a new factory together with the buildings and machinery constituting that factory would cost Rs. 35,00,000, and this figure I have taken from the Shahabad works which are just now being erected.

President.—They are under the wet process?

Mr. Bilimoria.—They will be the exact duplicate of the Gwalior works.

President.—That is very important. Indeed it answers the question completely. It is the best evidence that you can possibly give.

Mr. Ginwala.—When did you start purchasing the Shahabad plant?

Mr. Bilimoria.—The cement machinery was contracted to be purchased in 1920. But I may explain that this was first of all meant for Porbandar but subsequently we decided not to instal the wet process there but erect another factory in a different place (at Shahabad) and that Porbandar works should invest money in the capital of the Shahabad company. You may say that the contract for the purchase of the cement machinery was made at a time when the prices of machinery were high, but against that we had remitted money to the suppliers amounting to £40,000 at a very favourable rate of exchange the benefit of which we gave to the Shahabad company, so that though apparently the machinery costs so much Shahabad gets it at a lower price actually.

President.—Do you think the high exchange would counterbalance any subsequent fall in price?

Mr. Bilimoria.—Yes. That relates only to the cement plant. As for the power plant which we subsequently purchased about 18 months later when machinery was falling in price, we paid a price which was about 40 per cent. lower than we had to pay for Gwalior.

Mr. Ginwala.—So that it is only 6 lakhs?

Mr. Bilimoria.—6 lakhs for the cement machinery only.

Mr. Ginwala.—And the power plant?

Mr. Bilimoria.—For that we had to pay about 35 to 40 per cent. lower prices, as stated above.

President.—That was ordered later?

Mr. Bilimoria.—Yes.

President.—Of course if there was a fall in the course of a year or two of 35 to 40 per cent., there is a good deal to be counterbalanced. I understand that you say that the power plant at the time you actually bought it cost you 35 to 40 per cent. less than what you paid for exactly similar plant for the Gwalior Company?

Mr. Bilimoria.—What we will spend for an exactly similar works as the Gwalior works will be 5 to 6 lakhs less.

President.—What I am driving at is, if by postponing the purchase you could have got the cement making plant also at a similar reduction, there is very considerable amount to be counterbalanced.

Mr. Bilimoria.—That question was fully considered by the Directors of the Shahabad Company and they fully considered whether it was best to take over the contract from the Porbandar Company with the advantage of the exchange, or not to do that and buy machinery direct by placing a separate order, and they found that the former was the better course.

Mr. Ginwala.—You have corrected the figures in the Gwalior case. You have raised Rs. 9,50,000 to Rs. 11,50,000 and Rs. 23,50,000 to 24 lakhs.

Mr. Bilimoria.—These are the correct figures and that alteration should also be embodied in the Indian Cement Company's statement.

President.—Then it is Rs. 35 lakhs altogether. On that basis it means a capitalization of close on Rs. 90 a ton of output, that is to say your block account for buildings and machinery works out to about Rs. 90 a ton?

Mr. Bilimoria.—Yes. That takes into account only machinery and buildings.

President.—I know that. But that is after all the great bulk of your company's capital.

Mr. Bilimoria.—Not the whole.

President.—I have given you an extra rupee a ton: it only works out to Rs. 89 and I have given you Rs. 90.

Mr. Bilimoria.—Flotation charges, preliminary expenses, interest on loans, brokerage, these we have got to take into account.

President.—I quite admit that. Taking it on that basis how would that compare with the capitalization of other cement companies in other countries?

Mr. Bilimoria.—The information that I have with regard to the Associated Portland Cement Manufacturers' Association—they are proprietors of various concerns combined together—I find in the last report that, after writing off depreciation, their capital cost per ton of output comes to something like Rs. 45.

President.—Of course you cannot compare the figures directly because there may be all sorts of qualifications and modifications. If one could make these allowances, one would get the measure of the disadvantage in which the producer in India is in respect of initial cost?

Mr. Bilimoria.—Yes.

Mr. Ginwala.—That is to say, the capitalization is on the valuation of the present assets?

Mr. Bilimoria.—Yes.

Mr. Ginwala.—You cannot make a direct comparison?

Mr. Bilimoria.—One of the cement experts connected with the A.P.C.M. Association last year told me that, even last year or two years ago, cement works could not be put up in England at a capital cost of less than £4 a ton.

Mr. Ginwala.—That would be about it.

Mr. Bilimoria.—I think all the newer companies just show that value approximately.

President.—Can you let us have a copy of your balance sheet? *

Mr. Bilimoria.—Yes, sir. I think we have already sent you copies of same.

President.—You have invested about 26 lakhs in the Gwalior works?

Mr. Bilimoria.—Yes.

President.—In answer to question 86 you have shown the old issue and new issue of ordinary share. I take it they are identical?

Mr. Bilimoria.—Yes. The new shares were entitled to dividend after a certain date, that is, about 2½ years after they were issued.

Mr. Ginwala.—But now they have equal rights to rank for dividend?

Mr. Bilimoria.—Yes.

Mr. Ginwala.—Do you mean to say that this Indian Cement Company is a shareholder in the Gwalior Cement Company or is it only a Creditor?

Mr. Bilimoria.—The loan is a separate thing. It is a shareholder in the Gwalior Cement Company to the extent of Rs. 15 lakhs out of 25 lakhs and then for further finance it had lent about 13 lakhs at the time of the last balance sheet, and now the loan is reduced to Rs. 11½ lakhs.

President.—That corresponds to the premium on the shares you issued?

Mr. Bilimoria.—Yes.

President.—You have made a smaller investment in the Shahabad company?

Mr. Bilimoria.—Rs. 11,40,000.

President.—And the other is Rs. 15 lakhs?

Mr. Bilimoria.—Yes.

Mr. Ginwala.—The point that puzzles me is that you have given dividend to the Indian Cement Company and therefore you must have included its 15 lakhs in that. You have given a dividend on the whole share capital, part of which is invested in two companies, one of which at that time was not earning any dividend, and yet you have given them dividend.

Mr. Bilimoria.—Not to them but to the shareholders of the Indian Cement Company out of the profits of the Porbandar works.

President.—Then there is another item. This loan to the Gwalior Cement Company is mainly financed by you yourselves borrowing?

Mr. Bilimoria.—Yes.

Mr. Ginwala.—I would rather like to be quite clear about that. You have got Rs. 15 lakhs and Rs. 11,40,000?

Mr. Bilimoria.—Yes.

Mr. Ginwala.—This money is entitled to a dividend first of all in the Indian Cement?

Mr. Bilimoria.—But this money is not separate money. This money that is invested in these two concerns is part of the money obtained from the issue of new shares by the Indian Cement Company.

Mr. Ginwala.—That capital will earn in the Gwalior and the Shahabad Company.

Mr. Bilimoria.—Yes.

Mr. Ginwala.—In addition to that it will be entitled to a dividend in the Indian Cement Co.?

President.—But conversely the old capital in the Indian Cement Company will be entitled to its share in the profits of the Gwalior and Shahabad Companies.

Mr. Bilimoria.—Supposing these companies are in an earning condition. Whatever dividends are declared by these companies go first of all to the Indian Cement Company in proportion to its holdings. These go to add to the profits made by the Indian Cement Company, and then there is the total amount which is distributed by the Indian Cement Company. Such a position has never actually arisen.

Mr. Ginwala.—In trying to calculate what you ought to earn we must take the three companies together.

Mr. Bilimoria.—Yes.

President.—I think you have calculated the manufacturers' profit on the block account. Normally your share and debenture capital would approximately equal your block account.

Mr. Ginwala.—I would rather be inclined to take the whole thing together.

This sum of nearly Rs. 10,50,000 that your Company have spent between 1917 and 1923 renews practically the whole of your machinery, does it not?

Mr. Bilimoria.—Except just a small portion which we call clinker mill, which also we can adapt to increase the output.

Mr. Ginwala.—What was your block value in 1917?

Mr. Bilimoria.—It would be to-day's block value less the money spent subsequently.

President.—Plus certain engines which you have actually written off?

Mr. Bilimoria.—Yes.

Mr. Ginwala.—In 1917 your output was the same as your present output?

Mr. Bilimoria.—Yes, but that is a compulsory reduction. Last year we could have produced 25,000 tons with the vertical kiln. We produced less because we could not sell all the output.

Mr. Ginwala.—With regard to the new shares: you raised them in 1922?

Mr. Bilimoria.—New shares were actually issued in October or November 1919.

Mr. Ginwala.—How many?

Mr. Bilimoria.—7,600 shares of Rs. 250 each at a premium of Rs. 150 each, that is the say, the capital of the Company was doubled.

Mr. Ginwala.—What was the face value of the Capital?

Mr. Bilimoria.—The capital before the issue of new shares was Rs. 19 lakhs. That was doubled to Rs. 38 lakhs plus a premium of Rs. 11,40,000.

Mr. Ginwala.—You have got that premium because of the high dividends?

Mr. Bilimoria.—Not because of the high dividends, but because of the excited state of the share market at the time.

President.—Everybody was rather inclined to plunge at that time.

Mr. Bilimoria.—Even the wisest of men.

Mr. Ginwala.—When did they begin to rank for dividend?

Mr. Bilimoria.—From the 1st of July 1922.

Mr. Ginwala.—Really speaking, the value of the premium was much greater, for that reason.

Mr. Bilimoria.—Yes.

President.—In the table you have given in answer to Question 86, you have shown certain sums as ranking for dividend for 1919, 1920, and 1921, but as the new capital did not rank for dividend until the 1st of July 1922, surely the capital for dividend must remain at Rs. 19 lakhs up to that period?

Mr. Bilimoria.—Yes, up to the 30th June 1922?

President.—In your answer you have shown different amounts.

Mr. Bilimoria.—I noticed that later.

President.—We tried to frame this question so as to avoid confusion. We have not quite succeeded in our effort. It should be Rs. 19 lakhs for each of these years.

Mj. Bilimoria.—Those figures in the second column in 86 (a) represent the paid-up capital of old as well as new shares.

President.—We asked the amount of the paid-up share capital ranking for dividend, especially to guard against that.

Mr. Bilimoria.—I only noticed the mistake while I was travelling in the train to Simla. I beg to be excused for it.

President.—Has that affected the percentage on the next page?

Mr. Bilimoria.—Not at all. The percentage is all right. Only one dividend is paid on new shares after the participation.

President.—So long as it has not got into the percentage figures, I think that it is all right.

Mr. Ginwala.—On page 20, in your answer to question 90, you say "If oil fuel becomes available, etc., etc." When do you expect that?

Mr. Bilimoria.—During the time of coal scarcity, particularly during the time of scarcity of wagons and high prices of coal, we were seriously thinking of using oil fuel.

Mr. Ginwala.—That was for power?

Mr. Bilimoria.—For both purposes. Oil can be used in the kiln as well.

President.—Can you tell me when that was?

Mr. Bilimoria.—About 1918-19.

President.—At about the same time when the railways were thinking of using oil fuel for engines.

Mr. Bilimoria.—We found that the cost of oil delivered at the works would be about the same, but work with oil fuel is so much cleaner and better in every way. It required a capital expenditure of about three lakhs

for the erection of storage tanks, etc., and perhaps we might sometimes be landed in difficulties on account of non-shipment and so we had to postpone the measure.

President.—One understands that.

Mr. Bilimoria.—Porbandar is an outlying port at which steamers from Persia with oil can touch.

Mr. Ginwala.—When you earned good dividends you did not carry anything to the reserve fund?

Mr. Bilimoria.—We have never earned good dividends.

Mr. Ginwala.—You have.

Mr. Bilimoria.—Only one year we earned 14 per cent. dividend.

Mr. Ginwala.—You earned 15 per cent. in 1921.

Mr. Bilimoria.—Yes.

Mr. Ginwala.—But you did not carry more than a lakh of rupees to the reserve.

Mr. Bilimoria.—We never had the chance to do that.

President.—I admit that you have not had as much as some other companies.

Mr. Ginwala.—Don't you attach some importance to laying something by for the future?

Mr. Bilimoria.—If you take the 15 per cent. you will find that there is hardly any scope for taking anything out of that. 15 per cent. on Rs. 19 lakhs would be Rs. 2,85,000.

President.—By cutting your dividend, you could have saved some three or four lakhs.

Mr. Bilimoria.—Not three or four lakhs. The 15 per cent. is only for one year.

President.—You were able to declare dividends for three years?

Mr. Bilimoria.—I can tell you this. 5·8 is the average, and multiplied by 19, it comes to about Rs. 11 lakhs.

Mr. Ginwala.—That is including the new shares?

Mr. Bilimoria.—There was only one dividend on new shares, that was about Rs. 40,000.

Mr. Ginwala.—For how many years are you calculating?

Mr. Bilimoria.—The average rate for the whole period was 5·8 per cent. So, 19 lakhs $\times$ 5·8 would be about a lakh or a little over, then multiply it by 10 years.

Mr. Ginwala.—You took Rs. 11 lakhs as the premium and you have built up your reserve in that way.

Mr. Bilimoria.—It was intended to be built up as a reserve and invested as a very good investment in the Shahabad Cement Company.

Mr. Kale.—What is the idea underlying the Indian Cement Company going in for investments in these two other companies?

Mr. Bilimoria.—The original idea was to extend the capacity of the works at Porbandar itself, to bring it up to the latest model by putting in the wet process and so on. We wanted to double its capacity which was then about 20,000 tons. It was intended to raise it to 40,000 with the wet process. We thought that we could do that with about Rs. 15 lakhs and subsequently we found that the prices of machinery were so very high that the extension could not be carried out at the above figure. We also considered the question whether it would not be better to spend that big amount at another place in erecting a factory, so that our centres of distribution might be increased. That was why we decided to put up a branch works of the Porbandar Company in Gwalior, and the money that was intended to be spent at Porbandar was invested in the share capital of the Gwalior Company which would not have been registered as a separate company

but for certain objections raised by the Gwalior State. Otherwise, it would have been simply an extension of the Porbandar Works, and would have been owned by the Porbandar Works.

Mr. Kale.—The Gwalior and Shahabad Works may be taken as off-shoots, and also as supplementing your supplies in the markets in different parts of the country?

Mr. Bilimoria.—Yes.

Mr. Kale.—That is to say, you wanted to put your eggs in different baskets so that if there was some loss at one place, it might be compensated by some slight gain at another place?

Mr. Bilimoria.—Suppose we had doubled the capacity of the Porbandar Works, then the position would have been worse to-day.

Mr. Kale.—It is from the point of view which I have suggested that you have done it?

Mr. Bilimoria.—Yes.

President.—In Form No. II given in answer to Question 91, you have an item "Saving by the use of gypsum." What exactly does that mean?

Mr. Bilimoria.—Gypsum costs Rs. 20 a ton delivered at the works. If you add 5 tons of gypsum to 100 tons of cement, it means that you get 105 tons of cement. Five tons of gypsum cost only Rs. 100 at Rs. 20 a ton. Now its value in the changed form is about Rs. 40 a ton.

Mr. Ginwala.—Is it purely a mechanical mixture?

Mr. Bilimoria.—It is very fine mixture. The mixture is made by machinery.

Mr. Ginwala.—There are no chemical changes?

Mr. Bilimoria.—No.

Mr. Ginwala.—Your 100 tons of cement with the addition of 5 tons of gypsum would come to 105 tons of cement?

Mr. Bilimoria.—Yes. Five tons of cement would cost Rs. 200, whereas five tons of gypsum would cost only Rs. 100. That is the saving by gypsum. Another way of doing it is to show it in the cost of production as raw material.

President.—Is it not included in the figures under raw materials?

Mr. Bilimoria.—Yes, it is included in Form I.

President.—Then in your answer to question 93, you have given us an estimate showing to what extent you think you would be able to bring down the works cost, given favourable conditions.

Mr. Bilimoria.—Given full output and present-day conditions.

President.—The most important thing is that you can bring down the cost of power and fuel from Rs. 20-8-0 to Rs. 15-75 a ton. How is that to be accomplished?

Mr. Bilimoria.—That has already been accomplished.

President.—Is your coal running to waste on a smaller output?

Mr. Bilimoria.—The former coal was very much dearer.

President.—What saving has occurred since 1919?

Mr. Bilimoria.—As I pointed out in the previous paragraph, we have recently been using a mixture of Bengal Coal and the Central Provinces Pench Valley coal.

President.—You have told us about that. You did not say that that was a recent innovation, did you?

Mr. Bilimoria.—Yes, that is the explanation.

President.—Do you mean to say that until 1923 you were using nothing but Bengal coal?

Mr. Bilimoria.—I said that we were using Bengal coal for boilers. Although apparently cheap, on the whole it was dearer because boilers would have to

be cleaned oftener and the quantity used was considerably more, but since then it appears the quality of that coal has improved, as they have gone deeper. Our experiments both at Porbandar and Gwalior have now led us to the decision of using half and half in both boilers and kilns.

President.—Then you also show reduction in the cost of packing. How is that to come about?

Mr. Bilimoria.—In the first place we had been using very fine twill bags costing about Rs. 6 to 7 per hundred more than the bags used by other Companies. We got samples of these coarser bags and made experiments by packing cement in them and transporting. Our previous bags were better in appearance. That was one factor, and another factor was that we could now make a better contract for jute bags than we had entered into previously. The price of the bags to-day is about Rs. 33 per hundred.

President.—In your answer to question 93, you are pretty confident that you can get down to these figures, provided you get your full output.

Mr. Bilimoria.—Not only that. We have worked for one full month, that is the month of May, and we have got the actual costs for that month and they are not above these figures.

Mr. Ginwala.—Can you let us have those figures?

Mr. Bilimoria.—Yes. The figure for the month of May* comes to Rs. 36·8 but it includes overhead charges which we always take for our own purposes. Now deducting overhead charges, it comes to Rs. 33·3. It is better than these.

Mr. Ginwala.—There is a confusion of items. Do your overhead charges include depreciation?

Mr. Bilimoria.—No.

President.—What we call overhead charges are only (a) depreciation, (b) interest on working capital, and (c) head office expenses and agent's commission. We have to stick to some one system; otherwise we cannot compare the figures of the different Companies.

Mr. Bilimoria.—Do you mean that depreciation should be included in the overhead charges?

Mr. Ginwala.—Yes. We call overhead charges all charges above the works cost except the manufacturers' profit. Give us the works cost.

Mr. Bilimoria.—That is Rs. 33·3 as against this Rs. 36·5—that is for one month's full running.

Mr. Ginwala.—Compared to the Gwalior costs and the Central Provinces Portland Cement Company's costs which they have allowed us to publish, your costs are very high.

Mr. Bilimoria.—Could you give me an indication of the difference?

Mr. Ginwala.—They are well off in the matter of coal. Their cost under "power and fuel" comes only to Rs. 10.

Mr. Bilimoria.—Rs. 10 per ton of cement? In Gwalior, we are very much less than that.

Mr. Ginwala.—Even compared to Gwalior, their costs are much lower.

Mr. Bilimoria.—Because their output is 2½ times that of Gwalior and over three times that of Porbandar. They are producing 100,000 tons per annum.

President.—They actually produced only 25,000 tons, which was 8 months' production.

Mr. Bilimoria.—It is over 3,000 tons a month. Their cost is on the basis of 3,000 tons. That probably explains the reasons why our costs should be higher.

* See also Statement II.

Mr. Ginwala.—In making our calculations, we need not take the most efficient plant, but we have to take an average, reasonably equipped and operated plant.

President.—If we compare your future estimate, about which we are asking you just now, with the costs of the Central Provinces Company, and if we make allowances for the increased cost of fuel that you have to pay which would be nearly six rupees a ton—and then there is one other item, *vis.*, that they have not incurred any expenditure on repairs to machinery—if you add all this to your estimates, it comes to Rs. 38½, so that there is not much difference in the total.

Mr. Ginwala.—I was comparing with 1923 costs.

Mr. Bilimoria.—I don't think that the Central Provinces Portland Cement Company produced any large quantity in 1923.

Mr. Ginwala.—They started on the first of November 1923. What is your average cost for the last six months?

Mr. Bilimoria.—It will be very heavy because our factory had to be closed for three months for want of space.

Mr. Ginwala.—You had so much stock of cement?

Mr. Bilimoria.—The position to-day is this. We worked from 1st May as I mentioned, and we have closed down on the 26th June after one month and 26 days' work because there is no space and the sales particularly during the monsoon are very slack and also shipments are not practicable. As soon as the cement warehouse, which has a capacity of 3,000 tons, gets empty, we will again manufacture. Now we can only manufacture by fits and starts. The cost of manufacture for the period of such fits and starts would not be at all a correct guide, but we have got these costs for the months that we have been working.

Mr. Ginwala.—With regard to your future cost, is this the utmost to which you can reduce it?

Mr. Bilimoria.—Yes, so long as the costs of coal and bags remain as at present. You cannot reduce the consumption of coal. As regards general services, supervision and local office charges, as a matter of fact we have dismissed a portion of our staff because we cannot carry on continuously and we did not engage any more staff during the two months that we ran in May and June. We think that no further reduction is possible there.

Mr. Ginwala.—I suppose that there is no means of transporting cement except in bags or barrels. You cannot send it in bulk without packing, like salt?

Mr. Bilimoria.—That point was considered some time ago by a company or a railway who wanted very large quantities of cement, but they found that transportation in bulk by steamer was impossible, and even if you sent it by railway wagons it was liable to be exposed to many risks, and perhaps might result in their having to pay a higher price than they would have to pay with the packing.

Mr. Ginwala.—Is that due to weather conditions?

Mr. Bilimoria.—The transshipment is a big difficulty.

Mr. Ginwala.—Supposing you had no transshipment?

Mr. Bilimoria.—If we want to go beyond Kathiawar, there is compulsory transshipment.

Mr. Ginwala.—Take the broad gauge or the metre gauge where you have no transshipment.

Mr. Symons.—I should say that it is practically impossible. In the first place you should have special tank wagons made. Cement is like water. If there are any holes, it would simply flow away like water. Apart from that, if there was the slightest question of dampness, the cement would be spoilt and if you had heavy winds, it would simply sweep the thing away. When you reach the journey's end it would have to be transported.

Then it could not be done in a loose form. Bags would have to be added at the other end. Otherwise, the wastage would be considerable.

Mr. Ginwala.—I have seen salt, for instance, taken in bulk.

Mr. Symons.—I have never heard of cement being taken in that way.

President.—Coming to the overhead, on this question of depreciation you have given the opinion that, owing to heavy wear and tear and to the fact that cement factories have to run continually for all the 24 hours, you consider that the rate of depreciation should not be less than 10 per cent. for machinery. 7½ per cent. is in itself a concession rate, is it not?

Mr. Bilimoria.—It was formerly 5 per cent. only, and we had to appeal to the Government and the Income-tax authorities to raise the figure to 10 per cent., and they have just compromised by raising it to 7½ per cent.

President.—Do you consider, for instance, that the wear and tear on cement-making machines is greater than in the case of the steel-making machinery. I mention steel-making machinery because it is the thing we happen to know most about.

Mr. Symons.—I have no experience of steel-making machinery, but I think they have a few machines of a very heavy type, whereas in the cement works you have got a large number of machines more or less small. Therefore I think there would be greater wear and tear on these than on the steel machines.

President.—However it is not a matter of importance. In answer to question 108 you have told us how the agent's commission is calculated. You do not deduct, I understand, interest on debentures or any reserve allotment before striking the profits on which the agent's commission is calculated.

Mr. Bilimoria.—That is generally the practice in Bombay with all companies. We are following the ordinary practice.

President.—The question always arises how far it is reasonable for Government or the Legislature to take that into account when fixing the rate of protection.

Mr. Ginwala.—You take 10 per cent. of what would be the depreciation fund? Suppose the depreciation fund is Rs. 1,50,000. Can you show a profit without deducting the depreciation of Rs. 1,50,000 in which, according to this, the agents are entitled to a share?

President.—Is that a fair way of doing it?

Mr. Bilimoria.—That is considered fair by all firms in Bombay.

X. MANUFACTURER'S PROFIT.

President.—You say in answer to question 112 that a return of less than 12 per cent. on ordinary shares would not attract investors.

Mr. Bilimoria.—It is so.

President.—But there is a good deal of difference between the prospect of a dividend and a dividend actually paid.

Mr. Bilimoria.—An old company, for instance, is paying to-day a dividend of 12 per cent. I think the market price would be based on something like 9 per cent. That is in the case of mill shares, but in the case of a new concern which you wish to start and where you want to invite capital, it should be attractive.

President.—It is rather on the basis of the old concern that we want to go, and on that basis the companies would presumably receive the assistance they require to enable them to pay that dividend.

Mr. Ginwala.—See the answer to question 108. I do not see why the agent's commission is calculated like that: you have a certain minimum Rs. 45,000 here.

Mr. Bilimoria.—That is not commission.

Mr. Ginwala.—That is office expenses: you have got a lump sum?

Mr. Bilimoria.—That is not got by the agents. The agent's monthly remuneration or what is known as office allowance in the case of the Indian Cement Co. is only Rs. 600 a month. That is what is known as agent's remuneration for conducting the business of the Company and there are the office expenses, maintenance of staff, etc.

Mr. Ginwala.—Do you get a lump sum for that?

Mr. Bilimoria.—No. These are actuals. They are spent on behalf of the Company.

Mr. Ginwala.—Is there any minimum guarantee?

Mr. Bilimoria.—No.

Mr. Ginwala.—So that at present there is no question of getting anything?

Mr. Bilimoria.—No.

Mr. Ginwala.—Supposing we were recommending protection and we wanted to find out what the Company ought to get by way of a selling price, we cannot include 10 per cent. depreciation, and we cannot include 10 per cent. on debenture interest as part of the agent's commission.

Mr. Bilimoria.—I quite understand your objection to that.

Mr. Ginwala.—There are these various other things that you mention here—sinking fund, etc.

Mr. Bilimoria.—Sinking fund is not anything distinct from depreciation in this case.

Mr. Ginwala.—So that you agree that, ordinarily speaking, these should not be taken into account when calculating the agent's commission.

Mr. Bilimoria.—As stated by me this is the general practice in Bombay. But I believe, if a suggestion is put forward before the agents in the light of the present position of the industry, they would be sure to give reasonable consideration to it.

Mr. Ginwala.—In calculating your manufacturer's profit you have taken all along 12 per cent.?

Mr. Bilimoria.—Yes.

Mr. Ginwala.—In the case of a protected industry 10 per cent. would be considered a reasonable return, would it not?

Mr. Bilimoria.—Yes, because protection itself implies that the industry is not in a normal state, and I think shareholders would be satisfied with that percentage.

XI. CLAIM FOR PROTECTION.

President.—On this question of natural advantages I really want to draw your attention to the fact that the industry in India has certain natural advantages—we admit—in the matter of raw materials and so on, but also got certain natural disadvantages, the distance of the coal from the raw materials and the distances of the factories from the most important markets. The second might change in course of time, but the first, though it might be minimized, cannot be removed.

Mr. Bilimoria.—Are you referring to my own company?

President.—It applies to all, but to a greater extent to you as the distance of the coalfields from your works is very great.

Mr. Bilimoria.—I think this disadvantage might be considered as balanced by the facility to make shipment by sea to certain places, and that was the consideration which led us to establish the factory at Porbandar.

President.—Your expectations have not been altogether fulfilled?

Mr. Bilimoria.—Unfortunately not.

President.—Of course it is an old criticism against India that the business is too much concentrated at the principal ports and that it is not sufficiently spread over the other areas. Here we come to the crux of the whole thing. At page 26 you say "We can also confidently say that if this industry is

not allowed to succumb to present abnormal world conditions but is enabled to survive, it will certainly be in a position ten or fifteen years hence to face world competition." It is not clear to me on the cost of production figures you have submitted that this is really the case. Taking your future estimate of your works costs, which amount to Rs. 37.5, I worked out the incidence of the overhead charges on the full output on certain assumptions, and they won't exactly agree with the figures that you have given us. I think the total of the overhead charges comes to a little lower than yours. It works out to about Rs. 17½ a ton over the works cost. The assumption then is that if you should get Rs. 55 at the works with your works cost of Rs. 37.5, you are just about in a normal condition. You have got to pay freight to Bombay, another Rs. 6. That is, you can put your cement on the Bombay market at Rs. 61 a ton. Do you think that you will get this price in competition with imported cement?

Mr. Bilimoria.—That assumes that we will be able to produce and dispose of the whole output.

President.—I am not talking about the immediate question of protection. In 15 years' time, you say, you will be able to do without protection. It is not clear to me how you are going to do it. You see, if there were no protection at all at present, foreign cement would be coming in at from Rs. 45 to Rs. 50 a ton. So far as I can see on the lowest figures you have given us, nothing less than Rs. 60 will do for you in Bombay.

Mr. Bilimoria.—Your figures take manufacturer's profit also.

President.—This is the difficulty in my mind that I want to bring to your attention. On the basis of Rs. 37.5 estimate of works costs you want about Rs. 60 a ton in the Bombay market to give you a fair return on capital.

Mr. Bilimoria.—Yes.

President.—If there was no protection, cement would be coming in not higher than Rs. 50. On that basis you have got to take Rs. 10 off somehow, and that means you have got to bring your works costs to Rs. 27. If you are going to be able to dispense with protection, you will have to be able to sell at Bombay at Rs. 50 a ton.

Mr. Bilimoria.—You are only considering the Bombay market.

President.—Yes, because it is your most important market and must be in the nature of the case. I quite admit that lower prices in Bombay will be counterbalanced to some extent by the slightly higher prices in other markets.

Mr. Bilimoria.—May I know how you have worked out the figures?

President.—I have taken interest on working capital at Re. 1-8 a ton.

Depreciation	Rs. 5
Head office expenses and agent's commission	Rs. 3
Manufacturer's profit	Rs. 8

These four items together come to Rs. 17-8. If you add this to Rs. 37-8 you get Rs. 55. If again you add Rs. 6 for freight to Bombay you get Rs. 61.

Mr. Ginwala.—You must add something more for landing charges, etc.,—it will come to Rs. 3 or 4.

President.—That makes it worse. The point I am repeating is this. Before you can dispense with protection you have got to bring down your works costs far below Rs. 37-8.

Mr. Bilimoria.—You have taken the agent's commission at Rs. 3; that means Rs. 90,000 and that assumes a profit of Rs. 9 lakhs.

President.—Taking agent's commission, head office expenses, etc., they come to Rs. 4½ lakhs roughly.

Mr. Bilimoria.—10 per cent. of that will come to Rs. 45,000; that will come to Rs. 1½ a ton.

President.—On the other hand, as Mr. Ginwala pointed out, I have not taken into account the landing charges on your cement to Bombay. Taking Rs. 60 as a round figure, you have got to go down from Rs. 60 to Rs. 50 before you can dispense with protection.

Mr. Bilimoria.—You have taken manufacturer's profit at 10 per cent. It is not necessary that we should realise the price of Rs. 60 in Bombay in order to live, because the position to-day is so critical that the shareholders would rather prefer to see the Company's existence continued than to let it die.

President.—I am looking 15 years ahead. You will have to offer a reasonable prospect that, if eventually protection is dispensed with, you will be able to go on.

Mr. Ginwala.—The point is this. You have got your best markets at the ports. The largest quantity of cement is used in ports. There is a considerable amount of cement now used by the ports which is imported. One of the things that cement companies want is to capture that market. Now let us assume that you have captured that market if protected by a tariff wall. When you have done that the question arises whether you will be in a position to do without protection. There is no answer to this question in your statement. There are two or three possible answers. One is that the price of imported cement may go up, but you have yourself admitted that you think it will come down.

Mr. Bilimoria.—That is so long as the present depression continues: I do not mean that it would continue for 15 years. The price of imported cement would go up.

Mr. Ginwala.—That is one possible solution. We are looking it from a broad point of view, but, judging by present-day tendencies, there is not much likelihood of the foreign price going up. If it goes up, well and good. It is one possible solution. The other solution is that you may be able to realise a much higher price in the interior of the country: but there, you say, you have got a very small market.

President.—Also this particular factory is not well situated for the internal market.

Mr. Bilimoria.—No, except for Kathiawar, Gujarat and a part of Rajputana.

Mr. Ginwala.—The third thing is to cut down your cost, but you have given your future estimate which is also fairly high.

President.—I do not see where any real big saving is to come from in order to cut it down from Rs. 37.5 to Rs. 27.5.

Mr. Bilimoria.—What I understand from you is that, if protection is once given, it will be necessary to continue indefinitely.

President.—That is not what the Fiscal Commission has said at all.

Mr. Bilimoria.—That is your fear I understand and you assumed a period of say 10 to 15 years.

President.—I am only taking some future period.

Mr. Bilimoria.—That assumes that the consumption of the country at the end of the period will still be so low as not to overtake the production and that there is no chance also for the prices to go up to the proper level.

President.—The point is, what is the proper level of price?

Mr. Bilimoria.—The proper level is when the industry makes a reasonable profit.

President.—That is not in the least what the Fiscal Commission meant. What they said in this connection was that you should be able to hold your own against any country in the world so that you cannot be undersold.

Mr. Bilimoria.—My argument is that in about 10 years' time consumption in the country will be so much more than it is at present.

President.—That won't help you because this estimate is based on your full outturn.

Mr. Bilimoria.—So much more than the present that the total production of the country will not be sufficient to meet the demand, and prices will then be regulated by a free market.

Mr. Ginwala.—The theory of protection assumes that domestic production ultimately equals domestic demand. Therefore there is no room for any artificial raising of prices owing to the demand being greater than the supply.

Mr. Bilimoria.—Yes.

Mr. Ginwala.—In that case your argument does not hold at all.

Mr. Bilimoria.—To-day a portion of the quantity consumed by the country is supplied by foreign countries, that is about 20 per cent. of the total producing capacity of the country, with the result that the country is only able to put forth 40 per cent. of its total output and is not in a position to put forth 60 per cent.

President.—That is not relevant to the question.

Mr. Bilimoria.—My point is this: if the foreign competition is eliminated altogether the present indigenous companies will have a partially expanded market whereby they can increase their output from 40 per cent. to 60 per cent. and thereby there will be partial relief obtained.

Mr. Ginwala.—We are giving you an increase from 40 to 100 per cent. We are assuming that you work up to the full capacity and that the foreign manufacturer is out of the country.

Mr. Bilimoria.—I do not think you assume that.

Mr. Ginwala.—Behind the tariff wall the foreign manufacturer goes out. The question is, after the foreign manufacturer has gone out, is he to remain out for ever?

Mr. Bilimoria.—No.

President.—The theory of the Fiscal Commission was this: they laid down—and the condition has been accepted by the Legislative Assembly and the Government of India—that, before protection is granted, there should be a reasonable probability that eventually the industry concerned should be able to hold its own without protection. In the case of the iron and steel industry there was the enormous advantage which India possessed in its iron ore. What I am trying to get at is this: I do not see that there is any natural advantage sufficiently great for the cement manufacturer to make it reasonably certain that he will eventually be able to do without protection.

Mr. Bilimoria.—What I conclude from your remarks is that even with protection some of the companies must go out of existence.

President.—That was not in my mind for a moment at all. Let us take a hypothetical case. Let us say that at the end of ten years the demand of cement in India has grown to 600,000 tons and owing to the grant of protection this is entirely supplied by firms producing in India, all of them working to their full capacity with their costs as low as possible, and there is no overproduction. Then supposing the question was raised whether protective duties should be continued, I do not see, on the figures put before us by you, that there is any reasonable prospect of the protective duty being removed because, as soon as it was removed, the foreign manufacturer would again come in, because the natural advantages are as much with him as with you.

Mr. Bilimoria.—But it seems to me consumption will have increased. You are assuming that it would be equal to the production of the country and you are assuming a long period.

President.—Do you want prices fixed on the basis that you ought to produce a little less than the country can consume?

Mr. Bilimoria.—You are assuming a very long period and at the same time assuming that the demand will at the end of that period be equal to production.

President.—I must assume that.

Mr. Bilimoria.—The time must come when the consumption will exceed the production.

President.—Why must it come?

Mr. Bilimoria.—Why should it not come?

President.—If you are asking for it on the assumption that you have to put a prohibitive duty on imported cement and then the existing companies are to sit quietly and produce less than the country requires and make your own prices, you are saying the very thing which would put me dead against your case.

Mr. Bilimoria.—That is not my remotest intention. In the first place the duty would be put on by the Legislature and it will be in the hands of the Legislature to withdraw it. As soon as it is found that the manufacturers were taking undue advantage of the protection—as soon as it found that they were trying to raise their prices to the detriment of the general consumer—it would be absolutely in their own hands to repeal the duty.

President.—You have not satisfied us on the figures that you have given that at any time in the future the industry will be able to dispense with protection. I can only put it to you and it is for you to meet it if you can.

Mr. Bilimoria.—But, sir, my point is this that in the figures assumed by you of 60 rupees you are including manufacturer's profit.

President.—Clearly no industry can meet foreign competition unless under all normal conditions the manufacturers are making a reasonable profit. Periods may come when they have got to cut their prices but it must, on the whole, be making a reasonable profit in the circumstances.

Mr. Bilimoria.—But even if no profits be made, the Company can surely continue its existence so long as it just pays its way.

President.—But is that what the Fiscal Commission meant when they said that the Company must be able to hold its own against foreign competition?

I can only tell you that I am anxious to give you every opportunity of removing the doubts and hesitations in my mind. That is why I am putting this to you. If you can remove it so much the better, but on the figures of your company it is not evident where your saving can come from. Is the reduction in works cost sufficient at some future date to enable you to dispense with protection? I don't at present see how it is going to happen.

Mr. Bilimoria.—But my point is, as I have put it again and again, that the consumption in my opinion will increase very much in the next ten years.

President.—I quite appreciate your point; you are perfectly entitled to urge it. But what I meant to say is that it is rather more important to meet my point, if you can, because after all what you want is to influence us.

Mr. Bilimoria.—Certainly.

President.—When you say that consumption will increase, naturally it will overtake the demand.

Mr. Bilimoria.—It will exceed the demand.

President.—Immediately the prices will go up.

Mr. Bilimoria.—Yes.

President.—When prices go up the foreign manufacturers will be able to put their goods in this country inspite of the duty. How can that protection be withdrawn in that case?

Mr. Bilimoria.—I follow your chain of argument. You say that production will go up. But the demand will also go up. The demand will go up to such an extent that prices will go up, and the moment prices go up the foreign manufacturer will take advantage of this. Perhaps they will be able to land their goods and make profits inspite of protection: then how can protection be withdrawn, that is your point.

President.—If prices go up as a result of the increase in demand, the foreign manufacturers will be able to compete with you inspite of protection,

and as a result protection will have to continue so that the Indian industry may survive. The moment you remove the protection the conditions will be worse than they are to-day.

Mr. Bilimoria.—May I know if this discussion applies only to the Indian Cement Company?

President.—I am arguing the case on the basis of your own cost, because, with the exception of one Company we have not yet got permission to publish the costs of other firms. I quite admit that what I have said might be subject to qualifications in the case of other companies. The costs of the Gwalior Company are a little less than those of the Porbandar Company, but I cannot argue the case in detail with you on these lines unless I take concrete figures. That is why I took the Porbandar Company. I quite admit that the Gwalior figures work out better. On the other hand, of course, there is much bigger addition to be made on account of freight to the principal markets in the case of the Gwalior Company. Other considerations also arise, there being other companies nearer Calcutta and Bombay, it might not be able to compete with them in Calcutta and Bombay and might have to rely entirely on up-country markets. As far as that is concerned, supposing the market was large enough, the Gwalior Cement Company could carry on with considerably less protection than the companies at the sea coasts.

Mr. Bilimoria.—I would beg to suggest that as the figure of Rs. 60 arrived at by you includes manufacturers' profit, I don't think that should be included in it because—

President.—Supposing protection were once put on and the result of the protective duty was to cut out the manufacturers' profit altogether, what do you think the attitude of the manufacturer would be when the Legislature came to consider the proposals?

Mr. Ginwala.—Let us just look at it this way. You are talking of the increased consumption and so on. Take your present production and your best works cost—Rs. 33 a ton. Your overhead charges come to Rs. 17 on the present production of 15,000 tons—depreciation Rs. 11-6, working capital Re. 1 and agents' commission Rs. 3. That makes it Rs. 17. The incidence of profit you have given as Rs. 20 per ton at 12 per cent. I am taking $\frac{5}{6}$ th of it, that makes it Rs. 17. 17 and 17 is 34; that includes overhead charges and profit on the present output. Then your works costs come to Rs. 33; that makes 67; that is to say, *ex-works* you must get Rs. 67. Now, take the Bombay market. It costs you Rs. 6 by way of freight; that makes it Rs. 73. We won't add any other charges. Now let us take the c.i.f. price to Bombay. It is Rs. 50, is it not? Let us assume that price remains and we add Rs. 25 duty. It will just pay you if you get Rs. 75 at Bombay. Now, the question arises when you can give up this 25 rupees. We took Rs. 33 as your works cost; we took Rs. 34 as your present overhead charges and the profits. We will have to halve that, when you reach your full output. That gives you Rs. 17. Rs. 35 plus Rs. 17, gives you Rs. 52, add Rs. 6 sea freight to Bombay; that gives you Rs. 58. The c.i.f. price is Rs. 50; you still want Rs. 8. You would always want it.

Mr. Bilimoria.—That is on the basis of the present output.

Mr. Ginwala.—No, that is on the full output. The question is whether, once we have given protection, the industry would be established in the country. It is not a question of your shareholders getting a dividend—being satisfied with a little dividend or getting no dividend. The question is whether once protection is given, the industry will be able to do without it at a later date. What I am trying to point out is that that will not be the result of protection on the figures you have given. We have taken Rs. 33 as the works cost, depreciation Rs. 11-6. Working capital Re. 1 per ton. . . .

Mr. Bilimoria.—We have not got to pay interest on working capital.

President.—The point is this. In working out what the cost of production is I should do it by taking the interest at some rate, 8 or 9 or 10 per cent. or

whatever the rate was, on the block account, then calculate what you require as working capital and give you a suitable rate of interest on that.

Mr. Ginwala.—I would rather take it the other way, the total share capital.

President.—We have got to provide for firms who come before us who have borrowed their capital.

Mr. Ginwala.—Your working capital is Rs. 4,00,000 on the present output of 15,000 tons; that will give you Rs. 2 per ton. Agents' commission and other charges Rs. 3 per ton. That gives you Rs. 16. Then, your profit is, say, Rs. 16. You have given Rs. 20 a ton; $5/6$ th of that will give Rs. 16. $16+16=32+35=67$, plus Rs. 6 for freight; that comes to Rs. 73. C.i.f. price is Rs. 50 just now. With the 25 rupees duty you want, it comes to Rs. 75; so you are all right there, you can compete. Now, we have got to consider when you can do with Rs. 50 instead of Rs. 75.

Mr. Bilimoria.—These figures will be vitiated by a change when you assume that when a duty is levied of a prohibitive nature, so much more business goes to the indigenous companies.

Mr. Ginwala.—I am now talking of the present position. You want Rs. 25 duty even at the present rate of output. We have got to consider the next stage, when you will be able to do without this additional duty of Rs. 25. Let us take Rs. 35 as your works cost. Then when you get the full output we halve the overhead charges; that comes to Rs. 16. That makes Rs. 51 plus Rs. 6 freight. We assume the freight remains the same. C.i.f. price is Rs. 50; you still require Rs. 7. So that on these figures we cannot contemplate any time in the future when you will be able to do without this Rs. 7 protection. That offends against one of the conditions laid down by the Fiscal Commission.

Mr. Bilimoria.—For the purposes of this calculation do you take the present 15 per cent. duty and the additional duty?

President.—Rs. 25 includes the present duty of Rs. 9 plus Rs. 16.

Mr. Ginwala.—Rs. 9 is not a protective duty at all, it is a revenue duty. Government may take it away at any time. Therefore, we must assume that you must get Rs. 7 a ton protective duty always if you were to make a reasonable profit and the industry was to live. That, I say, offends against condition 3 to which reference has been made here.

Mr. Bilimoria.—My view is that, even without protection, the Company prospered during the last few years. Conditions so altered because of the European situation and of the over-development of the industry in India.

President.—If you will think it over when you got the record of the evidence and have got a better grip of the subject and like to tell us more about it, I hope you will do so.

Mr. Ginwala.—What is the demand in the interior away from the ports for your cement?

Mr. Bilimoria.—If the present output is taken as 15,000 tons then the Bombay market will take about 8,000 to 9,000 and the rest will go elsewhere—Karachi and the interior.

President.—Can you give the Karachi figure?

Mr. Bilimoria.—It would not be more than 2,000 tons.

Mr. Ginwala.—In the interior you get a much better lead?

Mr. Bilimoria.—Of course, you take all these figures for comparing with the imported price in Bombay you assume that our works price must be these figures, but for the interior we can obtain a better price.

President.—If all your markets were up-country you could do without protection?

Mr. Bilimoria.—Perhaps.

Mr. Ginwala.—Is it not a fact that you are much more favourably situated up-country than at the ports?

Mr. Bilimoria.—This calculation does not take into account that advantage.

President.—The other main issue that we have been trying to put is, supposing protection were given on the scale you contemplate, would it do much good for two or three years? Your reply would be that it enables you to increase your output because you will get larger sales. There is, I admit, an advantage to that extent. But, as far as I can judge at present, for at any rate a year or two, protection would not affect the prices at all. The price would remain exactly what it is.

Mr. Bilimoria.—That is what I would impress upon the Board. It would not immediately raise the price. As a matter of fact the internal competition is so keen that no increase in price is possible in the present conditions, but there would be one relief, that would be that the Indian works would be able to sell a larger quantity than they are doing at present, by about the quantity which comes from foreign countries.

President.—I would like to put it to you in this way. Am I right in assuming that this Rs. 25 per ton duty is intended to be prohibitive, practically?

Mr. Bilimoria.—At least it is intended to effectually prevent foreign cement coming into the country at all.

President.—One point arises there then; even then at Burma and Madras foreign cement will come.

You remember what the Fiscal Commission said on a question of that kind, that it was not reasonable to arrange the scheme of protective duties so that factories situated a long way off should be able to command the market in every part of India.

Mr. Bilimoria.—I don't think Burma can be regarded as being situated away from one of the companies at least.

President.—So far as your company is concerned it would be a long way off.

Mr. Bilimoria.—So long as other companies can supply the Burma market it will mean a reduction of pressure on other markets.

President.—Take the Sone Valley Company for instance. Do you think, in view of the freight that is charged between Calcutta and Rangoon, it is reasonable that a scheme of protection should be arranged to enable that company or some other company similarly situated to command the Burma market?

Mr. Bilimoria.—My point is that, if the Sone Valley Company can ship cement to Burma in place of foreign cement which is now being received in Burma, that will mean so much larger market for the other centrally situated companies.

President.—I do not doubt that, but is it reasonable?

Mr. Bilimoria.—It is, so long as there is no larger burden on the consumer.

President.—Burma is precisely the place where there is going to be a considerable burden on the consumer. It is these outlying markets where there would be little competition between the Indian companies, and the price would increase to the full extent of the duty at once.

Mr. Bilimoria.—I don't think so.

President.—Who is going to compete?

Mr. Bilimoria.—The Dwarka Cement Company as well as ourselves may be able to compete.

President.—What I am putting to you is: is it reasonable to arrange a scheme of protection on the basis that the manufacturer should necessarily be able to command the whole market? It is definitely opposed to what the Fiscal Commission said. There is a difficulty there.

Mr. Bilimoria.—I can appreciate those difficulties.

President.—Take Madras for instance. Your own factory at Shahabad is a parallel. It is much nearer Madras than most of the other factories are.

Mr. Ginwala.—When do you propose to manufacture cement at Shahabad?

Mr. Bilimoria.—After six months.

Mr. Ginwala.—Is it subject to your getting protection?

Mr. Bilimoria.—It is subject to some financial negotiations being concluded.

President.—There are difficulties in my mind still. It is one of those paradoxical cases in which I say "It won't do you any good" and you reply "It won't do any harm to the consumer."

Mr. Bilimoria.—Don't you think that the consumer is now taking an undue advantage?

President.—What do you expect the consumer to do? He is fulfilling the law of his nature which is to consume.

Mr. Ginwala.—Then, there is the proposal which you have made in your answer to Question 119 about additional duties. Have you really considered that?

Mr. Bilimoria.—We would rather prefer a fixed duty of Rs. 25 a ton to any such elaborate arrangement.

Mr. Ginwala.—Supposing the price comes down to Rs. 30 a ton owing to variations in exchange, or suppose the Japanese Government says "we will give you a rebate of 50 per cent."

Mr. Bilimoria.—Then the position will have to be reconsidered.

Mr. Ginwala.—You don't attach any importance to it?

Mr. Bilimoria.—I would prefer the general suggestion made about the imposition of a fixed duty.

Mr. Ginwala.—You don't want the duty to be varied except by legislation. That is what it comes to.

Mr. Bilimoria.—Yes.

Mr. Kale.—I want to ask you one question with reference to what Mr. Ginwala put to you. It occurred to me that you might not be able to compete with foreign cement in the Bombay market without protection, but it might be just possible for you to develop your more favourable markets as a sort of a counterpoise. Is that a practical proposition? For example, you are favourably situated so far as export to adjacent countries is concerned. You point out that there is a difficulty of sea freight and you suggest that something should be done in order to lower the freights. Is it your idea that protection should include some measures to be taken by Government or to be taken otherwise, so as to facilitate your export of cement to adjacent countries? Then again, in the case of the nearer markets, which you have shown in one of your answers to be Surat and Ahmedabad, for instance, where you are comparatively favourably situated, is it possible that those markets would develop in the course of the next 10 or 15 years so that you would be able to dispose of a larger portion of your production in those markets? And that will be a sort of set off against the disadvantage which you are confronted with in relation to Bombay? That appears to me to be the only way of escape from the difficult position which lies in front of you.

Mr. Bilimoria.—I think that cement is an article of such diversified uses that, when proper propaganda is carried out for its use in substitution of other articles, then in the next 10 or 15 years to come, the consumption in the country itself, which we expect to grow in the natural course of things, should grow more on account of these various other uses.

Mr. Kale.—I want your opinion with regard to the favourable markets.

Mr. Bilimoria.—That would apply to the markets which you refer to, namely, the markets adjacent to us, Kathiawar, Guzerat, Surat, Poona, and a part of Rajputana. I believe that our sales in these adjacent markets will

grow more than proportionately in course of time as the uses of the article are more publicly known and advertised.

Mr. Kale.—So that even if you lose in the Bombay market, you would be gaining in these other markets?

Mr. Bilimoria.—That is the position to-day.

Mr. Kale.—That was what occurred to me while I was reading that answer. I think that that is the only escape. Otherwise you won't be able to compete in the largest markets, viz., Bombay and Calcutta.

THE GWALIOR CEMENT COMPANY.

President.—As regards Gwalior: my first point is with reference to your reply to Question 45. You would have to divide these coal costs into coal costs and freight.

Mr. Bilimoria.—In the first case it is Rs. 5-4-0 plus Rs. 6-12-0 and in the second case Rs. 9-8-0 plus Rs. 10-8-0.

President.—Then in your answer to Question 51, you say "The company's principal markets in India are Delhi, the United Provinces, the Punjab, Central Provinces, Rajputana, and a few outlying parts of Gujarat. Can you give us any sort of idea of how much you send to each of the markets or to some of them?"

Mr. Bilimoria.—We started manufacturing only in May.

President.—If you could give us the important places and the quantities sent to them, it would be useful.

Mr. Bilimoria.—Yes, we will send you that.

President.—On page 11, you have given us freights to certain places from the ports. You have not given the distances in each case. That is not a point of great importance if you don't remember.

Mr. Bilimoria.—We have not got the distances here.

President.—On page 14, I think that your building and machinery figures have got reversed in your answer to Question 78.

Mr. Bilimoria.—I am sorry for the mistake.

President.—As regards your future estimates of the works cost: take first of all packing. You have brought it down to Rs. 7-3. Is it for the same reason as in Porbandar's case.

Mr. Bilimoria.—Yes.

President.—In the case of power and fuel, it is a smaller reduction.

Mr. Bilimoria.—Yes, because we were using all Bengal coal and the price at pitsmouth was Rs. 14 a ton. It has now come down. It is Rs. 12 and Rs. 20.

President.—It is based on Rs. 20 and Rs. 12?

Mr. Bilimoria.—Yes.

President.—Your raw material has come down substantially.

Mr. Bilimoria.—That is because we have made certain improvements in the process of quarrying, supply and transport.

President.—You have got to bring your raw materials from some distance.

Mr. Bilimoria.—32 miles.

Mr. Ginwala.—In your answer to Question 18, you say that the royalty is Re. 1-4-0 a ton. Is not that a very high rate of royalty?

Mr. Bilimoria.—It was not considered high at the time when it was fixed up.

Mr. Ginwala.—Is Gwalior a shareholder in this or not?

Mr. Bilimoria.—No. They have taken Rs. 10 lakhs of debentures.

Mr. Ginwala.—In your answer to Question 19 you have given the freight. Does the railway belong to the Gwalior State?

Mr. Bilimoria.—Yes.

Mr. Ginwala.—That is very high.

Mr. Bilimoria.—Yes, it was originally fixed 50 per cent. lower but during the construction of the works they said that the rate must be raised. So, we had to agree.

Mr. Ginwala.—Is it a light railway?

Mr. Bilimoria.—Yes (2 ft. line).

Mr. Ginwala.—Then, you say that the Company has secured a lease for 30 years. Is that a sufficiently long period?

Mr. Bilimoria.—It is a fairly long period.

Mr. Ginwala.—Have you got any option after 30 years?

Mr. Bilimoria.—We have option for renewal for further 30 years.

Mr. Ginwala.—What about the rates?

Mr. Bilimoria.—On conditions to be mutually agreed to.

Mr. Ginwala.—That is no option then.

Mr. Bilimoria.—That is the usual arrangement between two respectable parties.

Mr. Ginwala.—What about the water dues?

Mr. Symons.—Water has got to be brought from a dam which is at a distance of 14 miles from the Works. It is stored by the Irrigation Department. They charge a cess for it.

Mr. Ginwala.—Where is it shown in your costs?

Mr. Bilimoria.—It would come under rates and taxes.

Mr. Ginwala.—How much does it come to per ton?

Mr. Bilimoria.—At present it comes to about four annas per ton, but we have applied to the State for a reduction.

Mr. Ginwala.—In your answer to Question 54, you seem to have quoted very low rates, viz., Rs. 37-14-0 per ton f.o.r. Banmor. Is that because of the keen competition in India?

Mr. Bilimoria.—Yes.

Mr. Ginwala.—You have come down as low as Rs. 34.

Mr. Bilimoria.—Recently we have gone lower than that. We have tendered for Rs. 30 to the Chief Controller of Stores.

Mr. Ginwala.—The freight from Banmor to Khirgi is Rs. 22-2-0.

Mr. Bilimoria.—The freight has to be added to Rs. 37-14-0. We sold them at Rs. 60. The Punjab Company was the competitor. Their rate was only very slightly higher. That is why we got it.

Mr. Ginwala.—What is this contract with the United Provinces Government.

Mr. Bilimoria.—That is at Rs. 40 a ton. It expires at the end of this month.

Mr. Ginwala.—How many tons have you got to supply?

Mr. Bilimoria.—The nominal quantity mentioned is 4,000 tons. But they are at liberty to take less than 4,000 tons. They are actually taking six or seven hundred tons.

Mr. Ginwala.—That is f.o.r. works?

Mr. Bilimoria.—Yes.

Mr. Ginwala.—How do you finance this Rs. 41 lakhs?

Mr. Bilimoria.—Share capital is Rs. 25 lakhs. Debenture capital is Rs. 10 lakhs. Loan by the Indian Cement Company is 11½ lakhs.

Mr. Ginwala.—Is that in addition to the share capital?

Mr. Bilimoria.—Yes. Loan by the Imperial Bank is Rs. 2½ lakhs. The rest is working capital, that is, whatever is above Rs. 41 lakhs.

Mr. Ginwala.—What do the debentures carry?

Mr. Bilimoria.—8 per cent.

Mr. Ginwala.—In Form No. II, you give your total works cost as Rs. 41 in round figures: then you say that, if the factory had been working at its full capacity, it would come to Rs. 29. Why should it make so much difference?

Mr. Bilimoria.—Because the production was only 7,400 tons—equal to about 15,000 tons as against 40,000 tons output. That would make a considerable difference.

President.—Why should power and fuel come down by Rs. 4 a ton?

Mr. Bilimoria.—Because if we run our factory on a shorter output, the boilers and kiln consume more coal.

President.—You merely say “if the factory had been working at its full capacity.” You are not entitled to take different rates.

Mr. Bilimoria.—Because the factory is not working at its full capacity, there is this difference. The increase in the power and fuel is due to the fact that boilers consume more fuel. If the working of the factory is spasmodic, the kiln also consumes more fuel.

President.—That seems to me a very considerable difference.

Mr. Symons.—There will be. For the first two or three days, you would be using one ton of coal for a ton of cement because intense heat has to be obtained.

Mr. Ginwala.—General services, supervision and local office charges are based on actuals, are they not?

Mr. Bilimoria.—Yes.

Mr. Ginwala.—Why should they go down by so much?

Mr. Bilimoria.—Because of the larger output.

Mr. Ginwala.—Have you simply divided the total by the output?

Mr. Bilimoria.—Not only that, but we have taken this also into account. If the works are not working to its full capacity, the cost of repairs in the case of a smaller output will be not exactly proportionately less but a little more.

Mr. Ginwala.—I can understand general services, etc., coming down because they remain the same. There would not be any increase because the output goes up. But I cannot understand why repairs and maintenance should go down.

Mr. Bilimoria.—If you produce only 15,000 tons, and suppose you spend Rs. 15,000 on repairs during the year, the incidence per ton will be more than if you produce 40,000 tons and spend Rs. 25,000 on repairs.

President.—In Form II, I find that the cost of repairs, etc., is Rs. 5.17 per ton and in the estimate of your future cost it is shown as Rs. 2.20. Well, one figure is just about half the other and as the full output is just about double, it seems that you have divided the same sum by a larger divider. Mr. Ginwala's criticism of that procedure is that it is not fair to do that, because you would actually spend a larger sum on repairs, so that you are not entitled to bring it so low as that.

Mr. Symons.—When the factory is intermittently working, we have to find work for practically the whole of the staff and such men are included under repairs. They have to do some work. That is unfortunately the trouble.

Mr. Ginwala.—There is a further reduction in your answer to Question 93 of about Rs. 6. That is also on the full output. When do you expect to get to this figure?

Mr. Bilimoria.—We have a large stock of bags which we have bought at high prices, but in the matter of coal we have come up to this figure.

Mr. Ginwala.—That reduces the cost by nearly two rupees.

Mr. Bilimoria.—As a matter of fact the April figures which were subsequently received from the Manager corroborate these.

Mr. Ginwala.—Let us see the actuals for April.

Mr. Bilimoria.—Rs. 7.2 is the actual figure for coal.

Mr. Ginwala.—You have got up to Rs. 26 just now for April.

Mr. Bilimoria.—That includes interest and overhead charges.

Mr. Ginwala.—Give us the nett works cost.

Mr. Bilimoria.—It comes to Rs. 23.3 really.

Mr. Ginwala.—That is very near your estimate. Your answer to Question 94 I do not understand. You have got a monthly system of cost accounting?

Mr. Bilimoria.—For the months it is worked, but not continuous.

Mr. Ginwala.—You only work one week at a time?

Mr. Symons.—No. We started, for instance, in the last week in March—24th of March, worked the whole of April till the 10th of May.

Mr. Ginwala.—The Indian Cement Company are the managing agents of the Gwalior Company?

Mr. Bilimoria.—Yes.

Mr. Ginwala.—They are getting commission at this rate?

Mr. Bilimoria.—In the meantime they have sunk Rs. 26 lakhs and do not get interest from the Gwalior Company so that they are not in a very favourable position.

Mr. Ginwala.—I do not understand the arrangement of the one company being the managing agents of the other.

Mr. Bilimoria.—It was originally intended to start an offshoot of the Porbandar Company in Gwalior.

Mr. Ginwala.—This company are the managing agents of the Gwalior Company and the Tatas are the managing agents of the Indian Cement Company. So Tatas are really the agents of the Gwalior Company.

Mr. Bilimoria.—No, because the agents' commission in this case will go to the Indian Cement Company and forms part of the profits of the Indian Cement Company. Tatas indirectly get only 1 per cent. on the profits of the Gwalior Company.

Witness No. 4.

A.—WRITTEN.

Statement I.—Representation, dated 13th November 1923, from Bundi Portland Cement Company, Limited, Punjab Portland Cement, Limited, The Gwalior Cement Company, Limited, The Katni Cement and Industrial Company, Limited, The Jubbulpore Portland Cement Company, Limited, The Central Provinces Portland Cement Company, Limited, The Dwaraka Cement Company, Limited.

We beg to enclose herewith a memorandum that we have prepared for submission to the Tariff Board and in which the present position of the Cement industry and the steps necessary to save it from ruin are indicated.

Several of the Companies are in very serious financial straits and will inevitably disappear if immediate steps are not taken to avert the disaster. If this is allowed to happen, not only will several crores of Indian Capital be lost but the country will lose the industry which has done such valuable service during the war.

We trust that Government will forward our representation to the Tariff Board and instruct them to take up the question as an urgent matter when they visit Bombay this month.

Memorandum dated 13th November to the Tariff Board.

On behalf of the undersigned Cement Companies we have the honour to submit our case for enhanced protection for the indigenous Cement Trade against imported cement.

Up to 1912 India possessed no cement industry and all cement used in the country was imported either from the United Kingdom, the Continent or Japan. Appendix "A" shows the consumption of imported cement between the years 1910 and 1923.

Between 1912 and 1916 the following Indian Cement Companies came into operation:—

Name of the Company.	Capacity. Tons.
Indian Cement Co., Ltd.	20,000
Katni Cement & Industrial Co., Ltd.	30,000
Bundi Portland Cement, Ltd.	26,000
	76,000

In 1915 the output of the three companies came under the control of the Indian Munitions Board, and very little cement from these works was available for works other than Government and military works between 1915 and 1919.

The prices paid by Government ranged from Rs. 42-8 to Rs. 70 per ton while during the same period imported cement cost from Rs. 80 to Rs. 250 per ton. It will, therefore, be seen that the establishment of this key industry just at the beginning of the war saved the country an enormous sum in cost of an essential item of munitions.

The saving of steamer tonnage at a time when every ton of cargo space was of vital importance to the Empire, and every ship that sailed from Europe was subject to grave risk was also of great but incalculable benefit not only to India but to the Empire.

As a result of the control established and the dearth of cement available during the period of control for general use, an inflated opinion of the potential requirements of the country was engendered and this was to some extent fostered by such pronouncements from official sources as the following from an article on the Portland Cement Industry by Messrs. Musgrave and Davies in the Indian Munitions Board Hand Book.

“After the war when works at present in abeyance will be continued, the requirements will be greater than ever. The use of ferro-concrete comparatively new even in western world is extending very rapidly, bridges and heavy structural work of all kinds and even ships being made of it. It will in itself provide a big market for Portland Cement. The opening up of Mesopotamia will also afford a large sale for Indian cement if it be available.
* * * * * The output of these factories being very much short of the present demand even, it will obviously not suffice for future requirements and there is still room for additional works in other parts of India.”

As a result of these conditions, steps were taken by the existing companies to increase their outputs and a number of fresh companies were formed and works constructed to meet the anticipated enhanced demand until in 1923 the capacity of Indian works totalled approximately 600,000 tons of cement per annum and the Rupee capital invested in the Trade amounted to Rs. 4,58,29,351-3-8 (*vide* Appendix “B”).

Before the war, the consumption of cement in India was about 175,000 tons. The demand has increased to approximately 250,000 tons and will undoubtedly continue to increase rapidly as the country develops, but it will be seen that the production has for the time being far outstripped the capacity of the country to consume its own product.

Naturally the Companies are doing all that can be done to develop the demand and to establish themselves by producing cement of the finest quality, equal to or better than any cement imported.

They are, however, faced with material disadvantages.

1. There is a prejudice among certain Engineers against any indigenous product and though as far as cement is concerned, this is being overcome gradually, it takes time.
2. Works are mostly situated far from Ports which are the chief markets—Railway freight to Ports generally exceeds steamer freight from Europe.
3. Coal available compares unfavourably in quality with coal in Europe and owing to high pitmouth cost and Railway freight is more expensive. Owing to wagon shortage, it is frequently difficult to obtain an adequate and regular supply of coal at the proper time thus involving large amounts being stocked with consequent lock up of capital and deterioration of quality, or risk of stoppage of works.
4. In order to maintain quality at its best, Technical Supervision Charges in India are very much higher than in Europe.
5. Imported cement from the Continent has a great advantage owing to depreciated exchanges and though the quality is often indifferent, a section of the market will buy anything under the name of cement if it is cheap in price.
6. Importations for Government are free of duty and though the Stores Purchase Rules provide for the preferential purchase by Government Departments of Indigenous Stores, quality and price being equal, this rule is not invariably adhered to and the exemption of Government Stores from

duty often makes it difficult for the Indian Companies to compete in price, as they can and do in respect of quality.

7. Export is debarred partly by the heavy rail freights to Ports under which most of the Companies labour and partly by the exorbitant freight rates charged for shipments to Africa, Mesopotamia, etc., by steamer companies whose interest lies in maintaining the European Export.

The Indian Fiscal Commission laid down the following three conditions to be satisfied by any particular industry before the Tariff Board could recommend it for protection.

1. *The Industry should be one possessing natural advantages.*—We submit, India has unlimited quantities of raw materials for making first class cement—this is being done to the extent of 500,000 to 600,000 tons per annum—Cement is an essential to India's progress and the Cement Industry is a key Industry in time of war. The market is there but requires now to be developed.

2. *The Industry must be one which without the help of protection is either not likely to develop or is not likely to develop so rapidly as is desirable in the interests of the country.*—We submit that owing to exceptional conditions, the industry has developed too rapidly for the country to keep pace with it and that breathing time is now required for the demand to catch up with the potential supply.

That it is desirable in the interests of the country that the Industry should receive all possible support pending the increase of demand which must inevitably come.

That it is most undesirable that an essential industry in which a large amount of Indian capital is invested should fall into disrepute.

3. *The Industry must be one which will eventually be able to face world competition without protection.*—We submit that in the matter of quantity and quality the Trade can already face this competition.

In the matter of price, for reasons already stated above, it requires assistance until such time as the local market has developed sufficiently to enable the whole production capacity to be absorbed, as only by working to full capacity can the Works produce economically.

Apart from the advantage to the country of having available large resources of first class cement the country derives indirect benefit from—

1. Retention of capital in the country.
2. Revenue from taxes—land and Railway freights.
3. Employment of labour and training of superior staff and artisans in technical knowledge.
4. The industry as a whole is at the present moment in a precarious position, while certain of the newer companies particularly find themselves unable to market more than a small portion of their output and consequently in most serious financial straits.

It is necessary again to emphasise that if forced into liquidation, it will not only reflect on the cement industry but on industrial ventures generally and be a further discouragement to the already shy Indian investor.

The Industry, therefore, seeks the assistance of the Commission in respect of:—

1. A recommendation to Government that all cement required for Government purposes be purchased in the country, provided—

(a) Quality is satisfactory.

(b) Price is not in excess of the price of imported cement delivered at site including the amount of import duty whether charged or not.

2. A request that Government will bring pressure to bear upon the Steamship Companies trading between the Coast Ports of India, East Africa, and the Persian Gulf to reduce the freight rates charged on cement to at least 20 per cent. less than the rates current from Europe to the Ports concerned.

3. A request that Government will place Cement Companies in the "Special Classification" for allotment of coal wagons inasmuch as the Rotary Kiln Process of Cement Manufacture is a continuous process and to shut down the kilns for lack of coal is as disadvantageous to them as to shut down the blast furnaces of the Tata Iron and Steel Works is to them.

4. That an import duty be levied on all imported cement of Rs. 25 per ton, not of 15 per cent. on a variable valuation as at present.

APPENDIX "A."

Imports of Cement into the Indian Empire.

Year.	Total imports from United Kingdom alone.	Total Imports from all countries.	The value of imports in column three.
	Tons. Cwts.	Tons. Cwts.	
1910-11 . . .	110,161 8	126,644 16	£307,099
1911-12 . . .	109,728 6	116,951 3	£299,771
1912-13 . . .	123,534 13	160,564 9	£457,478
1913-14 . . .	121,895 5	146,518 12	£438,991
1914-15 . . .	123,981 7	144,972 11	£449,112
1915-16 . . .	86,439 18	131,625 5	£469,010
1916-17 . . .	61,002 17	89,388 4	£424,468
1917-18 . . .	68,521 19	83,755 5	£504,522
1918-19 . . .	8,536 6	27,177 0	£260,433
1919-20 . . .	75,357 5	91,805 7	£926,037
1920-21 . . .	128,283 0	130,721 0	Rs. 1,39,43,450
1921-22 . . .	79,886 0	124,727 0	Rs. 1,38,69,935
1922-23 . . .	96,976 0	133,268 0	Rs. 1,03,53,146
1923-24 (up to August)	35,135 0	41,912 0	Rs. 28,09,199

APPENDIX "B."

Capital invested in the Cement Industry.

	Rs.	AS.	P.
The Central Provinces Portland Cement Co. Ltd.	1,10,73,179	10	0
The Dwarka Cement Co. Ltd.	78,69,326	9	7
The Jabulpore Portland Cement Co. Ltd.	54,32,301	0	8
The Punjab Portland Cement Ltd.	52,61,298	2	3
The Katni Cement and Industrial Co. Ltd.	45,00,529	4	3
The Bundi Portland Cement, Ltd.	43,18,763	10	9
The Gwalior Cement Co. Ltd.	40,55,613	8	2
The Indian Cement Co. Ltd.	21,57,581	2	2
The Shahabad Cement Co. Ltd. (Under construction).	11,60,758	3	10
	4,58,29,351	3	8

Statement II.—Further representation dated the 8th December 1923, from the Dwarka Cement Company, Limited, to the Government of India.

In acknowledging the receipt of your letter No. 16-T. of the 4th instant we have the honour to say that the urgency of our case, as you might have already noted has been sufficiently made out in the relative representation sent to you under cover of our letter of the 13th ultimo. We have, therefore, to urge that Government do take immediate notice of this matter, failing which we are very much afraid that relief, even if it be sanctioned by the Tariff Board in due course, might come too late and thus become ineffective.

As this industry gave to the Government substantial help during the war times, it will be admitted that the industry as such has a right to request Government to at once take up their case for consideration as their position has at present become very precarious. It is, therefore, highly essential, both in the interests of the country as well as indirectly in the interests of the Government, that urgent attention be paid to this industry.

Statement III.—Further representation dated the 29th December 1923, from the Dwarka Cement Company, Limited, to the Government of India.

We have the honour to invite your attention to our letter No. TB/4651 of the 8th instant in connection with the above. As the case is urgent, we shall be obliged by your letting us know at an early date the decision which the Government may have arrived at in this connection.

We may once more repeat here that relief is urgently necessary in the case of this industry and if consideration is postponed, damaging results might ensue.

Statement IV.—Replies to questionnaires from the Dwarka Cement Company, Limited.

With reference to your No. 398 of the 21st ultimo forwarding three copies of the questionnaire, we have pleasure in sending you herewith our replies to the same with five spare copies as desired by you.

If after perusal of these replies, the Board considers that a representative of our firm should be examined orally, we shall be glad to send one for the same provided at least a week's notice is given to us to adjust our appointments.

With reference to question No. 91 of the questionnaire, we have to request you that the works cost figures furnished by us in answer to this question should be treated as confidential and no publicity should be given to the same without a reference being made to this office.*

ANSWERS TO QUESTIONNAIRE.

I. INTRODUCTORY.

1. This Company was established on the 20th February 1919 as a Public Registered Company under the Indian Companies' Act, 1913.

2. Roughly 85 per cent. of the capital invested in this Company is held by Indians, and the Directors, except one who is a European Jew, are Indians. The superior management of the Company is vested in Indians only.

3. We manufacture cement only at present.

4. The factory under our control commenced manufacturing cement practically in January 1922.

5. (a) Full capacity of the factory as at present equipped is 100,000 tons of cement per annum.

6. (a) The actual output of the factory since the commencement of manufacture is as follows :—

	Tons.
1922	28,308-10
1923	25,422-4

(b) No other products were manufactured.

7. Our factory is situated at Dwarka in Kathiawar, a seaport on the western coast.

(a) Yes.

(b) No; since coal is to be brought all the way from Bengal coalfields or foreign coal is to be imported.

(c) Yes.

(d) There is an abundant labour supply available at the factory. At times, however, it is feared that some of the labour might be attracted to agriculture during exceptionally good monsoons.

We think the following factors may ordinarily be regarded as the important ones in selecting the site for a cement factory :—

The close proximity of raw materials, good coal, abundant water supply, abundant supply of labour, good transportation facilities preferably by water failing which a first class railway, but certain circumstances may justify the selection of a site where some of the factors may not exist.

8. We do not manufacture different varieties of cement.

9. Portland Cement constitutes our entire output. It is manufactured to the British Standard Specification. We think the British Standard Specifica-

* This stipulation was retracted; see oral evidence.

tion requires certain revisions having regard to the climatic conditions in India. We are of opinion that the provision of neat tensile strength mentioned in the British Standard Specification should be omitted, and at the same time, compression tests should be added. The temperatures also require adjustment to Indian climatic conditions. We understand a Committee has been formed in this connection which is to investigate the whole question.

10. We consider that our cement is equal in quality and appearance to imported cement. We are afraid, however, our cement would not command the same prices in competitive markets as imported cement. The causes of this might be attributed to the following factors :—

Foreign cement is usually packed in casks whereas ours is packed in bags and in some of the markets in India, there is a prejudice against cement in bags as a general rule.

The most potent factor however, we think, is that it is the general prejudice of the engineering profession which is manned by Englishmen against the Indian product under their supposed belief that the English cement is the only cement best for the purpose.

II. RAW MATERIALS.

11. The raw materials used by us in the manufacture of cement are the following :—

Limestone.
Alluvial clay.
Gypsum.

12. (a) Roughly 42,500 tons (present average output 25,000 tons).

(b) Roughly 170,000 tons.

13. 25 cwts. of limestone and 8 cwts. of clay are required to produce one ton of cement. The percentage of wastage is as follows :—

(a) Nil.
(b) 65 per cent.
(c) 1 per cent.

14. One ton and 13 cwts. of slurry is required to produce one ton of clinker. Our process of manufacture is the wet process and hence slurry only.

15. One ton of clinker will on an average produce one ton of cement, the loss during grinding is made up by the addition of gypsum.

16. The raw materials are drawn from local quarries from within an area of two miles with the exception of gypsum which is obtained from the Navanagar State which is situated from the factory at a distance 30 to 40 miles.

17. Limestone, one of the raw materials, is blasted by means of gunpowder, then loaded by hand into trucks, the trucks being drawn to factory site by means of steam locomotives.

The clay is dug up from the clay pits and transported in the same manner in which the limestone is brought to the factory.

18. We have to pay Royalty on gypsum only. As we have to pay a lump sum at the beginning of each year for a particular maximum quantity, the incidence per ton is varying. We have paid Royalty during the last two years at an average of 14 As. per ton.

19. The cost per ton delivered for raw materials for each year since the factory was established is as follows :—

	1922.	1923.
	Rs. A. P.	Rs. A. P.
Stone	3 9 8	2 7 5
Clay	1 10 10	1 13 ½
Gypsum	23 11 7	21 10 2

20. Regarding raw materials we have got concessions from the Baroda State. A copy of the relative lease is attached hereto. We think in the terms of the concessions of the lease with the Baroda State, there is nothing that we find unfavourable.

A summary of the lease in connection with gypsum is also attached hereto. The Royalty that we have to pay on each ton of gypsum we find rather heavy.

21. The raw materials are fairly constant in regard to quality. We do not notice and do not expect any deterioration in the same.

22. No.

23. Forty years. As years go on, the cost will of course increase owing to the fact that our quarries will be further from the factory site and the consequent haulage from a longer distance. In any case, the cost we expect will not be prohibitive.

24. No.

25. No.

26. No.

27. The question does not arise except in the case of gypsum where the rate of railway freight is a bit high.

III. LABOUR.

(a) Quarry Labour.

28. The number of labourers employed in stone quarries and clay pit are approximately 200 and 50 respectively.

We have usually been getting the raw materials quarried through contractors at a fixed rate; hence no particulars regarding wages during each year can be provided.

There has not been any increase in the rates of wages and they have fallen a bit during the second year as is seen by us from the lower rates offered by contractors.

29. No. Same reply as to question No. 7(d).

30. The labour is mostly indigenous but sometimes a small portion happens to be imported one. In any case it is available in sufficient quantities.

31. No special training is required for this purpose.

(b) Factory Labour.

32. Expert supervision is required which at present involves the employment of skilled labour imported from abroad.

33. Four. The same number will suffice even if the factory will be working at full capacity.

34. No appreciable progress has been made in the substitution of Indian for imported expert labour. We anticipate that eventually the employment of imported labour will be unnecessary but in any case that date must be a little far off one due to the fact that the cement industry is only a recent one and is not at present in a developed condition. We consider that at least a period of five to ten years will be required to do away with foreign labour altogether by which time Indians will have completely acquired training in skilled work.

At present no facilities are open for Indian workmen to acquire training in skilled work but we contemplate starting a scheme of training apprentices very shortly; but the unsettled condition of the trade has been one of the chief causes in depressing enthusiasm in this connection.

35. As we have not got the figures or the rates paid to workers in other countries, we are unable to give a comparison.

36. The total number of Indian workmen employed is varying according to necessity.

Due to short notice it is not possible to give average wages of different classes.

37. (a) 1922, Rs. 2,66,933-3-5. 1923, Rs. 2,07,480-11-1.

(b) Due to short time allowed, it is not possible to furnish average wages in different classes.

There has been no appreciable increase in the rates of wages between the two years though there is a distinct decline during the second year.

38. The Indian labour force is sufficient. It is mostly drawn from the vicinity of the factory, but a portion of it sometimes also comes from other parts of India, *viz.*, Sind and the Punjab. Please refer answer to question No. 7(d) also.

39. Indian labour improves upon training but in the present conditions it is much slower than western workmen not due to the inherent incapacity of the Indian workmen but is to be traced only to the much less industrial progress of the country which in a way is responsible for not begetting the higher aptitude for industrial work. As time goes on we are of opinion that the Indian labourer will be, if not better, equal to the western workman.

40. We have made arrangements for housing almost all our staff, and all skilled labour also. We have three bungalows, nine stone built quarters and forty huts built of corrugated sheets. Drinking water facilities, etc., are provided. Further we have kept a special dispensary with a medical man in charge of the same to look to the needs of the factory labour. As conditions permit, we contemplate doing everything possible in the direction of the promotion of the welfare of labour.

IV. POWER INCLUDING FUEL.

41. The power used in the factory is derived from electricity.

42. The source of the power is our own dynamoses worked by steam power. The cost per unit comes to 15.25 pies on an average.

43. Steam power is used only for the purpose of producing electricity which of course enables the factory to be driven entirely electrically. The fuel used is coal. Sometimes there is a difficulty on account of the shortage of wagons for bringing the coal from the Indian coalfields although the same is available in large quantities on the basis of pitmouth deliveries.

44. About 15 cwt. of coal are required to produce one ton of cement which includes the fuel used for power production as well as for burning in kilns. We do not purchase any electrical current from outside sources.

45. Usually we are bringing fuel from the Bengal coalfields as well as from the Central Provinces coalfields. The fee on truck price varies from time to time. If at one time it might be Rs. 9 per ton *f.o.r.* pitmouth, at another time it might be Rs. 8 or Rs. 7 per ton. The cost of transport from Bengal to our factory is roughly about Rs. 20 to Rs. 21 per ton, whereas from the Central Provinces it is only about Rs. 14 per ton. Fuel is not locally available.

46. No.

47. As coal is the only fuel used by us, the question does not arise.

V. MARKET.

48. It is not possible to ascertain the exact figure of the total Indian production of cement but from the information so far as is available to us we believe that the Indian production of cement for each year since the factory was established is as follows:—

	Tons.
1922	147,615
1923	235,229

49. It is rather difficult to estimate the total Indian demand but we believe the same to be somewhere in the neighbourhood of 300,000 tons per annum.

50. We strongly believe that the Indian demand for cement will substantially increase in the near future for the following reasons :

Concrete construction is getting more popular day by day.

Knowledge is fast spreading about the various uses of cement tending to the general advantage of the building interests.

It has become substantially cheap as compared with the heavy prices during the war and pre-war periods and initial period of post war time.

Dock construction is going on in several places and ports are being developed for which of course cement is essential.

And generally, as the country progresses industrially, the uses of cement in various ways will be recognised and the demand will necessarily increase.

51. Bombay, Karachi, Kathiawar and generally on the coastline.

52. The question does not arise as we too are situated at a Port.

53. We consider that the export of cement from India to foreign countries is very probable in the near future if the industry is properly encouraged. The countries to which the exports could be made would probably be Mesopotamia, Persian Gulf Ports, South and East Africa, Ceylon and Singapore.

We believe that India will be able to export nearly a lack to a lack and a half tons unless the whole output is absorbed by the country before which of course some years will elapse.

54. (a) Partly yes.

(b) No.

(c) Partly yes.

(i) The question does not arise.

54. (ii)

1922.	Prices realised.	1923.	Prices realised.
Government about 4,425 tons.	Average rate per ton Rs. 79-0	About 5,100 tons.	Rs. 65-0-0 per ton pending adjustment.
Public bodies about 2,900 tons.	Do.	About 3,000 tons.	Do.

The last part of the question does not arise.

VI. FOREIGN COMPETITION.

55. Foreign countries from which the competition in the Indian market is keenest are the United Kingdom and to a certain extent Austria, Belgium, China and Japan.

56. Competition is keenest in respect of Portland Cement.

57. (i) (a) In 1912 Rs. 45 to Rs. 50 per ton.

In 1913 same as in 1912.

In 1914 Rs. 60 per ton.

(b) Rs. 125 to Rs. 225 per ton.

(c) 1921-22 Rs. 200 to Rs. 150.

1922-23 Rs. 150 to Rs. 75.

1923-24 Rs. 75 to Rs. 55.

(ii) The prices realised by us are as under :—

	Rs.
1922-23	77 per ton.
1923-24	62 per ton.

It is rather difficult to ascertain the f.o.b. prices of imported cement and it is much more difficult to determine the items of freight and insurance. Customs duty we are advised is 15 per cent. *ad valorem*.

The c.i.f. price so far as we have known is 68s. 6d. per ton.

Customs duty 15 per cent. *ad valorem*.

Landing charges may be taken to be 5 to 7 per cent.

The difficulty stated above is due to the fact that usually the exporters and the shipping companies collude together with the result that the information regarding freight paid is practically hidden from the knowledge of the public.

58. We are unable to say from what source the information is obtainable as to the prices at which imported cement enters the country though the importers may offer quotations to any customer on the basis of c.i.f. price or ex-docks or ex-godown delivery as the case may be.

The latter part of the question does not arise.

59. We believe that the quotations in the Trade Journals are fairly in accord with the prices at which transactions actually take place. The quotations given in the Trade Journals do not as a rule affect the terms on which we ourselves are doing business. We believe the prices at which cement is actually exported are appreciably below the home prices in the country of production.

60. We have reasons to suppose that the prices at which foreign producers sell for export to India are not necessarily remunerative but they are selling sometimes at a very small margin of profit to the producer with the deliberate idea of capturing the Indian market and sometimes below the cost of production. A perusal of the Directors' Report for the year 1923 of the Associated Portland Cement Manufacturers Limited will bear us out. The prices of foreign cement have gradually come down as the indigenous product has begun to appear in the market. In fact the foreign manufacturers are carefully watching the prices of Indian cement and then manipulating their prices.

61. Foreign competition is keenest in Calcutta, Rangoon, Bombay, Karachi, Madras, and in fact on all the coastal ports.

62. We are of opinion that the causes of the low prices at which foreign cement has entered India since the War may be the following :—

- (a) General trade boom and the consequent keen competition.
- (b) Low cost of production in other countries due to their having established from a long time past and having had complete experience in the line.
- (c) Cheap freight at which the material can be transported to long distances.

We have no reason to think that these causes will not be permanent since this industry in the foreign countries is firmly established.

63. The great disparity between the freights we have to pay for reaching our market in India when compared with the freights that have to be paid by the importer—of course the disparity is to the disadvantage of the Indian producer can be seen from the fact that whereas an importer has to pay roughly about 18 to 20 shillings per ton from London to Bombay, Calcutta, Madras, Rangoon or Karachi, we have to pay say about Rs 30/- per ton from our factory say to Rangoon. This remark is equally applicable in the case of Madras, Calcutta and other ports also. These are so far as the sea-freights are concerned. The railway freights if the cargo is diverted through the interior by means of railways will necessarily be nearly twice this much figure and to other places possibly three to four times that much figure. Thus on the very face of it it is a very great disadvantage under which the indigenous producer is labouring with the result that the markets at these places are usually captured by foreign exporters.

65. Rumour has it that sometimes continental cement is being re-exported from the United Kingdom as British manufacture but since the practice is a clandestine one, it is impossible to give evidence in this matter. The practice may be due to the lower cost of production in the Continent (or to depreciatory exchanges) when compared with that of the United Kingdom.

66. (a) Yes; since plant and machinery are not manufactured in India and since they were bought in 1920 when prices were very high.

(b) Yes; since expert labour is still to be trained in India.

(c) No.

(d) If fuel is included in raw materials then we are at a very great disadvantage in respect of this item.

We are at a disadvantage also in respect of gypsum which is one of the raw materials and which is to be brought over to our factory from a distance of about forty to fifty miles, but since the proportion of gypsum required for our purpose is not a large one, the disadvantage cannot be said to be in any way great.

(e) In the absence of the position of the foreign manufacturer, we cannot give a complete answer to this question. We, however, believe that our cost of raw materials is not higher when compared with the cost of the foreign manufacturer but regarding the consumable stores some of which are to be imported from foreign countries, we are unavoidably at a disadvantage. The result is that the stores are 50 per cent. dearer than in the United Kingdom.

(f) *Vide* answer to question 63.

(g) Yes.

(h) Yes; because in foreign countries plant and machinery are not to be imported whereas we have to import. Even so the spare parts and some of the consumable stores are to be imported by us whereas the foreign manufacturer is not required to do so.

(i) Yes; especially in these days.

67. The disadvantages in (a), the latter part of (e), and (g) we think would be permanent unless these materials would be manufactured in India which would necessarily take a pretty long time. The disadvantages in (h) are only a corollary to these three. We, however, believe that the disadvantages in (b) will be temporary. Unless Government takes special measures in regulating the freight, the disadvantages in (f) will be permanent.

68. (a) Some of the Indian manufacturers of cement are at a disadvantage owing to the distance between the sources of fuel and the areas where the raw materials are found.

(b) This fact would not much affect the Indian manufacturer in case the freights are regulated so as to be in equality with the foreign manufacturer, if not in a better position.

VII. EQUIPMENT.

69. This factory is sufficiently large for economic production.

70. The manufacture of cement requires the use of elaborate, heavy and expensive machinery.

71. The percentage of our total capital outlay on plant and machinery is 63.

72. This factory consists of, one Clay Wash Mill, Rough and Fine Stone Crushers, two Wet Compeb Mills, seven Slurry and two Correction Tanks, two Rotary Kilns 200 feet long by 9 feet diameter, two Coolers and Clinker Conveyors. All slurry is pumped by pneumatic pumps supplied with compressed air from three compressors. Two Dry Compeb Mills are erected for cement grinding fitted with emeric separators and screw conveyors. There is a stock house consisting of eight bins and two Bates Valve Packing Machines. The Power House consists of four Babcock & Wilcox Boilers fired by hand. There are three 1,000 K. W. Turbines. The water supply is obtained from our pumping station at Verwala which is at a distance of three miles. There is a Waste Heat Boiler which is under erection and which therefore has not yet been put into operation.

The whole of the machinery was supplied by Messrs. The Allis Chalmers Manufacturing Company of the United States of America and put into operation regularly in 1922.

73. The manufacturers when they supplied this plant assured us that it was sufficiently up-to-date though we believe that due to the recent improvements that have been effected in cement making machinery, we shall be at a small

disadvantage as compared with the foreign manufacturer who may thus get the better of us on account of this reason.

74. Yes.

75. The question does not arise.

76. Partly yes.

(a) Three Throw Slurry Pumps.

(b) Distilling Plant.

77. None.

VIII. CAPITAL ACCOUNT.

78. (a) Rs. 2,50,000-0-0.

(b) Rs. 34,285-11-0.

(c) Rs. 20,39,515-4-1.

(d) Rs. 49,44,867-11-2.

(e) Rs. 5,29,097-2-7.

79. The figures given in answer to question No. 78 represent the actual cost of the various assets. The latter half of the question does not arise.

The total of the depreciation fund is Rs. 40,000.

80. The sum actually set aside for depreciation since manufacture commenced is less than the sum which ought to have been set aside according to the suitable rates of depreciation.

81. We believe that the present day cost of a factory under the heads of Buildings and Plant and Machinery having the same output as ours might possibly be a little less for the obvious reason that there has been a general decline in prices. We are unable to give any detailed answers to this question at the present moment due to short notice. We believe, however, that the operating cost of a new factory would not make any very great difference with ours since this is a common factor affecting all at the same time.

82. In 1921 \$904,328.09 at an average exchange rate of 3.29.

\$136,572.24 at an average exchange rate of 8.60.

83. (a) Rs. 50,00,000.

(b) Rs. 50,00,000.

(c) Rs. 50,00,000.

Ordinary shares Rs. 30,00,000.

Preference shares Rs. 20,00,000.

There are no Deferred Shares.

84. The dividend payable on the First Preference Shares is $7\frac{1}{2}$ per cent. per annum and on the Second Preference Shares 9 per cent. per annum, the extent of each set of Preference Share being Rs. 10,00,000. These shares are entitled to cumulative dividends. The First Preference Shares have become entitled to dividend from the year ended 31st March 1921, and the Second Preference Shares from 31st December 1922.

The dividends are in arrears.

85. The question does not arise.

86. (a) 1920 Paid up share capital (Preference), Rs. 10,00,000.

Paid up share capital (Ordinary), Rs. 10,00,000.

1921 Paid up share capital (Preference), Rs. 10,00,000.

Paid up share capital (Ordinary), Rs. 30,00,000.

1922 Paid up share capital (Preference), Rs. 20,00,000.

Paid up share capital (Ordinary), Rs. 30,00,000.

1923 Same as 1922.

(b) Nil.

(c) Nil.

87. The question does not arise.

88. Rs. 20,00,000 is the Debenture loan raised by the Company. The loan was issued at par, the rate of interest on an average being $7\frac{1}{2}$ per cent. per annum. The period fixed for redemption for Rs. 10,00,000 is 1931, and for the remaining the period is varying which on the whole is prior to 1931.

No Debenture Sinking Fund has been established.

89. Nil.

90. We do not contemplate carrying out any very great replacements or extensions of the plant at the moment barring the two items mentioned in answer to question 76(b). The approximate cost will be Rs. 1,00,000.

IX. COST OF PRODUCTION.

91. The two forms are filled in and attached hereto.

92. We have reason to believe that the works cost was increased in the first year as also in the second year owing to the fact that the factory was working at less than its full capacity. The main items affected are—

Salaries, wages, stores, whose incidence on cost would have been much less if the full output was obtained.

If the full output had been obtained, the cost would have probably come down by at least 10 per cent.

93. We regret that the cost for the year 1922 was rather abnormally high due to the fact that the price at which coal used that year was purchased was at a very abnormal figure. The difference between the market price of that year of coal and of the price at which it was landed at our works formerly was Rs. 13 per ton. In accordance with the previous agreements entered into in this connection (and due to the sudden fall in prices subsequently) we were at a very heavy loss. This kicked up the cost in 1922 and for some period in 1923.

The following is the estimate of the works cost for some future year on the assumption that conditions are normal and an output is obtained equivalent to the full capacity of the Plant:—

(a) Rs. 40 to Rs. 45 per ton.

94. No.

95. No.

(b) OVERHEAD CHARGES.

(i) Depreciation.

96. The following are the rates of depreciation allowed by the Income Tax Office:—

Buildings $2\frac{1}{2}$ per cent.

Plant and machinery $7\frac{1}{2}$ per cent.

We do not think that the rates allowed by the Income-Tax Authorities are suitable in calculating the cost of production of our cement. We would suggest 10 per cent. on machinery, the reasons being as follows:—

(a) The wear and tear of machinery is rather very intense when compared with the machinery used for other purposes since this sort of machinery has to deal with heavy materials such as stone, etc., which have to be crushed and ground down,

(b) and so far as we are concerned, the saltish climate plays a certain part in shortening the life of the machinery.

97. The sum required annually for depreciation at Income-tax rates on the total block account is as follows:—

	Rs.	A. P.	Rs.	A. P.
	(a)		(b)	
Buildings	50,987	8 0	49,710	0 0
Plant and machinery in continuous operation	3,70,860	0 0	3,43,057	0 0
Other assets	81,831	0 0	29,137	0 0
TOTAL	4,53,678	8 0	4,21,904	0 0

(c) The question does not arise.

If the rates we would suggest be adopted, the following sum would be required annually for depreciation at those rates:—

✓ Plant and machinery in continuous operation, Rs. 4,94,258.

98. The question cannot be precisely answered at the present stage as the figure cannot be fixed as per answer given to question No. 81.

99. The incidence per ton of cement when the depreciation is written off according to the various methods given in question No. 97 will be as follows:—

	According to the rates allowed by the Income-tax authorities.	According to the rates suggested by us.
(a)	Rs. 18-2-4 (25,000 tons)	Rs. 23-1-4 (25,000 tons)
(b)	Rs. 4-8-7	Rs. 5-12-4

100. The working capital which the Company requires is as follows:—

(i) Rs. 19,00,000.

(ii) Rs. 65,00,000.

101. The Company is not able to provide all the working capital it requires from share and debenture capital and it has therefore been found necessary to borrow additional capital for the purpose.

102. The additional working capital has been borrowed at an average rate of interest of $8\frac{1}{2}$ per cent. per annum to the extent of Rs. 26,00,000.

103. Taking on an average the monthly works cost to be Rs. 1,00,000, it is roughly 19 times the working capital, namely Rs. 19,00,000.

104. The average value of the stocks of the finished goods held by the Company is normally between Rs. 3 to 4 lacks. On an average the period that elapses between production and payment is three to four months, though it sometimes runs from seven to eight months but in rare cases.

105. The Company does find it necessary to hold large stocks of coal but not necessarily of raw materials. The acute shortage of wagon supply makes it incumbent upon the Company to attempt to stock large quantities of coal with consequent lock up of capital and deterioration of quality failing which they have to take the risk of the stoppage of the works all of a sudden. The average value of the stocks held during 1922 was Rs. 7,50,000 approximately.

(iii) Agents' Commission and Head Office Expenses.

106. The Company has a Head Office other than the office of the local management at the factory. It is under the control of a firm of Managing Agents.

107. (i) The annual amount of the Head Office expenses is about Rs. 71,000.

(ii) The Agents' commission cannot be precisely stated due to the reason given in the answer to the next following question.

108. The amount of Agents' commission is 10 per cent. on the nett profits of the Company.

109. (a) Expenses per ton of cement according to the present output is Rs. 2-13-5, and according to the output equivalent to the full capacity of the plant would possibly be Rs. 1-2-9.

(b) The question is not precisely answerable in view of the reply given to the next preceding question.

X. MANUFACTURERS' COST.

110. We consider a rate of 8 per cent. dividend would be a fair return on ordinary shares. We have got no deferred shares.

111. We are of opinion that if new capital is to be raised it would be possibly necessary to offer a rate of at least 8 to 9 per cent. on Preference Shares and something like 7 to 8 per cent. on Debentures would be necessary on the assumption that profits would necessarily be made in the industry which would show a substantial margin after providing for interest on the existing shares and debentures. On looking to the present position of the industry, however, we are very much afraid whether any capital would be forthcoming if rates even higher than those mentioned by us are offered.

112. In the present unsettled condition of the industry it is hard to forecast without fear of being falsified whether there would be any return possible.

113. (a) The incidence per ton of cement of the fair return on the ordinary shares would be according to the present output Rs. 9 to Rs. 9-7-0 and according to the full capacity of the plant would be Rs. 2-6-4.

(b) Rs. 6-9-7 according to present output and Rs. 1-10-5 according to full capacity.

(c) Rs. 5-14-4 according to the present output and Rs. 1-7-7 according to full capacity.

XI. CLAIM FOR PROTECTION.

114. A. We are strongly of opinion that the three conditions mentioned in paragraph No. 97 of the Report of the Fiscal Commission are completely satisfied in respect of our industry.

It goes without saying and can be proved that the industry possesses natural advantages such as an abundant supply of raw materials, sufficient supply of labour and also a pretty large home market. In many places all over India we can find the raw materials necessary for this industry in abundance. The supply of labour also is both adequate and sufficient as is recognised on all hands and as we see also that the surplus labour is required to emigrate. In some places, power can be had cheap, but in other places power will be a bit dear due to the fact that it has to be generated locally, there being no other source from which it can be bought. There is a home market also sufficient to keep up the industry running *provided care is taken to reserve the market for the indigenous industry.*

B. We consider that without the help of protection the industry is not likely to develop in the manner in which everyone would desire it to be developed. Development does not necessarily mean only the multiplication of works. Development to be truly so called must prepare the industry to stand on its own legs. In that sense we venture to say that, without the help of protection, the industry would not develop to such an extent as is desirable in the interests of the country.

This industry is only of recent growth. It began in India in 1914 when there were only two or three works. After the war however new works came into existence one after another with the result that at present we find a pretty large number of factories working. In fact it is a mere beginning of this industry in India. To take the metaphor of "Nurse the baby, protect the child, and free the adult" cited by Lala Harikishen Lal in his evidence before the Fiscal Commission which appealed to the Commission in its entirety as can be seen from their repeated allusions thereto, the industry, if not strictly a baby, may be very well supposed to be in the condition of a child and as such requires protection essentially. A decade is nothing in the history of a country for the development of an industry if the development is to be on a sound basis. At least 15 to 20 years is the period necessary.

It may be argued that as there are a number of works of cement, the industry may be said to be developed. The very rapidity with which they have come into existence may bring about their disappearance, and if this be the case, the interests of the country will be seriously affected. It is a commonplace of history that in protectionist countries, especially in Germany and United States, the tariffs were raised to almost a very high level to protect the indigenous industries with the result which we now see, that these two countries have topped the list in industrial development. In fact in France they went a step further and granted even a legal prohibition in respect of imports of certain manufactures during the middle of the 19th century. This was all done in the interests of the indigenous manufacturer. Our present position is such that unless the industry is protected, it might not only fail in itself but will cause a general apprehension in the minds of the already shy investing public about the worst condition of this industry. The result will be that no person or firm would undertake to invest capital in this industry for a number of years to come until the confidence that will be shaken in case the apprehensions entertained come out true, is restored. This will necessarily take a pretty long time. It will at the same time mean a serious clog to the already slow progress of industrial development in this country which as compared with that of the foreign countries is at its lowest.

It will thus be seen that this condition is also satisfied.

C. When a sufficient breathing space is allowed by which time the industry would be able to substantially plant itself in the country just like the foreign similar concerns in those countries, we have no doubt that the industry must be finally able to face world competition without protection. This we believe would take 15 to 20 years when there will be no need of protection. Much before that time the expert labour which has now to be imported from abroad at fanciful rates of wages will be available in the country both in quantity and quality. The cost also will come down appreciably when a considerable experience is gained from year to year in respect of this new industry.

All these three conditions, therefore, are in our opinion fully satisfied in the case of this industry.

115. A. The industry is certainly one in which the conditions of large-scale production can be achieved and an increasing output would mean an increasing economy of production.

B. As matters stand at present even, we think that the whole needs of the country would be supplied by the home production and something more than that.

116. We consider that the cement industry is almost on the same footing as the steel industry. We are afraid that this aspect of the question was not placed before the Fiscal Commission in regard to this industry. If possibly this aspect was presented to them, we believe they would have explicitly stated in their report that the steel industry and the cement industry are to be placed in the same category. Just as steel is necessary for national defence, cement is equally necessary. As a matter of fact the whole output

of the Indian works during the war was requisitioned by the Government for military purposes. For the purpose of constructing fortifications, foundation structures for planting guns and sometimes for building up bridges and a number of other things, cement is extremely necessary for modern warfare. It is a key industry and must be therefore protected with as much great care as should be taken in the preservation of the steel industry.

The Fiscal Commission in paragraph No. 106 of their report have discussed the treatment of industries of national importance or of special military value and affirmed without hesitation the principle—

“That any industry which is essential for national defence and for which the conditions in India are not unfavourable should if necessary be adequately protected irrespective of the general conditions (*vide* the three conditions in paragraph No. 97) which we have laid down for the protection of industries.”

It will thus be seen that even though the second condition laid down by the Fiscal Commission in paragraph No. 97 of their report does not on a superficial view appear to be satisfied, this statement in paragraph No. 106 must convince anybody that the real intention of the Fiscal Commission was to give genuine protection to all industries of military importance irrespective of other considerations. In fact the very characteristic of its being important on military grounds should be the main criterion in determining the fitness or otherwise of an industry for being granted protection. Thus it will be seen that the industry is of importance on national grounds as well.

The case therefore for protection of this industry is overwhelmingly strong:

117. Development of industries has been now recognised to be an integral part of the fiscal policy of the Government of India. Along with this, urbanisation of rural areas is going on. There are 700,000 villages in India and if urbanisation is going as it is at present going on—on a pretty large scale—the tastes of the people as a whole will necessarily undergo a marvellous change. The people in the villages at present are using for building purposes materials of a crude type such as mud, chunam, etc., and the more the process of urbanisation is carried on, the more they will think of having cement for the purpose. The demand will naturally grow and if the industry is allowed by the Government to survive the bad times which are at present threatening it, it will do a great service to the country and to the people as well by being in a position to satisfy the needs of the people.

118. At this time we would urge that protective duties should be imposed on imported “Portland Cement” only which competes very keenly with the indigenous product. The imports of other kinds of cement are insignificant and possibly it will take some time before the Indian cement industry would be able to manufacture other kinds of cement in as efficient a manner as the foreign manufacturer does.

119. A. Powers must be vested in the proper authorities to raise the tariffs immediately when imports at cheap rates take place due to depreciated exchanges so that the protection given may be effective.

B. By bringing pressure on the steamship companies to materially reduce their rates of freight on cement exports and by giving bounties if possible on every ton exported to foreign countries.

C. By asking Government to make all their purchases of cement from the indigenous manufacturers (the Government have imported in 1923-24 something like 11,685 tons).

120. (a) The amount of protection the industry receives at present is 15 per cent. *ad valorem*.

This amount of protection which the industry receives at present is altogether neutralised due to the heavy freights the indigenous industry has to pay in reaching the internal markets only. In fact this does not give any sort of protection altogether.

121. We would consider that at least Rs. 25 per ton specific duty would be a tolerably adequate protection so as to be an effective guarantee against foreign imports and reserve the whole of the home market for the indigenous industry.

122. We believe that it is a fact that the productive capacity of the Indian cement factories exceeds the total consumption of the country and this is the very reason why we insist upon the reservation of the home market for the indigenous product. When the country is able to produce its own requirements and more, there is no reason why foreign imports should take place. Moreover it is to the advantage of the country that so much of money which is going out by way of payments for imports will be retained in the country.

Further due to this very fact again internal competition is developed with the inevitable result that the consumer does not stand to lose. The burden of argument that is usually advanced against granting protection, is that the interests of the consumer are jeopardized. These are completely safeguarded due to the internal competition. Therefore the giving of protection against the foreign imports will save the country as a whole the drain of heavy amounts which are going out of India by way of payments for these imports without at the same time any detriment to the country.

It may however be argued that if protection would be granted to the industry, a combine may be entered into by the indigenous manufacturers to exploit the consumer. Having regard to the present situation we have no doubt in holding that such a possibility will be far from being realized and even supposing that this would happen the Government can at once pass legislation to counter the movement of a combine if of course it tends to the detriment of the consumer. The important thing to be seen is that the consumer does not stand to lose, neither the tax-payer.

FORM I.

	1922.			1923.		
	Rs.	A.	P.	Rs.	A.	P.
Raw materials	2,39,139	15	11	1,04,205	4	0
Labour	2,47,257	6	3	1,77,034	12	9
Power and fuel	12,15,776	13	7	6,73,273	11	4
Repairs	35,658	4	11	52,931	7	2
General supervision	70,669	0	4	73,826	13	5
Miscellaneous	4,676	5	11	7,237	14	2
Stores and oil	1,37,508	7	8	1,04,057	7	5
Packing including bags	2,09,306	12	9	3,10,925	4	11
TOTAL	21,59,993	3	4	15,03,492	11	2

Total production for the years is as under :—

	1922.		1923.	
	Tons.	Cwts.	Tons.	Cwts.
Clinker in stock	11,917	8	2,364	6
Finished goods (Cement)	28,308	17	25,422	4
TOTAL	40,226	5	27,786	10
Cement packed	24,868	5	27,994	18

FORM II.

We regret that the details of the several items as desired in this form cannot be provided. We, however, give cost per ton of cement under the following heads, so far as it can be approximately ascertained. The figures therefore cannot be taken to be accurate to the letter.

	Quantity.		1922.		
	Tons.	Cwts.	Rs.	A.	P.
Clinker produced	33,379	0	54	3	2
Cement ground	28,308	17	5	0	0
Cement packed	24,868	5	8	6	8
			67	9	10

	Quantity.		1923.		
	Tons.	Cwts.	Rs.	A.	P.
Clinker produced	20,009	0	51	0	0
Cement ground	25,422	0	6	12	3½
Cement packed	27,994	0	11	1	8½
			68	14	0

N.B.—The cost during 1923 should have been really less than in 1922 but simply due to the higher cost of sacks for packing the cost has gone high. Sacks alone cost Rs. 10 per ton in 1923 whereas in 1922 they cost only about Rs. 6-4.

An AGREEMENT made the sixth day of April One thousand and nine hundred and eighteen between Manubhai N. Mehta, Esq., M.A., LL.B., Dewan, on behalf of the Government of His Highness the Maharaja Gaekwad of Baroda, hereinafter called the Lessor, of the one part, and Purshotam Vishram Mawjee, of Bombay, Bhatia Hindu, hereinafter called the Lessee (which expression shall wherever it occurs in these presents mean and include the said Purshotam Vishram Mawjee his heirs executors administrators and assigns), of the other part. WHEREAS the Lessee made certain proposals to the Lessor for grant of land in the Okhamandal Division of the Lessor's State as also of certain rights privileges and concessions in connection with the business of cement and kindred industries proposed to be started by the Lessee in the said Okhamandal Division: AND WHEREAS the Lessor has been pleased to accept the said proposals with certain modifications: AND WHEREAS the Lessee has agreed to the said modifications: AND WHEREAS the parties are now desirous that a proper agreement embodying the terms and conditions of the grant to the Lessee of land, etc., in the said Okhamandal Division and of the rights concessions and privileges in connection with the business of cement and kindred industries in the said Okhamandal Division proposed to be started, established and conducted by the Lessee as aforesaid be made and entered into by and between the parties: NOW THIS AGREEMENT WITNESSETH that it is agreed by and between the Lessor and the Lessee as follows, that is to say:—

1. The Lessor shall at any time hereafter grant convey and demise free of any rent or other charges whatever save and except the usual assessment in respect thereof but subject to the payment of royalty as hereinafter provided to and unto the Lessee such land or lands in the aggregate exceeding in extent 100 bighas in the said Okhamandal Division at such site or sites as might hereafter from time to time be required and fixed by the Lessee for the purpose of and in connection with the business of cement and

kindred industries proposed to be started by the Lessee in the said Okhamandal Division and for the purpose or purposes of erecting factory or factories, building or buildings, premises for residential or other purposes and other structures in connection with the Lessee's said business TO HAVE AND TO HOLD the same to and unto the Lessee for a term or period of forty years from the date of the starting by the Lessee of the working of the Cement Factory of the Lessee: PROVIDED HOWEVER that in the event of there being no Government land available at or about the proposed site or sites where land or lands is/are or be required by the Lessee as aforesaid, the Lessor shall acquire for the Lessee but at his expense such land or lands as may from time to time be acquired by the Lessee PROVIDED ALSO that the Lessee shall not use the land thus granted, conveyed and demised or acquired except for the purposes for which such grant, conveyance, demise or acquisition is intended and if at any time hereafter the Lessee ceases to work and is desirous of transferring any of such land or lands or any portion or portions thereof the Lessor shall have in any such case the option either of allowing the Lessee to transfer such land or lands or portion or portions thereof as proposed or desired by him or of getting back the land for himself but in this last mentioned case the Lessor shall refund to the Lessee the compensation amount, if any, that might have been paid by the Lessee for the acquisition of such land or lands portion or portions if the same had to be and was acquired by the Lessor for the Lessee as hereinabove provided.

2. The Lessee hereby agrees that he shall start cement works in Okhamandal aforesaid within two years from the determination of the present European war.

3. The Lessee shall be liable to pay and pay income-tax and Municipal duties as also the import and export duties payable under the British Indian Tariff Act applicable to the Okha Port or Ports, but shall not be liable to pay any other import or export duty at these Port or Ports.

4. The Lessor shall construct and maintain at his own expense roads connecting the exterior precincts of the factory to the principal Roads.

5. The Lessor shall further demise free of charge or rent or any payment therefor for the aforesaid term to the Lessee also lands creeks beaches and other sites with the deposits therein thereunder and thereon in the said Okhamandal Division for the purpose of digging quarrying, etc., stone lime, clay, sand, etc., required by the Lessee in connection with the business of cement and kindred industries aforesaid PROVIDED HOWEVER that the Lessor shall not be bound to demise any land or lands if the same are required by the Lessor himself for any other purpose AND PROVIDED ALSO that the Lessor shall not be bound to demise to the Lessee any land which is not unculturable waste land and which is not in the occupation of any one.

6. The Lessee shall give to the State royalty at 3 annas per ton of cement manufactured or produced by the Lessee in the said Okhamandal Division for the first five years after the commencement of working of the Lessee's cement factory and at 4 annas for the five years thereafter and at 5 annas thereafter during the rest of the aforesaid term or period of 40 years PROVIDED HOWEVER that in the event of the Lessee's ceasing to do the cement business entirely continuously for a period of 5 years at any time after the starting of the factory for the cement manufacture except when compelled to do so by an Act of State or Act of Enemy or Act of God or other unavoidable accident beyond the control of the Lessee, the Lessor shall be entitled to determine the monopoly hereby given to the Lessee PROVIDED HOWEVER that in the event of the cessation of the Lessee's cement business continuously for 5 years except as aforesaid the Lessee shall nevertheless be liable to pay the State royalty at two annas per ton computed on the quantity of cement manufactured by the Lessee during the year immediately preceding such cessation. The royalty in this clause mentioned shall be payable annually.

7. The Lessor shall not allow directly or indirectly manufacture production or preparation of cement and kindred goods by any person or persons or by any body or body corporate or otherwise; association or associations company or companies or any one whomsoever other than the Lessee his agents or assigns in the said Okhamandal Division of the State during the aforesaid term or period of forty years.

8. The Lessee shall supply to the Lessor for the State works such quantity of cement manufactured or produced by the Lessee in the said Okhamandal Division as the Lessee can spare after meeting the contracts then pending at the then market price thereof less 10 per cent. after deducting or making allowance for the freight charges.

9. The Lessee shall be entitled to transfer assign or give the benefit of this agreement or any part thereof and of the monopoly, concession, rights and privileges and the Lease as also of the grant demise and transfer of land, creeks, beaches and other sites with the deposits therein, thereunder and thereon or any part thereof to any person firm syndicate or corporation PROVIDED HOWEVER that before the Lessee shall so transfer assign or give the benefit of this agreement, etc., as aforesaid he shall obtain the Lessor's sanction thereto.

10. The Lessee shall within twelve months from the determination of the present European war fix the first building site or sites quarry or quarries creek or creeks to be granted conveyed and demised to him as hereinabove provided.

11. The Lessor shall be entitled but for the purpose merely of ascertaining the amount of royalty payable to him to inspect the Lessee's books showing the quantity of cement manufactured or produced by the Lessee and the Lessor shall also be similarly entitled but for the purposes merely of clause 8 hereinabove and of ascertaining the pending contracts of the Lessee as in the said clause eight hereinabove contemplated, the books of the Lessee showing such contracts.

IN WITNESS WHEREOF the parties hereto have hereunto set their respective hands and seals the day and year first above written.

Signed sealed and delivered by the
withinnamed Manubhai N. Mehta in the
presence of—

MANILAL M. NANAVATI.
S. M. PAGAR.

MANUBHAI N. MEHTA.

Signed sealed and delivered by the
withinnamed Purshotam Vishram Mawjee
in the presence of—

PARSHURAM MADHORAM VIN.
S. M. PAGAR.

PURSHOTAM VISHRAM
MAWJEE.

LEASE OF MINING GYPSUM.

(NOTE.—The original lease dated the 8th January 1922 is in Gujarati. The parties to the lease are the Jam Sahab of Navanagar State and the Dwarka Cement Company, Limited. The principal terms of the agreement are given below.)

1. Agreement is for a period of five years operating from 1st January 1921 to 31st December 1925.

2. Royalty to be paid to the State for the first two years is Rs. 1,000 per annum for which the maximum quantity of gypsum to be removed during each year is 3,440 cartloads (each of 20 maunds, each maund being roughly equal to 1 qr.). If any quantity in excess of this figure is removed, it is to be paid for at the rate of Rs. 1-4 per cartload.

3. Royalty for the next three years is to be paid at the rate of Rs. 1,750 per annum for which a maximum quantity of 1,400 cartloads can be removed during each of these three years and if any quantity in excess of this figure is removed during each of these three years, such quantity is to be paid for at the rate of Rs. 1-4 per cartload.

4. The State reserves to itself the right of removing any quantity of gypsum for its own consumption.

B. ORAL.

THE DWARKA CEMENT COMPANY.

Oral evidence of Mr. P. V. ACHARYA. Recorded at Simla on Monday July 7th, 1924.

I. INTRODUCTORY.

President.—Will you please tell us what your position is in the Dwarka Cement Company?

Mr. Acharya.—I am Secretary to the Dwarka Cement Company, and am in charge of the Bombay office subject to the control of the Managing Agents.

President.—In your answer to question 7 you mention certain factors which have to be taken into consideration in selecting the site for a cement factory. Which do you regard as the most important of these?

Mr. Acharya.—I think that close proximity of raw materials is the most important.

President.—That is to say, unless the factory is close to the raw materials, it would be very difficult to carry on the manufacture of cement?

Mr. Acharya.—I think so. If of course coal is also very near, it is far better.

President.—What we have noticed is that, on the whole, manufacturers in India prefer to be near their raw materials, even though they are at a good distance from the coalfields.

Mr. Acharya.—Yes.

President.—You say in answer to question 10 "The most potent factor, however, we think, is that the general prejudice of the engineering profession which is manned by Englishmen against the Indian product under their supposed belief that the English cement is the only cement best for the purpose." I know quite well what you refer to, and there is no question about it that Englishmen, who are very often conservative people, tend to adhere to the sources of supply they are accustomed to. But I think it is something more than a prejudice. Does not British trade owe a good deal of its success to the fact, that the manufacturers turn out good stuff?

Mr. Acharya.—Stuff or the packing you mean?

President.—I am not referring specially to cement just now. The tendency you refer to is not confined to cement by any manner of means. I have come across it myself in other trades. What I should like to put to you is that the tendency is more than a prejudice, and that it has definite grounds underlying it.

Mr. Acharya.—It is more than a prejudice in this way. Even though the Indian cement is better or at least equal to the English cement in quality, yet these Englishmen go in for the foreign cement because they want to patronise their own industry.

President.—I don't say that that element is absent. You may be right to some extent about that, but I think that you are not making sufficient allowance for other factors.

Mr. Acharya.—Do you mean from the point of view of quality?

President.—No. What I mean to say is that I think that you are overvaluing the racial factor altogether. However you are entitled to your own opinion.

Mr. Acharya.—The day before yesterday I met an engineer. He himself told me that when Government gave contracts for doing cement work, they stipulated a condition that the cement that should be used must be English cement. I cannot of course prove this allegation.

President.—Have you ever been in communication with the Indian Stores Department? Do you know any of their officers?

Mr. Acharya.—Oh, yes.

President.—Have you ever drawn their attention to this point?

Mr. Acharya.—No, I have not drawn their attention.

President.—Why not?

Mr. Acharya.—We thought that the whole case would be investigated by the Tariff Board.

President.—If you believe there are orders by Government giving preference to British cement, you are under a misapprehension, and if you read the new Stores Rules, this will be apparent.

Mr. Acharya.—We will communicate that to the Stores Department.

President.—It is a mistake to attach exaggerated importance to casual statements. The preference for English goods is largely based on the fact that, on the whole, English manufacturers make a point of turning out high class goods, and they have earned a good reputation. The engineer very naturally says "I might try new sources of supply, but I have always been able to get stuff that I could thoroughly rely on from the firm I am accustomed to, and the best thing is to go to them." But, however things may be with engineers in private employment, engineers in Government service come under the rules and are bound by them.

Mr. Acharya.—Private engineers care for their money. Take for instance the case of Messrs. J. C. Gammon, Ltd. They are great consumers of cement and they are carrying out great concrete works. They are always taking Indian cement. I am citing only one instance.

President.—Can you bring to our notice any concrete instance in which a Government engineer has bought British cement when he could get Indian cement at a lower price?

Mr. Acharya.—I have nothing concrete to say.

President.—If you do not know of any concrete case, are you justified in making the statement that you have made?

Mr. Acharya.—Why not? We are justified I think. So far as the allegation is concerned, we cannot prove such allegations by regular evidence. It will be difficult to prove.

President.—Do you think that you are entitled to assert that a certain state of things exists, although you cannot give us any evidence?

Mr. Acharya.—We cannot give any evidence because these practices cannot be openly resorted to. That is why I say that this statement may be taken with allowance.

Mr. Ginwala.—Do you suggest that the European engineer tells the contractor secretly that, if he is to obtain the contract, he must use English cement. Is that what you mean? Otherwise, you ought to be able to prove it.

Mr. Acharya.—I think that it amounts to that much.

Mr. Ginwala.—Has the English engineer any particular interest in this arrangement?

Mr. Acharya.—No. The particular interest is to patronise his own people because this sort of thing has been found by us in several other cases.

President.—Has it been found by you?

Mr. Acharya.—Patronising their own people not in respect of cement necessarily. I can give you one more instance. When we had an American in charge of the works at Dwarka, he would always recommend to us that an American was needed for the purpose.

President.—That does not seem to me to be relevant.

Mr. Ginwala.—Don't you do the same thing? Suppose you had a choice to make, would you not say "I would have my own countryman."

Mr. Acharya.—Certainly I won't be justified in saying that, unless the man is sufficiently capable. Capability is the question.

Mr. Ginwala.—If you are to decide everything on the question of capability, our countrymen will have a very poor chance indeed in many cases.

Mr. Acharya.—In that case, they must suffer.

President.—That is hardly relevant. I think that, if you are unable to give us any definite evidence in support of what you say, you were not justified in making the statement that you have made. I can assure you that, if you get into communication with the officers of the Indian Stores Department, you will find that they are most anxious to do whatever lies in their power. They are doing everything they can from day to day in order to secure that whenever possible the orders should be placed in India. That is all I have got to ask about the first section.

Mr. Ginwala.—On this point of prejudice: what would you do? Supposing you are constructing a building worth Rs. 50 lakhs personally and there is some article (not necessarily cement) which is of a well known brand and for a hundred years manufactured abroad, and there is quite a new article manufactured for a year or two in this country, and the difference in price to you was perhaps a few thousands on the whole, what would you use?

Mr. Acharya.—I have to use my own discretion.

Mr. Ginwala.—How would you use your discretion? You are assured by people who claim to know all about it that your building would be all right. There was not even a reasonable doubt about it, but you had that doubt in your own mind. Well then, what would you do? Would you rather save the few thousand rupees, or would you not, and take the article of which you were quite assured?

Mr. Acharya.—If I can make sure of the other article I will buy it.

Mr. Ginwala.—You cannot make sure of the local article by long experience. The other thing has been proved over and over again. The question is that the building may fall down or it may not last as long as you would like it, if the article proved unsatisfactory. Would you save a few thousand rupees in such circumstances?

Mr. Acharya.—I shall explain the position. Take for instance cement.

Mr. Ginwala.—Take something else. What will you do in such a case?

Mr. Acharya.—If I cannot get any reasonable assurance from people who ought to know about these things, I will go in for the foreign article, but seeing that the locally made article is cheaper I will take pains to ascertain whether it is not as good as the local article.

Mr. Ginwala.—That is to say, you will be prepared to take the word of the manufacturer?

Mr. Acharya.—No. I will take other things into consideration.

Mr. Ginwala.—The experimental test is one thing and actual experience is quite another. You may be able to prove on paper that a building will last another fifty years, but this is quite a different thing from a building erected out of another cement which has lasted fifty years, so that human nature has got some reason to doubt the quality of the more recent material. Is not that so? May not that account for the preference of foreign cement to some extent, rather than prejudice?

Mr. Acharya.—To a certain extent it may. But cement being a chemical composition, it can be subjected to special tests and seen whether it complies with the British Standard Specification or not.

Mr. Ginwala.—It is true. But you cannot blame the man for saying "I know of no building which has been in existence for 50 years built out of your cement." A man may say that.

Mr. Acharya.—The specification is there and the particular cement he takes may be tested. He may see whether the tests are all right and then proceed to buy. That is what is being done by the Development Department for instance.

Mr. Ginwala.—About packing cement in bags: does it not sometimes lead to deterioration as compared to cement packed in barrels?

Mr. Acharya.—It does when the atmosphere is very damp.

Mr. Ginwala.—In that case, it is hardly a prejudice.

Mr. Acharya.—In a place like Bombay, it does not deteriorate. But in Rangoon where the climate, we are told, is very damp, it is likely to deteriorate. That is why we are thinking of packing our cement in casks.

Mr. Ginwala.—I don't think that the climate of Rangoon is more damp than that of Bombay, because I have lived in both places for almost an equal number of years.

Mr. Acharya.—When we had an enquiry from Rangoon, they specially drew our attention to that fact. Then, we sent out cement in double bags.

Mr. Ginwala.—That is rather due to the fact that it takes you a much longer time to get to Rangoon than to Bombay, and in that way it is due to a longer sea voyage. Once the cement gets to Rangoon, the climatic conditions are not so different there from those of Bombay as to cause deterioration.

Mr. Acharya.—That is what they told us.

Mr. Ginwala.—In that case, you cannot call it prejudice.

Mr. Acharya.—Here it is our own fault. So far as Bombay is concerned, the prejudice is there.

Mr. Ginwala.—Can you get casks in India?

Mr. Acharya.—We can get. Messrs. Spedding & Co., have written to us saying that they can supply us casks. We have asked them two or three times to quote but they have not yet replied. They say that the making of casks is quite easy from shooks containing staves and bottom-pieces, 2 samples of which they have sent us. If we can pack cement in casks, it will be very nice for us all.

President.—How far has this proceeded? Have you calculated how much casks are going to cost you?

Mr. Acharya.—That is the main thing. We told them that our cost of packing cement in bags was Rs. 8 to 10. If we can have casks at about Rs. 13 a ton, we will go for them.

Mr. Ginwala.—Do you mean to say that they would send you materials for making casks?

Mr. Acharya.—Yes. In one lump they put two bottom pieces and these staves, and they say that the procedure of making the whole thing into a cask is very simple.

President.—That has to be made on the spot.

Mr. Acharya.—Yes. The works of Messrs. Spedding & Co., are at Jhelum. We have asked them for quotations (f. o. r. Dwarka).

President.—They will have to come by train.

Mr. Acharya.—Yes.

President.—It would depend upon their quotations.

Mr. Acharya.—Yes, it is a serious matter. If we could pack our cement in casks, we will get our market in Rangoon. It depends upon you now whether you give us protection and consequently greater market.

Mr. Ginwala.—It depends a good deal upon the industry itself.

President.—The industry ought to realise that success depends upon itself.

Mr. Acharya.—True.

Mr. Kale.—The implication of what you were telling the President and Mr. Ginwala appears to me to be this. There are certain Government

engineers who in order to encourage their own countrymen and their manufacturers are inclined to show greater favour to British cement than to Indian cement. That seems to be the implication. At the same time you are not able to prove your allegation. Is that correct?

Mr. Acharya.—Yes, but the allegation itself being of a particular nature, I think that it will be very difficult to prove it. We cannot be taken into the confidence of these engineers.

Mr. Kale.—Is it a fact that you are not able to prove it because you are afraid that your business will suffer if you make certain disclosures in connection with facts which you know?

Mr. Acharya.—Partly it is so. So far as I am concerned I have not come across any concrete instances.

President.—I put to you a question whether you knew of any concrete instances.

Mr. Acharya.—I told you that I did not know of any.

President.—In that case you cannot be afraid of making disclosures when you have nothing to disclose.

Mr. Acharya.—I shall see if I can communicate with the man who met me.

President.—I am afraid I must put it quite plainly that gossip in railway carriages is not sufficient evidence to put before the Tariff Board.

Mr. Acharya.—I will see whether I can substantiate that.

President.—The Board cannot take any notice of that particular instance.

Mr. Kale.—If you cannot publicly give it, can you give us the information in confidence? It is very important for us to know that in order that steps may be taken to discourage that practice, if any such exists.

Mr. Acharya.—I will ask the Board of Directors whether they can give you anything.

Mr. Kale.—That is to say, the Board knows something about it?

Mr. Acharya.—The Board may know.

President.—I am afraid I still do not understand how the witness's statements are to be reconciled. He has no definite information, but he holds out the hope of a disclosure in confidence.

Mr. Ginwala.—Why do you say that the Board may know something?

Mr. Acharya.—They know more people than I do.

Mr. Ginwala.—Have you any reason to suppose that they know?

Mr. Acharya.—I think so.

President.—I understand now. Although you do not know personally there may be cases known to your firm?

Mr. Acharya.—You are right.

President.—Certainly the Board will be glad, if your Directors think it proper to bring any case of that kind to the notice of the Board, to secure the information. If they concern Government engineers, you would also do well to bring them to the notice of the Indian Stores Department who are in a position to take immediate action.

Mr. Acharya.—Yes.

Mr. Kale.—In your answer to Question 4 you say that the factory commenced manufacturing cement practically in January 1922. The company was established on the 20th of February 1919. I want to know why there was such a delay.

Mr. Acharya.—The machinery has to be transported all the way from America to India.

Mr. Kale.—Do you think that normally, between the establishment of a company and the opening of the works it would be three years?

Mr. Acharya.—At that time it was so. There were very great difficulties, e.g., in getting sea freight.

Mr. Kale.—You had difficulties to face and the delay is to be attributed to them?

Mr. Acharya.—Yes. We actually commenced to manufacture in December 1921, but practically in January 1922. That is what I have said.

II. RAW MATERIALS.

President.—As regards your answer to question 12: the question is "What are your annual requirements of each of the raw materials according to your present rate of output (which should be stated)" and you say roughly 42,500 tons (present average output 25,000 tons). What we want is separate figures for limestone, clay and gypsum.

Mr. Acharya.—We have given you the basis in answer to question 13.

President.—We want to know what your annual requirements are. If you have the information with you here, would you give it to us now? If you have not got it with you, would you be kind enough to send it to us later.

Mr. Acharya.—I have not got the information here. I will send it to you. As we have given the basis, it is a mere calculation and nothing further.

President.—I see that as regards clay and limestone, under your concession from the Baroda Durbar, the royalty is payable per ton of cement, is it not?

Mr. Acharya.—Yes.

President.—What quantity of gypsum do you use for one ton of cement?

Mr. Acharya.— $2\frac{1}{2}$ to 5 per cent., sometimes about 28 lbs. per ton.

President.—If the latter figure is right, it is nothing like 5 per cent.

Mr. Acharya.—Sometimes it comes to 5 per cent.

President.—If it is 28 lbs. it is about $1\frac{1}{2}$ per cent. You have given us two answers. One is $2\frac{1}{2}$ to 5 per cent. and the other is 28 lbs. Which of these is correct?

Mr. Acharya.—All of them are correct. If it is quick setting we have to add more gypsum.

President.—How much gypsum did you use for instance to get your production of 1923 which is 25,000 tons?

Mr. Acharya.—I shall send you the figures later.

President.—You say that the royalty paid during the last two years at an average rate comes to 14 annas a ton. What I wished to ascertain was what that came to per ton of cement. Unless you can give approximately the quantity of gypsum you used per ton of cement, I cannot make the calculation. But, if we take the largest figure you have given, namely 5 per cent., on that basis the royalty on gypsum would apparently come to something less than an anna per ton of cement.

Mr. Acharya.—True. But we had stocks at that time. We keep stocks.

President.—Is not that correct? As far as I can calculate on the figures that you have given, the royalty on gypsum per ton of cement seems to be less than an anna per ton of cement.

Mr. Acharya.—You are right.

President.—In answer to question 23 you say you have got supplies sufficient for 40 years. Then you go on to say "As years go on, the cost will of course increase owing to the fact that our quarries will be further from the factory site, and the consequent haulage from a longer distance." How far do you think you may have to haul from?

Mr. Acharya.—Three or four miles further.

President.—Not more than that?

Mr. Acharya.—No.

President.—So that roughly your cost of haulage might increase to twice the present figure?

Mr. Acharya.—I do not think it will increase to such a high figure.

President.—You are hauling from two miles at present, and you think you may have to go up to four miles. Is it not reasonable to say that your haulage charges might double?

Mr. Acharya.—It may not be exactly double. I do not think it will be more than $1\frac{1}{2}$ times.

President.—It won't run up to more than that?

Mr. Acharya.—No.

President.—Has your firm calculated the present cost of haulage per ton of cement?

Mr. Acharya.—We are doing it by contract at present.

President.—Do they do all the haulage? Possibly you pay an inclusive rate for both excavation and haulage.

Mr. Acharya.—At present we are not paying them haulage.

President.—To whom do you pay the haulage?

Mr. Acharya.—Partly it is borne by us and partly by the contractors.

Mr. Ginwala.—This 65 per cent. of wastage in answer to question 13, is equal to 13 cwts. in a ton?

Mr. Acharya.—Roughly: there is much water in the slurry that is produced.

Mr. Ginwala.—Does this 65 per cent. include water?

Mr. Acharya.—Yes.

Mr. Ginwala.—You say that 25 cwts. of limestone and 8 cwts. of clay are required to produce one ton of cement?

Mr. Acharya.—Plus gypsum.

Mr. Ginwala.—There is little wastage after calcining. There is no water in that?

Mr. Acharya.—No.

Mr. Ginwala.—I am asking whether 65 per cent. or 13 cwts. is lost for every ton.

Mr. Acharya.—Yes.

Mr. Ginwala.—Why did you adopt the wet process?

Mr. Acharya.—It was supposed to be up-to-date in these days.

Mr. Ginwala.—The dry process people say the same thing of their process. Is it because that your raw materials are of a softer nature?

Mr. Acharya.—Also.

Mr. Ginwala.—So that is also a reason why you adopted this wet process. Can you apply the dry process to your materials and produce as good a cement?

Mr. Acharya.—We may, but there are risks attached to the dry process.

Mr. Ginwala.—It is the materials, then, that made you adopt this process. Can you not apply the dry process to your materials?

Mr. Acharya.—The dry process plant is different from the wet process plant.

Mr. Ginwala.—I know it is. It does not do you any harm to say that because your materials are more suited to the wet process you are adopting it. If that is the case, why not say so?

Mr. Acharya.—Partly we may say that.

Mr. Ginwala.—Your raw materials, on the whole, cost a little more than the raw materials in the other places?

Mr. Acharya.—No. The cost was high during the last two years but now it has been brought down materially and I think it is less than even Rs. 2.7 now.

Mr. Ginwala.—How much clay do you use per ton?

Mr. Acharya.—8 ewts.

Mr. Ginwala.—You say that the cost of limestone has gone down from Rs. 3-9-8 to Rs. 2-7-5.

Mr. Acharya.—Formerly we were working it departmentally in our quarry, and now we have given it to a contractor who is quoting us better rates.

Mr. Ginwala.—In clay you have gone up?

Mr. Acharya.—Yes because circumstances sometimes are different, but they will come down this year.

Mr. Ginwala.—Are you working that departmentally or by contract?

Mr. Acharya.—Partly departmentally and partly also by contractors.

Mr. Ginwala.—How much do you expect to bring it down to?

Mr. Acharya.—We may bring to Rs. 1-5.

Mr. Ginwala.—And stone?

Mr. Acharya.—May come to Rs. 1-15.

Mr. Ginwala.—When do you expect to get that result?

Mr. Acharya.—We have asked for tenders now and we hope to get better results soon.

Mr. Ginwala.—See your answer to Question 23: you expect your cost to go up. In answer to question 19 you expect to bring your cost down.

Mr. Acharya.—It will go up, not immediately.

Mr. Ginwala.—Do you mean after a pretty long time?

Mr. Acharya.—At least 10 to 15 years afterwards.

Mr. Ginwala.—Are you sure you have got 40 years supply in your quarry?

Mr. Acharya.—More than that. The lease we have got is for forty years, but the supplies are more than 40 years.

Mr. Ginwala.—To what depth do you expect to work your quarry? For how many feet have you got these strata of lime?

Mr. Acharya.—Limestone is generally on the surface.

Mr. Ginwala.—Yes, or you may have to go down a few feet.

Mr. Acharya.—I shall get you detailed information about that.

Mr. Ginwala.—We do not want detailed information. We simply wanted to know whether you were quite sure you had a supply of lime for forty years.

Mr. Acharya.—We are sure. We got that investigated by competent people.

Mr. Ginwala.—Has this been verified since?

Mr. Acharya.—Yes.

Mr. Kale.—At what distance are the clay pits from your works? Your quarries are at a distance of two miles from the works. How far are these clay pits?

Mr. Acharya.—Almost the same distance—two miles.

Mr. Kale.—Do you find limestone and clay both together?

Mr. Acharya.—The clay is alluvial clay. There is an open creek there and when the currents are coming we get alluvial clay, and these pits are dug and the clay is taken.

Mr. Kale.—It is the river that brings this silt and the clay consists of the silt on the bank of the river?

Mr. Acharya.—Yes.

Mr. Kale.—That river bank is two miles from the Works?

Mr. Acharya.—Roughly.

Mr. Kale.—In the same direction from the factory or in a different direction?

Mr. Acharya.—Somewhat different directions.

Mr. Kale.—I was wondering how you can get both of your raw materials at the same place.

Mr. Acharya.—It must be in different directions. I have not gone to the factory as yet and I do not know exactly.

Mr. Ginwala.—You are the Secretary to the Company?

Mr. Acharya.—There are the Managing Agents and I am the Company's Secretary.

Mr. Ginwala.—Are not the Managing Agents Secretaries to the Company?

Mr. Acharya.—In a way they are.

Mr. Kale.—What is the relation between the Managing Agents and the Secretary? Is the Secretary appointed by, and under the control of, the Managing Agents or is he appointed by the general body of shareholders?

Mr. Acharya.—He is under the control of the Managing Agents.

Mr. Kale.—By whom is he appointed and paid?

Mr. Acharya.—By the Company.

Mr. Ginwala.—Are you Secretary to the Managing Agents or Secretary to the Company under the Companies Act?

Mr. Acharya.—I am under the Managing Agents.

Mr. Ginwala.—Can you issue notices in your name convening a meeting of the shareholders?

Mr. Acharya.—No. I can file suits, etc., in the name of the Company.

Mr. Ginwala.—On behalf of the Managing Agents?

Mr. Acharya.—No.

Mr. Ginwala.—Managing Agents should be Secretaries of the Company in that case.

Mr. Acharya.—I am not the Secretary under the Companies Act and am just in the same position as Mr. Captain in the Central Provinces Cement Company.

Mr. Ginwala.—Are you in the head office?

Mr. Acharya.—I am in charge of the office there.

Mr. Ginwala.—By being in charge of the office do you mean you are the Managing Director? Are you the manager?

Mr. Acharya.—No. I am the head of the office.

Mr. Ginwala.—Of Purushotam, Vithaldas & Co.?

Mr. Acharya.—Yes.

Mr. Ginwala.—Who are the partners?

Mr. Acharya.—There were two partners, Sir Vithaldas Thackersay and Mr. Purushotam Vishram Mowjee. In the place of the late Sir Vithaldas Thackersay his brother Mr. Madhowjee Damodar Thackersay has stepped in. I am under their direct control. They are subject to the control of the Board.

President.—You are at the head of the section of the Agents' office which looks after the Cement Company?

Mr. Acharya.—That is right.

Mr. Kale.—You were asked about the wet process that you have adopted. Some of the witnesses who came before us told us—that is my impression—that the wet process was the more up-to-date process. But are you sure that this process was adopted by your company because it was up-to-date?

Mr. Acharya.—I think so. I am not one of the promoters of the Company.

Mr. Ginwala.—Was it not possible for your company to send a representative who was actually on the works?

Mr. Acharya.—One of the Directors was to accompany me but unfortunately his near relative died and he could not come.

President.—You may be unable to answer some of the important questions.

Mr. Acharya.—I shall supply the information.

Mr. Ginwala.—That delays the proceedings. The Company ought to have sent a man who had been at the Works. It is very difficult to examine a representative who had never been at the Works. I am not criticising you in any way, but as a Board we are entitled to get the best evidence the company can give, and the best evidence is that of the man on the spot.

Mr. Acharya.—We never thought that technical questions would come before the Tariff Board: otherwise I would have brought the Works Manager with me.

Mr. Ginwala.—We are very much handicapped by two facts: one is that your cost account is given in a way which does not help us. If you had with you another man who was in charge of the works we should have been able to get some information about the works costs.

Mr. Acharya.—I have got the cost sheets here.

Mr. Ginwala.—I hope you will be able to answer the questions, but the position is rather unsatisfactory you will admit.

Mr. Acharya.—I shall try to give answers to the best of my ability.

VIII. CAPITAL ACCOUNT.

President.—I notice that the total amount of your block is Rs. 76 lakhs. Your factory has a capacity of 100,000 tons: that means that your capitalisation is Rs. 76 per ton.

Mr. Acharya.—Yes.

President.—The importance of that figure is this. If we can obtain the figures as to the capitalisation per ton of factories in other countries, it would to some extent enable us to ascertain how far the Indian manufacturer is handicapped by the higher price of machinery and so on in India. Has your company any information on that point as to the capitalisation of some companies elsewhere?

Mr. Acharya.—All over the world?

President.—In any of the competing countries.

Mr. Acharya.—We have not got that information.

President.—We have put one question which I think you are unable to answer. In reply to Question No. 81 you say "we believe that the present cost of a factory under the heads of buildings and plant and machinery having the same output as ours might possibly be a little less, for the obvious reason that there has been a general decline in prices. We are unable to give any detailed answers to this question at the present moment, due to short notice." The importance of that is that this factory was put up at a time of very high prices, and the result is that your capital account must be swollen in consequence.

Mr. Acharya.—Compared with the Central Provinces Cement Company we find that our capital account is very low.

President.—If the same plant and machinery were purchased now, the cost would naturally be a great deal less, owing to the great fall in prices of machinery. That is why we put this question in order to ascertain, if possible, what the present day cost of the plant may be. It might be Rs. 60 lakhs instead of Rs. 78 lakhs.

Mr. Acharya.—May be. We shall have to get quotations: we have no information. I will let you have these.

President.—In answer to Question 82 you have given us the rate of exchange at which the payments for the plant were remitted. Can you tell us what the current rate of exchange is between India and America?

Mr. Acharya.—It is Rs. 325 to Rs. 340 per hundred dollars.

President.—So part of your remittances were made at about the present rate, and part at a slightly higher rate?

Mr. Acharya.—Yes.

Mr. Ginwala.—What is this sum of Rs. 2,50,000—first item in the answer to Question 78 (a)?

Mr. Acharya.—Cost of concessions.

Mr. Ginwala.—Whom did you buy from?

Mr. Acharya.—Mr. Purushottam Vishram Mawji and Sir Vithaldas Thackersey got them from the State, and it was purchased from them by the Company.

Mr. Ginwala.—Was it purchased in cash or shares?

Mr. Acharya.—Shares.

Mr. Ginwala.—With regard to Question 81 in dealing with the steel industry we applied a certain method; it was not a very accurate method, but it appeared to be reasonably sound. We found that there also machinery had been bought in certain years at very high prices, and we had to find its replacement value this year. I take it that most of your machinery is steel too?

Mr. Acharya.—Yes.

Mr. Ginwala.—It is necessary for us to decide whether the cement industry has done the same, that is to say, they have paid more for machinery. We are not blaming them in any way: they bought it at a time when machinery was expensive. Supposing we apply the same method to ascertain the present day value of your machinery, would you object to that method—because, if you do, you will have to give us some other method which you consider more accurate.

Mr. Acharya.—There is no harm in adopting that method.

Mr. Ginwala.—It is not necessary to work afresh those costs.

Mr. Acharya.—This is the actual value according to the block.

Mr. Ginwala.—What we did there was this: we took the prices of different kinds of steel what is called the composite value; for instance, we took seven or eight different varieties of steel and we found the average for them, *e.g.*, joists, beams, bars, etc. We found that in the year 1917 the composite price was, say, Rs. 100 per ton and now it was Rs. 80, and that, therefore, the value was Rs. 20 less than in that particular year. That was the method we applied—please see pages 42 and 43 of our Report on the Steel industry. With necessary modifications, if we applied that method to your plant, you would not object very much?

Mr. Acharya.—No.

President.—You have told us that you made remittances in 1921—Question 82. That means that the money was actually spent in 1921. When did you place the order?

Mr. Acharya.—1919-1920.

President.—Could you give us roughly about how much in 1919 and how much in 1920?

Mr. Acharya.—About 75 per cent. in 1919 and the remaining 25 per cent. in 1920.

Mr. Ginwala.—You say in answer to Question 90 “We do not contemplate carrying out any very great replacements or extensions of the plant at the moment barring the two items mentioned in answer to Question 76 (b). The approximate cost will be Rs. 1,00,000.” Will it increase your output?

Mr. Acharya.—At present we cannot get good water: if we have a good distilling plant we shall get better water. The bad water injures the boiler tubes.

Mr. Ginwala.—Do you take sea water?

Mr. Acharya.—We do not at present.

Mr. Ginwala.—That injures the boiler tubes?

Mr. Acharya.—Yes.

Mr. Ginwala.—At what pressure do you work them?

Mr. Acharya.—It is a technical information which I shall send later. We have got our four boilers made by Messrs. Babcock and Wilcox.

Mr. Ginwala.—These alterations you want to make are with reference to water?

Mr. Acharya.—We are thinking of installing a distilling plant and a three-throw slurry pump for agitating the slurry.

Mr. Ginwala.—It has nothing to do with your output?

Mr. Acharya.—It has to do.

Mr. Ginwala.—Will it increase your output?

Mr. Acharya.—No. There is no question of increasing the output at all.

President.—Do you mean that the boilers would last longer; so the capital expenditure would reduce the cost of repairs?

Mr. Ginwala.—It is a very unfortunate situation that you are in regarding water.

Mr. Acharya.—At the beginning water was very nice, but owing to the scarcity of rains, we have to go very deep.

Mr. Ginwala.—How much is the plant going to cost you?

Mr. Acharya.—Rs. 75,000 for the distilling plant and Rs. 25,000 for the slurry pump.

President.—That is on the whole a lakh of rupees?

Mr. Acharya.—Yes.

Mr. Kale.—I wonder what you intend to convey by the last sentence in answer to Question 81: "We believe that the operating cost of a new factory would not make any very great difference with ours since this is a common factor affecting all at the same time."

Mr. Acharya.—Because the materials are there. Supposing another man puts up a factory at Dwarka, the same raw materials will be there, the cost will also roughly be the same, labour will be the same, therefore it will make no material difference.

Mr. Kale.—You are taking the question in that sense?

Mr. Acharya.—Yes.

Mr. Kale.—Our question was if up-to-date machinery was purchased at a lower price than the price you paid for yours, naturally the operating cost would be lower than what has to be paid by your factory.

Mr. Acharya.—Our factory is up-to-date.

Mr. Kale.—So that there are no improvements in the plant which have been introduced recently?

Mr. Acharya.—Barring the widening of the burning zone of the kiln that makes calcining perfect, there has been no other improvement. The kiln is a long cylinder and one of the improvements made is that the burning zone has been widened.

Mr. Kale.—That would not make much difference in cost?

Mr. Acharya.—No.

IX. COST OF PRODUCTION.

(a) Works Costs.

President.—Apparently you do not keep your accounts in a manner which will permit you to give us the information we asked for.

Mr. Acharya.—I regret they are not kept in the way in which they should have been kept. Now are we going to have a perfect costing account.

President.—That won't help us very much now.

Mr. Ginwala.—From what you have given us it is hard to say what your costs are.

Mr. Acharya.—I have got all the information with me and shall be glad to answer your question.

President.—But that puts an unnecessary burden on the Board. Your firm might have taken a little trouble to comply with our wishes in the matter.

Mr. Acharya.—The system in which Form II has been provided by you is not the form in which cement accounts are kept. I will just make matters plain. In the first form you ask for the total production of cement for the year. Suppose we make 40,000 tons of clinker, and cement is only 25,000 tons.

President.—There is only one per cent. difference between clinker and cement. From one ton of clinker roughly how much cement do you get?

Mr. Acharya.—About one ton of cement. Since you put only total production here we did not know what to put, whether you required the cement production or the clinker production.

President.—When you found that difficulty, did your firm ask the Board what they meant?

Mr. Acharya.—I am prepared to answer your questions.

Mr. Ginwala.—Ordinarily a manufacturer does not have an excessive quantity of clinker in stock.

Mr. Acharya.—We had.

Mr. Ginwala.—You had, quite true, but other manufacturers make clinker and convert it into cement.

Mr. Acharya.—So far as my own information goes other companies also are obliged to keep lot of clinker in stock.

Mr. Ginwala.—What is your difficulty?

Mr. Acharya.—Your form gives columns for raw material, factory labour and so on. No column for clinker is provided for at all.

Mr. Ginwala.—What is your position with regard to the publication of figures? All the companies that have come before us, so far as the cement and paper industries are concerned, and as you know the Tata Iron and Steel Company also, have agreed to the publication of the cost figures.

Mr. Acharya.—Does the Board find it necessary to do so?

Mr. Ginwala.—Absolutely. Unless we are able to substantiate our recommendations with facts and figures which the Assembly and the Government of India can scrutinize, our position is unsatisfactory.

Mr. Acharya.—Do you want the details also?

Mr. Ginwala.—Certainly.

President.—After all you have not given us any information which you need be anxious about!

Mr. Ginwala.—The Gwalior Cement Company, the Indian Cement Company and the Central Provinces Cement Company, and also three Paper companies, have all agreed to the publication of all the costs and all other figures.

Mr. Acharya.—Very well, we have no objection.

Mr. Ginwala.—Are you prepared to give us the cost in the way we want it?

President.—You work out separately, I gather, the cost of clinker?

Mr. Acharya.—Yes.

President.—Then in order to get the cost of cement all that you have got to do is to add the cost of the items involved in the conversion of clinker into cement.

Mr. Acharya.—I will supply this information as soon as I go to Bombay. I will send it to the Board within 5 days.

Mr. Ginwala.—In Form II you have given us your conversion cost from clinker to cement?

Mr. Acharya.—Yes.

Mr. Ginwala.—It was Rs. 5 in 1922 and Rs. 6-12 in 1923 which is not much. In this form you could have said the cost of clinker was so much, and then that from clinker to cement it was so much.

President.—I must say frankly that we have not received the assistance from the Company to which we were entitled to.

Mr. Acharya.—We shall be very glad to give you all the information you want.

President.—I think it would be useful, if you could give us now the figures showing the amount of clinker produced, cement ground, cement packed and the cost per ton for each month during the current year beginning from January.

Mr. Acharya.—

January 1924—

Clinker produced	1,978 tons.	
Cost per ton	Rs. 33-13-9.	
Cement ground	2,575 tons.	
Cost per ton	Rs. 4-12-3.	
Cement packed	1,803 tons.	
Cost per ton	Rs. 12-2-9.	Total Rs. 50-12-9.

February 1924—

Clinker produced	3,210 tons.	
Cost per ton	Rs. 30-5-5.	
Clinker ground	3,537 tons.	
Cost per ton	Rs. 4-0-9.	
Cement packed	1,690 tons.	
Cost per ton	Rs. 12-4-9.	Total Rs. 46-10-11.

March 1924—

Clinker produced	3,503 tons.	
Cost per ton	Rs. 27-11-11.	
Cement ground	3,387 tons.	
Cost per ton	Rs. 3-13-7.	
Cement packed	2,729 tons.	
Cost per ton	Rs. 11-0-9.	Total Rs. 42-10-3.

April 1924—

Clinker produced	3,108 tons.	
Cost per ton	Rs. 30-6-6.	
Cement ground	2,499 tons.	
Cost per ton	Rs. 4-7-10.	
Cement packed	3,065 tons.	
Cost per ton	Rs. 10-4-0.	Total Rs. 45-2-4.

In May we worked for only 6 or 7 days and it is not typical.

Mr. Ginwala.—What was the reason?

Mr. Acharya.—There was no coal. The Railway Company could not bring the coal there; there was restriction on booking of coal and we could not get it.

Mr. Ginwala.—Where do you get your coal from?

Mr. Acharya.—We get some from the Central Provinces and some from the Bengal coalfields. Sometimes we buy from foreign countries also; but on account of want of docks there are no loading facilities. A dock is now being constructed at Dwarka and then we will bring our coal by steamer which will make a lot of difference in the freight.

Mr. Ginwala.—Are you going to be connected by rail with the dock?

Mr. Acharya.—Yes. The factory is only two or three miles from the shore, but the shore where the dock is being constructed is about 18 miles from our factory, and we have already connected ourselves with that by rail. It is going to be an all the year round port.

Mr. Ginwala.—When will it be ready?

Mr. Acharya.—Within a year.

Mr. Ginwala.—When did they start?

Mr. Acharya.—A year back. We will then be at an advantage even for shipping to Rangoon.

Mr. Ginwala.—Have you got the boats coming regularly there?

Mr. Acharya.—Now the big steamers cannot touch at Dwarka. What we have got to do is to have the cement taken to Bombay and then tranship it, and that means a freight of 8 to 9 rupees.

Mr. Ginwala.—You have been getting some coal by sea?

Mr. Acharya.—We had got coal formerly by sea.

Mr. Ginwala.—And you unshipped it in boats?

Mr. Acharya.—Yes, and that used to cost a good deal, because we had to pay demurrage to the steamers.

Mr. Ginwala.—Is it a frequent matter, this shortage of coal? Was the congestion on the Kathiawad railway or on the British railways?

Mr. Acharya.—On the Jamnagar-Dwarka Railway. They ran short of engines with the result that booking was restricted.

Mr. Ginwala.—At what price did you get your Durban coal or Welsh coal?

Mr. Acharya.—We had Welsh coal in 1921 and 1922 and the price then was about 58 shillings a ton c.i.f. Dwarka. That is why our cost during the last two years increased; it makes a difference of about Rs. 13 in coal. Now coal is much cheaper as compared with the cost at that time.

Mr. Ginwala.—When is this railway situation going to improve?

Mr. Acharya.—They promised that within a month things will improve.

Mr. Ginwala.—It seems that until the railway situation improves you cannot manufacture at all.

Mr. Acharya.—No. We can get coal by steamers.

Mr. Ginwala.—But during the rains you cannot unload your coal?

Mr. Acharya.—We can land it at a place called Arethara which is 18 miles off from the factory.

Mr. Ginwala.—Is the factory now connected with a railway?

Mr. Acharya.—The factory is already connected with the dock. Arethara is an all-year-round port, but the steamers cannot touch at the dock as it is at present under construction. The steamers lie in the stream.

Mr. Ginwala.—Have you seen the works?

Mr. Acharya.—I have the whole imagination of the factory before me although I have not seen it.

Mr. Ginwala.—Well, mere imagination is not of much use to us.

Mr. Acharya.—Imagination reinforced by facts and statements which I have with me. Of course, as regards technical questions I don't think I shall be able to answer those.

Mr. Ginwala.—Well, Mr. Acharya, let me tell you that the way you have presented your case so far is not very satisfactory. It does not present your business in a favourable light. The costs that you have given are Rs. 67

and Rs. 68 for 1922 and 1923, whereas in 1924 there has been a considerable drop in the works costs of which we would not have known anything, if we had not insisted upon your coming here.

President.—The Company said in their covering letter with which these written answers were sent "If after perusal of these replies the Board consider that a representative of our firm should be examined orally we shall be glad to send one for the same." It seems to me a peculiar attitude to take up when they have not given us more facts.

Mr. Ginwala.—The most important fact was that you had been able to bring down the cost of production by Rs. 21 per ton on an average, and that fact was not stated in your written representation; except that you had stated that you hoped to bring it down, no figures were given.

Mr. Acharya.—Excepting the total of 40 or 45, we did not give anything else.

Mr. Ginwala.—We should have thought that that was an estimate which was not necessarily based on facts, whereas you have facts which go to show that, during the first 4 months of this year that you have been working, you have been able to reduce your cost by 15 or 20 rupees a ton, which is a very important factor from your point of view.

Mr. Acharya.—Our future estimate would not be very different from this.

Mr. Ginwala.—During the last 4 months you brought down cost by Rs. 15 to Rs. 20 per ton. I should say that was a big drop.

Mr. Acharya.—That was due to the coal. We had bought 25,000 to 30,000 tons of English coal at a very high price which we had in stock for about two years, and that is why the cost went up, and now from January the old lot of coal was exhausted and we are bringing cheap coal.

Mr. Ginwala.—Why did you have such a large stock of coal?

Mr. Acharya.—We thought we would work the whole plant. Unfortunately our expectations did not materialise.

Mr. Ginwala.—If you had run the whole plant you would have run short of coal.

Mr. Acharya.—It has lasted us these two years since we could not work the whole plant.

Mr. Ginwala.—Is that the main factor that contributed to the reduction of cost?

Mr. Acharya.—Yes; labour charges also may be less, but that is not appreciable.

Mr. Ginwala.—In the cement grinding also in proportion to the total amount there is a substantial reduction. What was that due to?

Mr. Acharya.—Gypsum was at a very high rate at that time. We had a stock of that also.

Mr. Ginwala.—In 1923 cement grinding came to Rs. 6-12. Now, there is a difference of Rs. 2.

Mr. Acharya.—Yes.

Mr. Ginwala.—The difference is about 20 per cent. That cannot all be due to gypsum.

Mr. Acharya.—Labour also has come down.

Mr. Ginwala.—Please try and explain.

Mr. Acharya.—Labour was high at that time.

Mr. Ginwala.—Is there much power used between the two processes, viz., between clinker and cement?

Mr. Acharya.—Yes, power is used.

Mr. Ginwala.—Then, it may partly be due to coal?

Mr. Acharya.—Yes, I have omitted that altogether. Coal is also a main factor.

Mr. Ginwala.—The whole factory is worked by electricity which is generated by steam?

Mr. Acharya.—Yes.

Mr. Ginwala.—Steam is not used for running the factory?

Mr. Acharya.—Steam is only for running the boilers.

Mr. Ginwala.—What is your consumption per ton of cement?

Mr. Acharya.—15 cwts.—about three-fourths of a ton.

Mr. Ginwala.—It is a little more than usual.

Mr. Acharya.—Our coal had deteriorated at that time on account of having been stacked for a long time.

Mr. Ginwala.—What is your consumption now?

Mr. Acharya.—It has come down to 50 per cent. It was 75 per cent.

Mr. Ginwala.—75 per cent. of what?

Mr. Acharya.—Of a ton.

Mr. Ginwala.—Now it has come to half a ton?

Mr. Acharya.—Yes.

Mr. Ginwala.—So that the deterioration must formerly have been very great. You were then using English coal which is of superior quality?

Mr. Acharya.—For two years it was lying there.

Mr. Ginwala.—Are you using Bengal steam coal?

Mr. Acharya.—Best Bengal steam and also some C. P. steam coal.

Mr. Ginwala.—And you mix the two?

Mr. Acharya.—We use the C. P. steam coal in boilers. Bengal coal we use in his kilns.

IX. (b) OVERHEAD CHARGES.

(i) Depreciation.

President.—You tell us that, at Income-tax rates on the original cost to your plant, depreciation comes to about Rs. 4,53,000, and at the rates which you consider suitable it would come to Rs. 4,94,000.

Mr. Acharya.—Yes.

President.—That would be roughly Rs. 5 a ton on the full output.

Mr. Acharya.—Yes.

President.—The only question I have to ask you about the depreciation rates is this. We have had similar evidence from some other companies also, but has your experience been long enough in manufacturing cement to enable your company really to form an independent opinion as to the proper rate of depreciation on machinery? You have been manufacturing cement for the last two years only.

Mr. Acharya.—Yes.

President.—Then your evidence on this point is a little theoretical just now?

Mr. Acharya.—Yes.

President.—You will know better in a few years time?

Mr. Acharya.—Yes.

Mr. Ginwala.—With regard to depreciation: in determining the price at which you are to be able to sell, is the Board to take depreciation and distribute it over your present output or your full capacity?

Mr. Acharya.—The full capacity.

Mr. Ginwala.—That you consider would be fair. Do you understand the meaning of the answer?

Mr. Acharya.—Yes, otherwise the cost would be high, if you take it on the present capacity.

Mr. Ginwala.—Do you bring the whole of the plant in operation to produce your present output or do you use only a portion?

Mr. Acharya.—We are using only one unit.

Mr. Ginwala.—Really speaking, there is no actual depreciation of the other unit due to wear and tear?

Mr. Acharya.—No.

Mr. Ginwala.—Are these two units entirely separate?

Mr. Acharya.—Some parts of it.

Mr. Ginwala.—Take the generating part.

Mr. Acharya.—We have got four boilers.

Mr. Ginwala.—And how many dynamos?

Mr. Acharya.—It is double unit.

Mr. Ginwala.—One unit is only working at present?

Mr. Acharya.—Two boilers and one unit are working.

Mr. Ginwala.—So half, of your plant is not working?

Mr. Acharya.—Yes, except the coal mill. It is the only mill which is fully working.

Mr. Ginwala.—That is a small item.

Mr. Acharya.—It is not a small item.

Mr. Ginwala.—You merely pulverise the coal there. That is the only part of the plant which is fully in operation?

Mr. Acharya.—Yes.

Mr. Kale.—Does not the plant deteriorate by remaining out of operation?

Mr. Acharya.—Yes, therefore I think that the depreciation is more.

Mr. Kale.—You have to allow for depreciation, not only because the plant is in operation, but also because it is not in operation?

Mr. Acharya.—Certainly.

Mr. Kale.—You did not tell Mr. Ginwala that a large amount of depreciation must be taken into account even though it increases the cost.

President.—Mr. Ginwala's question was confined to wear and tear.

Mr. Acharya.—There is no help.

IX. (b) OVERHEAD CHARGES.

(ii) Working Capital.

President.—It seems to me, if you will allow me to say so, that your figures are grotesque. We must try and get them on the some sort of coherent basis. You hope that your works cost will come down to Rs. 40?

Mr. Acharya.—Yes.

President.—Well then, to produce 100,000 tons a year, it will cost Rs. 40 lakhs. That will be your total cost for the whole year. On the basis that you have given in your statement, the working capital will be equal to the cost of your output for 1½ years.

Mr. Acharya.—We have taken the whole year's requirements.

President.—The figure is so impossible, that I am afraid the method by which you have arrived at it cannot be accepted.

Mr. Acharya.—As I said, we have taken the whole year's requirements.

President.—But you don't have to provide constantly for a whole year's requirements. These sums of Rs. 65 lakhs and Rs. 19 lakhs are based on the requirements of the whole year?

Mr. Acharya.—Yes.

President.—It is a year's works cost, is it?

Mr. Acharya.—Yes.

President.—What working capital means is this. The need for working capital arises from this fact that a certain interval lapses between the time when the expenditure on production is incurred and the time when payment is received. If a month's output is known and also the number of months that elapse between production and payment the working capital required can be calculated. Under normal conditions, it cannot be as long as a year.

Mr. Acharya.—As regards outstandings, we will of course get payments from time to time.

President.—What is the working capital that would be required on your full capacity? If your works costs are Rs. 40 a ton, for 100,000 tons the total costs incurred in a year will be Rs. 40,00,000. Let us take the period that elapses between production and payment as nine months. On that basis the working capital would be Rs. 30 lakhs, would it not? If you could borrow at $7\frac{1}{2}$ per cent., your annual payment in interest would be between 2 and $2\frac{1}{2}$ lakhs, the incidence of which would be Rs. $2\frac{1}{2}$ a ton. Do you think that this method would be a satisfactory method of working?

Mr. Acharya.—No.

President.—Why not?

Mr. Acharya.—We have calculated on the basis of one year. It is rather very optimistic.

Mr. Givwala.—Is that optimistic?

Mr. Acharya.—Optimistic, so far as the figure of the money required is swollen.

Mr. Kale.—You don't get it because you put it higher.

President.—If you have to wait for a year for payment, you will have to stop. No business can be carried on that basis.

Mr. Acharya.—Sometimes we do not get payments for two years from Government.

Mr. Givwala.—Which Government is this?

Mr. Acharya.—The Bombay Government.

President.—You will have to give a great deal more evidence than you have given yet, before you satisfy us that anything like that period is necessary.

Mr. Acharya.—You may deduct it to that extent.

President.—All I can say is that I am not prepared at the moment to accept your figures.

Mr. Acharya.—The basis that we took in arriving at this figure is this. We took the share capital *plus* the amount borrowed. It was something like Rs. 97 lakhs. Then we took the fixed capital expenditure. We thought that the whole capital *minus* the fixed capital expenditure was the working capital.

President.—That is a different explanation. On that basis what it means is that you have been working at a loss. Therefore there has been a heavy debit to the profit and loss account.

Mr. Acharya.—I think so. Our last balance sheet has not yet been prepared.

President.—Once the business settles down and becomes firmly established, you will make profit. You won't have to carry the initial loss as a normal part of your business.

Mr. Acharya.—Part of the working capital is lost.

Mr. Ginwala.—Even if you take the whole works cost for a year, it will be Rs. 15 lakhs on the 1923 figures. Now your works cost has been reduced by about 20 per cent., is it not?

Mr. Acharya.—Yes.

Mr. Ginwala.—If you reduce your working capital by 20 per cent. it is only Rs. 12 lakhs.

Mr. Acharya.—You may take it at that figure.

President.—You cannot take it at that figure. The working capital on a year's turnover is absurd.

Mr. Acharya.—In that case there will be more deductions. As I say the working capital is being lost. That is why we have to take it like that.

Mr. Ginwala.—If you go on adding losses to the working capital it will be enormous. You want 8 per cent. return on the losses!

Mr. Acharya.—At present we don't want any return on the share capital. The very existence is in question.

IX. (a) WORKS COSTS.

(iii) Agents' Commission and Head Office Expenses.

Mr. Ginwala.—How do you calculate your net profits? Is it the usual way, or how do you calculate your nett profits for the Agents' Commission? What do you call net profits? Do you deduct depreciation first or not?

Mr. Acharya.—I don't know exactly the terms of the agreement. It will be calculated on the profits shown in the balance sheet.

Mr. Ginwala.—But how would you calculate the net profits?

Mr. Acharya.—After deducting depreciation, I think.

Mr. Ginwala.—Don't be in a hurry to answer! Some companies don't even deduct the interest on debentures.

Mr. Acharya.—I think that I will have to refer to the agreement. The agreement simply states that the Agents' Commission should be calculated on the nett profits of the company. We had no chance of doing that.

Mr. Ginwala.—You made profits in 1923.

Mr. Acharya.—Nothing was paid to the Agents. Actually nothing was paid. They forewent the Commission because the profit was infinitesimal.

Mr. Ginwala.—There was perhaps no profit at all. You did not deduct the interest on debentures and possibly depreciation.

Mr. Acharya.—There is a point about the interest on debentures. Can it be taken on working capital?

President.—If your fixed capital expenditure exceeds your share capital, then presumably the debentures or part of the debentures must have been used for fixed capital expenditure. You cannot lay down in absolute rule on that. It depends on the circumstances of each company.

XI. CLAIM FOR PROTECTION.

President.—In your answer to question 117 you say "Along with this, urbanisation of the rural areas is going on. There are 700,000 villages in India and if urbanisation is going on as it is at present going on on a pretty large scale, etc." Compared to most other countries urbanisation is going on slowly in India, and if your hopes for the growth of the industry are based on the use of cement by ordinary villagers, I fear they are not well founded. You say in your answer to question 119 (C)

Mr. Acharya.—I must ask your permission to make a correction there. It was drafted on the understanding that stores that are imported on behalf

of Government are not charged Customs duties. That was our belief. Since then, we were advised that Customs duties are charged. The proper answer to the question is "Legislation *re* anti-dumping."

President.—I don't think that Government purchases have anything to do with the question. The question was "What special measures (if any) do you suggest to safeguard the cement industry against under-selling by reason of any cause other than reduction in the foreign cost?" Government purchases are not causes.

Mr. Acharya.—In this way it is. Suppose the f.o.b. price is 58s. in London. If the person who supplies to Government sends it out, here the man has not got to pay import duties, but supposing the same stuff is imported by an agent of that company import duties are charged and, if the Government buys in India, the cost will be more.

President.—I gather that the answer was given under a misapprehension and we need not discuss it further. In question 63 we asked you to compare the freight you have to pay to reach your markets in India with the total freights—sea and rail—payable on imports to the same markets. You give the London freight to Bombay, Calcutta, Madras, Rangoon and Karachi, but you only give your own freight to Rangoon. Why have you omitted the markets much nearer to you and therefore more important to you?

Mr. Acharya.—I shall give you now.

President.—But why was not the information given in the written evidence? The comparison you have made is, as it stands, an unfair comparison. You practically imply that Rangoon is your most important market. That is misleading. Can you tell me what your freight rates to Bombay and Karachi are?

Mr. Acharya.—Rs. 7 to Rs. 8.

President.—That is by sea?

Mr. Acharya.—Partly by sea and partly by rail. We have got agreements with a shipping company.

President.—Where do you ship it from? Is it from the place which is eighteen miles from your factory?

Mr. Acharya.—Yes.

President.—With what company have you entered into the agreement?

Mr. Acharya.—Messrs. Killick Nixon & Co.

President.—Turning back to your answer to question 120, you say "This amount of protection which the industry receives is altogether neutralised due to the heavy freights the indigenous industry has to pay in reaching the internal markets only. In fact this does not give any sort of protection altogether." But your freight to Bombay and Karachi and is a great deal less than the Customs duties *plus* the freight which the importer has to pay.

Mr. Acharya.—We had Rangoon in our mind at that time.

President.—Why do you go on talking about Rangoon? How do you expect to be able to make Rangoon your principal market?

Mr. Acharya.—We are situated at a port and we want to go there.

Mr. Ginwala.—What about the Porbandar people?

Mr. Acharya.—They can also go there.

President.—Your advantage, as compared with the other cement companies, is in Bombay and Karachi, is it not?

Mr. Acharya.—We are there already.

President.—Why do you not mention them, and why do you make statements which are not correct the moment you apply them to Bombay and Karachi?

Mr. Acharya.—We wanted to point out the disadvantages we are labouring under.

President.—You say at the very end of your answer to the same question “The important thing to be seen is that the consumer does not stand to lose, neither the tax-payer,” to which I would only add “and the producer does not stand to gain.”

Mr. Acharya.—The producer does stand to gain.

President.—I don't ask you to accept my addition.

Mr. Acharya.—Suppose we get more markets, our costs would be less.

President.—You have not given us any figures to make us think so.

Mr. Ginwala.—Supposing you have got the protection of Rs. 25 a ton, how would it secure to you the market? Supposing your works cost came down, even then you would have to compete with your other Indian rivals and, even if a duty of 25 per cent. is imposed, the likelihood is that you won't get a better price.

Mr. Acharya.—Why?

Mr. Ginwala.—Because there are six or seven companies in India who are at the moment cutting one another down? There is no reason to suppose that when the additional duty is imposed, they won't do the same thing.

Mr. Acharya.—They may not be able to go to Rangoon or our markets?

Mr. Ginwala.—Why not? They are all competing in the same markets more or less.

Mr. Acharya.—True.

Mr. Ginwala.—How is the additional duty going to help you?

Mr. Acharya.—In a way it will reserve the market in the first place.

Mr. Ginwala.—Supposing you reserve the market, if you are not going to get a better price, how would you be benefited?

Mr. Acharya.—Our works cost will be less.

Mr. Ginwala.—But then the price is much below the cost now.

Mr. Acharya.—We might enter into a combine without detriment to the consumer.

Mr. Ginwala.—That is one very great argument against protection.

Mr. Acharya.—Only when it entails a burden on the consumer and not when it does not entail a burden on the consumer.

President.—Would there never be a burden on the consumer?

Mr. Acharya.—When the internal competition is so keen, there will be no reason to think that price will go up.

Mr. Ginwala.—We want to know how you will be able to secure a better price so long as competition exists in the country.

Mr. Acharya.—We are not so keen on having a better price as on having a better market.

Mr. Ginwala.—What is the use of the better market if you don't get a better price?

Mr. Acharya.—Our works cost will go down. Supposing our works cost is now Rs. 40, if we work to our full capacity, it may go down to Rs. 35.

Mr. Ginwala.—Everybody else does the same thing, do they not, and everybody goes in for the same amount of competition. Your realised price will go down to the level of works cost and you won't get better prices.

President.—If each of the factories in India is able to increase its output by 40 or 50 per cent., the works costs should go down approximately to the same extent in the case of all. At present internal competition is so keen that the price is as low as, or less than, the works cost. If the works cost goes down, and the internal competition still continues, the price will fall also, and you will have no greater margin than before.

Mr. Acharya.—In that case we might enter into a combine having each a geographical area of supply. Suppose there is internal competition: every-

body will be trying to sell at a lower price. In that case it won't entail any burden on the consumer.

President.—But how do you benefit by it? You will not have any greater margin between the works cost and the price.

Mr. Acharya.—If we enter into a combine?

President.—If you enter into a combine, are you sure that there will be no burden on the consumer?

Mr. Ginwala.—If you enter into a combine that is a very great objection to protection.

Mr. Acharya.—The combine is only to prevent exploitation by the consumer. We are at present a way being exploited by the consumer. Suppose our works cost comes to Rs. 32 everybody will try to sell at Rs. 33. If we enter into a combine we will sell at Rs. 36, whereas we are at present selling at Rs. 40. In that case the consumer stands to gain about Rs. 4 and we ourselves will gain Rs. 2 or 3 more.

Mr. Ginwala.—People who enter into a combine are not generally charitable to the consumer.

Mr. Acharya.—It will not be difficult to find a remedy.

Mr. Kale.—You say that the Legislature can legislate against combination?

Mr. Acharya.—Provided it is to the detriment of the consumer.

Mr. Kale.—You say in one of the answers that you will require protection for 15 or 20 years. Do you think that many cement companies, with their costs of production as they are, and their selling price as it rules in the market, will be able to live for such a long time even in spite of protection?

Mr. Acharya.—Protection *plus* combination will do a tremendous lot of good to us.

Mr. Kale.—You want to combine for making, so to say, a geographical distribution of your production? Suppose you do it and suppose you capture a certain area and are able to increase your production on account of the increased demand, say by about 25 per cent., you bring down your price from Rs. 45 to Rs. 35; but besides this Rs. 35, which is the works cost, you have got to provide for other things the cost of which have got to be added to that price. Unless you got that price you are not likely to live for a long time.

Mr. Acharya.—We might reconstruct.

Mr. Kale.—Some of the factories will have to go out of existence? Will you combine for that purpose and decide that factory A will disappear and factory B will continue to exist? Will combination bring about that result?

Mr. Acharya.—It will.

Mr. Kale.—Who will consent to be wiped out of existence? Do you mean to say that there will be sufficient self-sacrifice on the part of people to make it possible for them to combine? By combination you could certainly delimit the markets; but how will that benefit the industry?

Mr. Acharya.—We shall be able to produce at a reasonable price.

Mr. Kale.—You get a reasonable price, but that price will not give you a profit.

Mr. Acharya.—Why?

Mr. Kale.—What will be the price?

Mr. Acharya.—Say Rs. 40 works cost.

Mr. Kale.—What will you add to that?

Mr. Acharya.—Rs. 5 or 10.

Mr. Kale.—How much for depreciation and how much for interest?

Mr. Acharya.—If you reconstruct the depreciation would be less.

Mr. Kale.—Are you taking it for granted that, as soon as there is a combination, there will be reconstruction? What is your idea of combination?

Is it your idea that combination will result in a reconstruction of these companies? It is a very important point because you have so often spoken of a combination. So far as one can see, combination will not result in anything.

Mr. Acharya.—Combination *plus* protection is needed.

Mr. Kale.—Unless, as you say, you reconstruct the companies, protection is of no use. There must be reconstruction along with combination?

Mr. Acharya.—I agree with you. Reconstruction must be along with combination.

Mr. Kale.—With the result that some companies will disappear?

Mr. Acharya.—If they disappear they will re-appear in another form.

Mr. Kale.—One does not know that; but you cannot preserve your companies by getting protection. If you do not want to increase the price to the consumer, or if you cannot reduce the cost, you are not likely to benefit the companies, and the companies will not remain in existence for any length of time in spite of protection.

Mr. Acharya.—If we reconstruct?

Mr. Kale.—In that case you must write down your capital to a great extent. Is that an important feature of your scheme of protection?

Mr. Acharya.—It is.

Mr. Kale.—Do you then agree that unless the companies are reconstructed protection would be of no use to them?

Mr. Acharya.—Reconstruction so far as some companies are concerned.

Mr. Kale.—We do not know which companies they will be but reconstruction there must be?

Mr. Acharya.—Not in the case of all companies, but only in the case of somewhere there is over-capitalisation.

Mr. Kale.—So that without reconstruction protection *plus* combination won't be of any use?

Mr. Acharya.—No.

Mr. Kale.—Don't you think that 20 years is a long period?

Mr. Acharya.—No.

Mr. Kale.—In answer to Question 119 (b) you say "By bringing pressure on the steamship companies to materially reduce their rates of freight on cement exports, and by giving bounties if possible on every ton exported to foreign countries." The question is "What special measures (if any) do you suggest to safeguard the cement industry against underselling by reason of subsidised freights." Suppose freight are subsidised by your competitors, say by Germany, what is the remedy to be adopted by the Indian Government? That is the question and your answer is "By bringing pressure on the steamship companies * * " I do not understand it.

Mr. Acharya.—Suppose we want to export also just as they export here.

Mr. Kale.—But that is no answer to the question.

Mr. Acharya.—By increasing the customs duty.

Mr. Kale.—But that is not your answer in the statement. You were under a misapprehension perhaps when you answered the question?

Mr. Acharya.—Yes.

III. LABOUR.

President.—You say in answer to Question 33 that you have got four imported labourers, and that the same number will suffice, even when the factory is working at full capacity. What are the duties of these four?

Mr. Acharya.—One is a Works Manager, there are two clinker burners and the fourth is an engineer.

President.—Your chemist is an Indian?

Mr. Acharya.—The Works Manager himself is a chemist as well.

President.—What is the total of the salaries and so on of these four men?

Mr. Acharya.—About Rs. 3,000 to Rs. 3,500 a month.

President.—That is something in the neighbourhood of Rs. 40,000 a year and eventually, when they are replaced by Indians, I take it that the salaries of Indians would probably be lower than that?

Mr. Acharya.—I think so.

President.—Apparently the difference does not amount to more than a few annas per ton of cement. The necessity of employing at present these four Europeans does not increase your expenditure by any very large sum, Rs. 20,000 a year, on the full capacity would be 3 annas per ton of cement.

Mr. Acharya.—Yes.

President.—You have told us in answer to question 36 that the total number of Indian workmen employed is varying according to necessity, but owing to short notice it is not possible to give average wages of different classes. Surely there must be more information than that. Can you give us the number actually employed in a particular month with the output of that month?

Mr. Acharya.—I have not got the figures here. I will send them later.

President.—You say it is not possible to give the average wages of different classes of workmen owing to short notice. Do you think it possible that the rates would probably be about the same as at Porbandar?

Mr. Acharya.—They would be about the same.

President.—There would not be a wide difference in the rates of wages, as both places are the same part of the country?

Mr. Acharya.—No.

Mr. Kale.—You have been working only for two years and have not had sufficient time to start any system for training labour?

Mr. Acharya.—But still we are contemplating to start a scheme of training.

Mr. Kale.—What is the scheme?

Mr. Acharya.—The burning of clinker is the most important factor in the production of cement. We will take apprentices for that, give them training, give them a substantial salary at the beginning, and, if they are successful, we will give them a higher salary.

Mr. Kale.—Have you got any such scheme in mind?

Mr. Acharya.—We have but, the present position of the trade being bad, we could not launch any scheme.

Mr. Kale.—Burning is the most important job?

Mr. Acharya.—As regards the chemist, even an Indian chemist will do.

IV. POWER (INCLUDING FUEL).

President.—In reply to Mr. Ginwala's questions this morning we have covered a good deal of the ground about coal and fuel; you told us you already reduced your consumption of coal to half a ton per ton of cement.

Mr. Acharya.—Yes.

President.—Then you say you are bringing fuel from the Bengal coal fields and the C. P. coal fields. Have you got any system as to the proportion you get from Bengal and the proportion you get from the C. P.?

Mr. Acharya.—No regular proportion. For boiler purposes we get from the Central Provinces and for kiln purposes we get from Bengal.

President.—Some other firms also told us so.

Mr. Acharya.—You may take it at nearly half the coal is for the boilers and a bit more than half for the kilns.

President.—Then you using more Bengal coal than C. P. coal. Two other firms—the Indian Cement Company and the Gwalior Cement Company—said that they were using half and half. Do you mix a certain amount of C. P. coal with the Bengal coal for the kilns?

Mr. Acharya.—Sometimes we do it. We mix the slack coal from the C. P. with the Bengal coal and then grind in the coal mill.

President.—Then you say in answer to question 45 that the ‘free on truck’ price varies from time to time. If at one time it might be Rs. 9 per ton f.o.r. pitsmouth, at another time it might be Rs. 8 or Rs. 7 per ‘ton.’ What is the latest price you paid in each case for Bengal coal and for C. P. coal?

Mr. Acharya.—There were three prices at the same time because we got from three parties from their collieries. The price was between Rs. 8 and Rs. 9 for the Bengal coal and for the C. P. coal it was Rs. 7-8-0.

President.—That is unusual. The difference between the C. P. coal and the Bengal coal is usually much greater than that.

Mr. Acharya.—The freight is less, but the price is the same more or less.

President.—The other firms gave us the price of C. P. coal as at least Rs. 2 cheaper than the Bengal coal. I think it was Rs. 6-8 or something like that.

Mr. Acharya.—We got it at Rs. 7-8.

President.—Either you have been lucky in the price of your Bengal coal, or you have been unlucky in the price of your C. P. coal.

When this port is finished and you are able to import your coal by sea, what do you expect the freight *via* Calcutta would be?

Mr. Acharya.—About Rs. 12 to Rs. 15 instead of Rs. 20 or Rs. 21.

President.—Are you sure that vessels will go from Calcutta to Dwarka sufficiently often?

Mr. Acharya.—We had two or three previously but we were confronted with the unloading difficulty.

President.—What was the rail freight from the collieries to Calcutta?

Mr. Acharya.—About Re. 1.

President.—I never heard of a freight of Re. 1 from coalfields to Calcutta. It does not seem very much of a saving, if the sea freight is about Rs. 15, and the freight to Calcutta and the unloading charges would be another Rs. 3 at least if not more. It would not give much margin as compared with Rs. 20 or 21 a ton you are paying at present.

Mr. Acharya.—It will make some difference.

President.—Do you remember at the moment the total freight from the coal fields to Dwarka that you actually paid in the case of these consignments?

Mr. Acharya.—I do not exactly remember.

Mr. Kale.—In the case of the Indian Cement Company the price they paid for coal was Rs. 5-4 for the C. P. coal and Rs. 11 for the Bengal coal: your freight is about the same. So the difference between that price and your price is about Rs. 3.

Mr. Acharya.—It depends on the supply. Now the prices have gone down. We bought the C. P. coal long ago. Now we have got contracts and the price is less.

Mr. Kale.—Are these the prices of coal in stock?

Mr. Acharya.—Yes. It was purchased 8 or 10 months back.

V. MARKET.

President.—In answer to Question 50 you say “that the price has become substantially cheap as compared with the heavy prices during the war and pre-war periods.” Do you consider that cement at present in India is cheaper than it was before the war?

Mr. Acharya.—Yes.

President.—Do you mean the Indian cement?

Mr. Acharya.—Yes.

President.—You say in answer to question 52, viz., “Are there any markets in India in which owing to their distance from the ports you are more easily able to compete against the foreign manufacturer?” that the question does not arise as you too are situated at a port. Has foreign cement ever been landed at Dwarka?

Mr. Acharya.—No.

President.—Is there any market in which you can sell any appreciable quantity of cement to which the freight from Dwarka is lower than from Bombay?

Mr. Acharya.—Karachi.

President.—But it is also a port. I am speaking of the interior.

Mr. Acharya.—Some place in Kathiawad and Guzerat.

President.—I take it at Ahmedabad the freight from Bombay will be lower than the freight from Dwarka.

Mr. Acharya.—From Dwarka to Ahmedabad it is Rs. 9-10 per ton. I have not got the figures from Bombay.

President.—I think it is less than that.

Mr. Acharya.—I think so.

President.—That practically means that you are dependent on the markets that you can reach by sea. Bombay and Karachi are your natural markets?

Mr. Acharya.—Yes. They are the chief markets.

President.—As regards export you have already told us something about the use of barrels. Have you ever actually exported any cement of late?

Mr. Acharya.—We sent about 50 tons to East Africa.

President.—How was that packed?

Mr. Acharya.—In bags only. We gave it to one of our contractors at a special rate delivered at Arethara. He loaded it in craft and took it at his own risk. We quoted him a very low rate for export purposes only, so that our cement might be popularised in East Africa. We afterwards learnt that he made a good profit. If the question of freight is solved, we would be able to export more to Kenya, East Africa and Mesopotamia.

President.—Do you happen to know the freights to these places?

Mr. Acharya.—For Mesopotamia the steamer company quoted Rs. 25 a ton for fast steamers and Rs. 17-8 for slow steamers. To

	Rs.	A.	P.
Mombassa	20	0	0
Aden	20	0	0
Basra	20	8	0
Basra to Baghdad the freight was	14	8	0

President.—How do you think these freight rates are going to be reduced? How can Government control the freights of foreign and British Steamship Companies? How is the thing to be done?

Mr. Acharya.—Prevail upon them morally.

President.—If moral influence was of any use I should get my ticket cheaper from the P. and O. when I go home! Do you consider that with these freight rates that you have given us any export is really possible?

Mr. Acharya.—With these rates exports are impossible.

President.—In answer to question 54 you tell us that you have sold a certain amount of cement to Government at Rs. 79 a ton in 1922 and at Rs. 65 a ton in 1923. Were the rates fixed by a contract with the Development Department?

Mr. Acharya.—Yes.

President.—These are the prices you received at the factory?

Mr. Acharya.—Yes.

President.—Government have got to pay the freight to Bombay?

Mr. Acharya.—Yes.

President.—Can you tell us about this contract with the Development Department?

Mr. Acharya.—In 1921, when the prices were very high, the Development Department called for tenders asking for quotations on the basis of a certain percentage of profit. We four companies went and saw Sir L. Hepper and he said "we can give you a contract at a certain percentage of profit" and an agreement was drawn up for 10 years on the basis of works cost to be calculated according to certain methods. On that works cost they gave us 15 per cent., and on that basis Government agreed to the contract, because prices were very high at that time.

President.—Then the price is fixed for each firm separately having regard to its cost?

Mr. Acharya.—Yes.

President.—One can understand arrangements like that being made in periods of war and stress, but I am surprised that the contract was made for a period as long as 10 years.

Mr. Acharya.—They saw that the prices were very high, not only at that time but also during the last decade, and they thought they would get much better price.

President.—I have no doubt they thought so, but I think they were short-sighted. I believe the Bombay Municipality are taking legal opinion whether they could get out of the contract.

Mr. Acharya.—Now that prices have gone down, they want to get out of it, but if the prices had gone up they would have compelled us to work up to it.

President.—Is there any quantity fixed in the contract?

Mr. Acharya.—Up to 60,000 tons. But in fact the requirements have come down like anything, and this year they asked us for 13,000 tons.

President.—On what basis is the total for each year divided between the four concerns?

Mr. Acharya.—On equal basis. Suppose the Development Department want 20,000 tons for this year, each company gets 5,000.

VI. FOREIGN COMPETITION.

President.—In answer to question 57 you say "The prices realised by us are

	Rs.
1922-23	77 per ton.
1923-24	62 per ton."

I am surprised that, even with the aid of the contract, you succeeded in getting an average price as high as that.

Mr. Acharya.—The reason is this. Before this contract was entered into with Government, there was a contract running between us and the Development Department for about ten thousand tons.

President.—Of your total output for the two years, how much was sold to Government and public bodies, whether under contract or not?

Mr. Acharya.—We sold to Government about 9,000 tons; to public bodies 7,500 tons.

President.—That is in all about 16,000 tons, and the amount of cement packed during the last two years was 53,000 tons. You have only accounted for about a third of your output at this comparatively higher price.

Mr. Acharya.—Besides this we sold another 10,000 tons to Government.

President.—You now tell us that apart from the figures you have given in answer to 54 you sold 10,000 tons more to Government, but why did you not include that in the figures in answer to question 54? We asked you a perfectly definite question as to how much cement you sold to Government, and you calmly leave out 10,000 tons, as if it were nothing.

Mr. Acharya.—I regret it was through an oversight.

President.—Evidence given in this way is almost valueless. Very well, that takes you up to, say, 25,000 tons. You have still got nearly 30,000 tons to account for. This means that you have sold about 25,000 tons to Government and public bodies and you apparently received a high price for that, and something over 30,000 tons you have sold to private purchasers, is that right?

Mr. Acharya.—Yes.

President.—All I can say is that I do not understand how in 1923-24 your average price was as high as Rs. 62 a ton. Take the year 1923-24. You sold a considerable proportion of your output at the relatively high price of Rs. 65 a ton. I do not understand how, taking into account the fact that prices were low last year in the open market, your average was as high as Rs. 62 a ton.

Mr. Acharya.—During the last year the prices were not so low. It is only since January that the prices have gone down.

President.—That is not the evidence we have received so far from other concerns. However I do not want to argue further on that point because you are not in a position to answer. You say "It is rather difficult to ascertain the f.o.b. prices of imported cement." As a matter of fact there is no particular difficulty at all. They can be ascertained with comparative ease; but we have got full information from the Indian Stores Department, and it is perhaps not necessary to pursue the point.

You say in answer to question 60 that "The foreign manufacturers are selling sometimes at a very small margin of profit with the deliberate idea of capturing the Indian market." In Calcutta to-day the Indian manufacturer is selling at about Rs. 45 a ton or less, and the foreign manufacturer sells at about Rs. 55 a ton. Which of them may most justly be accused of trying to capture the Indian market?

Mr. Acharya.—Of course at present the Indian.

President.—It is impossible at present for the European manufacturer to capture the Indian market, when the Indian companies have cut their prices to the bone. The European manufacturer may be selling at a very small margin of profit, but it is not in the hope of capturing the market, but in the hope of hanging on to the tail end of the market.

President.—In answer to Question 62 you talk of "General trade boom and the consequent keen competition." For 'boom' may I substitute 'slump'?

Mr. Acharya.—We mean on account of the boom impetus was given to start new factories.

President.—I am not aware that, as a result of a trade boom in Europe there has been an increase in the number of cement factories there, and it is absurd to say that foreign cement is entering in India at a low price because of a trade boom.

Mr. Acharya.—What we mean is that, after the boom, impetus was given to the new companies to start.

President.—What country are you referring to? Where did these new factories start? If the question had been "why is the price of cement in India so low to-day," then you were entitled to say "because of the fact that the very high price of cement led to the foundation of a large number of factories." But that is not the question; the question was "To what

causes do you attribute the low prices at which foreign cement has entered India since the war?"

Mr. Acharya.—Slump I suppose. Since in India it has happened, it must have happened in other parts of the world as well.

President.—In answer to 63 you say "Whereas an importer has to pay roughly about 18 to 20 shillings per ton from London to Bombay, Calcutta, Madras, Rangoon or Karachi, we have to pay, say, about Rs. 30 per ton from our factory say to Rangoon." Then in the next sentence you go on to say "The railway freights, if the cargo is diverted through the interior by means of railway, will necessarily be nearly twice this much figure and to other places possibly three to four times that much figure." That means twice or three times Rs. 30 per ton? What is the figure you are referring to?

Mr. Acharya.—Rs. 30 we have taken for Rangoon.

President.—You say if the cargo were diverted by means of railway, it would necessarily be twice that figure. Twice what figure?

Mr. Acharya.—Freight from Dwarka.

President.—Are you prepared to say that the freight from Dwarka to Madras will be as much as Rs. 60 a ton?

Mr. Acharya.—I have said Rs. 30 a ton to Rangoon. For Madras I think we have given Rs. 15 a ton. I am afraid I have not got full information, but I think it would be as much as that.

President.—In answer to 66(e) in the last sentence you say "The result is that the stores are 50 per cent. dearer than in the United Kingdom." Is that 50 per cent. merely a guess or based on actual figure?

Mr. Acharya.—It is only a guess.

President.—In answer to question 68 which is, "Do you consider that the Indian manufacturer of cement is at a disadvantage owing to (a) the distance between the sources of fuel and the areas where the raw material are found, and (b) the distance between the factory and the principal markets" you say "Some of the Indian manufacturers of cement are at a disadvantage owing to the distance between the sources of fuel.....". Which of the Indian manufacturers do you consider are not at a disadvantage in this respect?

Mr. Acharya.—The people at Katni and Jubbulpore are not at a very great disadvantage.

President.—That may be, but you must remember that these companies get half their coal from a distance of 100 miles and half from about 400 miles. I don't suppose in Great Britain any manufacturer gets his coal from a distance of more than 50 miles by rail, and therefore 100 miles would be regarded as a long distance in England. I quite admit that this disadvantage applies to a greater extent to some companies and to a lesser extent to other companies, but it applies to some extent to all companies.

President.—In answer to question 68(b) you say "This fact would not much affect the Indian manufacturer in case the freights are regulated so as to be in equality with the foreign manufacturer.....". The question is not answered at all.

Mr. Kale.—Don't you think that there is what may be called a natural market fixed by your geographical position? What is that market?

Mr. Acharya.—Karachi, Bombay, Malabar and some part of Kathiawad.

Mr. Kale.—You and the Porebandar Company are the two companies which you think have identical markets?

Mr. Acharya.—Yes.

Mr. Kale.—What is your estimate of the consumption to which these two companies are restricted. Can you give me an idea of the extent of the market?

Mr. Acharya.—In Bombay we sell about 10,000 tons and in Karachi about 3 to 4 thousand tons.

Mr. Kale.—Supposing you are able to increase your production; how will you be able to dispose of your output in these markets? Do you think there will be sufficient increase in the demand when you increase your production?

Mr. Acharya.—The demand is naturally increasing.

Mr. Kale.—Your demand is, as I said in the beginning, restricted to certain natural markets. Do you think there will be appreciable increase in these natural markets for your cement?

Mr. Acharya.—We can go elsewhere, Rangoon, Madras and so on.

Mr. Kale.—That is not your natural market?

Mr. Acharya.—That is so.

Mr. Kale.—Unless certain favourable conditions arise you cannot sell in these markets, and one of these conditions is that the freight must be reduced. You do not tell us how this is going to be done. When you say that freight should be regulated, do you mean that Government should do it?

President.—Is it your idea that Government should subsidise your export of cement from Dwarka or Porbandar to, say, Rangoon by paying so much per ton: is that the idea?

Mr. Acharya.—That will be a sort of bounty.

Mr. Kale.—Government cannot say to the steamer companies, that they must carry cement at a moderate rate. The only way to deal with the problem is for the Government to bear that burden.

Mr. Acharya.—Government can point out effectively the disparity between sea freight from England to India and from India to elsewhere. They can say that the latter is abnormal and does not stand to reason? It may carry some weight if Government were to take up the matter with the steamship companies.

Mr. Kale.—Will it carry any weight with you, for instance, if Government tells you to sell cement at say Rs. 30 a ton.

Mr. Acharya.—During the war time did not Government force us to sell cement at a fixed price?

Mr. Kale.—Do you think it is a practical proposition for Government to use its moral influence to compel the steamship companies to agree to a particular rate?

Mr. Acharya.—I think partly it may be, because these persons have got to depend upon Government in so many things.

Mr. Kale.—If Government were so powerful, many problems could be solved much more easily.

You say that cement is now cheaper than it used to be before the war. Can you give me an idea of the price before the war?

Mr. Acharya.—We were not in existence before the war, but it was about Rs. 45 to 60 per ton, and now the price is about Rs. 45 to 50.

Mr. Kale.—In the Bombay market what is the present price of cement?

Mr. Acharya.—Our price is between Rs. 40 to 45.

Mr. Kale.—What is the price of foreign cement in the same market? You say that the pre-war price was about Rs. 45—60.

Mr. Acharya.—Rs. 50 to 55. Continental cement can be had even at a lower price.

Mr. Kale.—The President asked you a number of questions about comparative railway freights and the sea freight. You were not able to clear up the matter. Is it your idea that the railway freight would be twice or thrice what the sea freight would be to a particular place?

Mr. Acharya.—Yes.

Mr. Kale.—That is to say, if you ship your cement from Dwarka to Madras the freight would be, say, Rs. 15, and, if the same cement were to be taken to Madras by rail, it would be Rs. 30 or 40?

Mr. Acharya.—Yes.

Mr. Kale.—What is the railway freight to Madras?

President.—Have you calculated?

Mr. Acharya.—We have got the circuitous route now.

President.—Assuming for the sake of argument that the sea freight to Madras is Rs. 12, then the rail rate will be Rs. 24.

Mr. Acharya.—That is right.

President.—Rangoon is not a good example. There is no railway connection.

Mr. Acharya.—Quite so.

VII. EQUIPMENT.

President.—In your answer to question 73, you say "The manufacturers when they supplied this plant assured us that it was sufficiently up-to-date, though we believe that due to recent improvements that have been effected in cement making machinery, we shall be at a disadvantage with the foreign manufacturer." Is that the improvement you were telling us about this morning?

Mr. Acharya.—Yes, about the burning zone

Mr. Kale.—This morning we asked you about the supply of water, are you referring to that in answer to question 72? "The water is obtained from our pumping station at Verwala." Is all your water obtained from Verwala?

Mr. Acharya.—Yes.

Mr. Kale.—It has to be carried over a distance of three miles?

Mr. Acharya.—Yes.

Mr. Kale.—What would be the running cost per ton of cement?

Mr. Acharya.—I have not got the figures here.

Mr. Kale.—Why do you say in answer to question 70 that the manufacture of cement requires the use of elaborate, heavy and expensive machinery? Is it so very elaborate as some other manufactures? To me it appears to be comparatively simple.

Mr. Acharya.—It is not quite simple.

Mr. Kale.—As compared with other industries, it is quite simple?

Mr. Acharya.—It is not quite simple. At the time of erecting we had to import expert labour.

Mr. Kale.—It may be necessary in setting up, but not in working. It is not a complicated machinery?

Mr. Acharya.—It is not so very complicated as the iron and steel industry.

Mr. Kale.—I thought the word 'elaborate' was not rather the proper word.

Witness No. 5.

Bundi Portland Cement, Ltd.

WRITTEN.

Replies to questionnaire from the Bundi Portland Cement, Ltd., dated 14th June 1924.

We have to acknowledge the receipt of your letter No. 898, dated the 21st ultimo, forwarding a copy (with two spare copies) of a questionnaire which has been drawn up by the Tariff Board in connection with their enquiry into the cement industry.

2. We note the procedure which the Board has decided to follow and in sending herewith our reply to the questionnaire (with five spare copies) we have to request that the Board will respect our wish that the information submitted under the head of "Cost of Production" be treated as strictly confidential and not given out publicly.

3. In the event of your Board requiring us to tender oral evidence, we shall be prepared to send our representative to Simla for this purpose but should prefer the examination to be fixed for any date after the 30th June which may be convenient to the Board.

REPLIES TO QUESTIONNAIRE.

I. INTRODUCTORY.

1. Bundi Portland Cement, Ltd., or as it was then called The Bundi Hydraulic Lime and Cement Co., Ltd., was established 20th September 1913. It is a public company registered under Act No. VI of 1882 of the Legislative Council of India.

2. The Capital held by Indians in the Company is Rs. 10,44,490 out of subscribed Capital of Rs. 20,00,000, i.e., 52.22 per cent. of the Capital. Out of seven Directors five are Indians. There are eight Indians employed in superior posts.

3. Manufactures cement and lime.

4. In the year 1916.

5. (a) 65,000 tons cement per annum.

(b) 24,000 tons lime per annum.

6.

Year.	Actual Output.	
	(a) Cement. Tons.	(b) Lime. Tons.
1917	19,178,493	3,495,077
1918	29,854,249	6,809,541
1919	32,740,615	630,750
1920	36,339,116	...
1921	60,100,270	...
1922	55,227,045	388,800
1923	57,055,290	157,171

7. The factory is situated at Lakheri, Bundi State, Rajputana.

(a) The limestone is won from a quarry close to the Works.

(b) The Company is handicapped by being about 800 miles from the collieries, the freight on coal being about Rs. 12 per ton.

- (c) The interior markets of India still require a good deal of education in regard to the possibility of cement usage and the Works are far distant from the Ports which are large consumers.

(d) Labour supplies are adequate.

We consider the most important factors in selecting the site of a cement factory in India are close proximity to the raw materials and if possible near the larger markets.

8. Except for a small quantity of Portland cement specially adaptable for marine work, all cement manufactured is Portland cement conforming to the British Standard Specification (Revised 1920).

9. (a) Yes.

(b) The bulk of manufacture is Portland cement to the British Standard Specification and a small quantity of Marine cement to the Bombay Development Directorate's specification.

We consider the British Specification suitable to Indian conditions except that some modifications should be made in view of the higher temperatures ruling in this country.

10. (a) Yes.

(b) No.

(c) Reluctance on the part of Engineers in India who have been accustomed to use imported cement with a record of numerous tests both in the Laboratory and in actual use available over a long period, to make use of an article which has not yet had time to acquire a similar reputation.

II. RAW MATERIALS.

11. Limestone and Gypsum.

The limestone available in the Company's quarries is of a composition which embraces the constituents of cement.

12. (a) Based on present output of 60,000 tons per annum—approximately 90,000 tons limestone and 1,500 tons gypsum.

(b) Based on full capacity output of 65,000 tons—approximately 100,000 tons limestone and 1,625 tons gypsum.

13. 1.5 tons of limestone and about 45 lbs. gypsum.

(a) Percentage of wastage before calcining—Nil.

(b) Percentage of wastage during calcining—50 per cent.

(c) Percentage of wastage after calcining—1 per cent. .

14. 1.5 tons of ground limestone.

15. Practically no further loss from above except from a small amount of dust escaping during grinding.

16. From a hill range situated half a mile from the Works.

17. The overburden is removed by a steam "navvy" and the beds of limestone broken up by blasting, and the broken stone transported in tipping tubs to the Crushers.

18. The lease stipulates for a Royalty of Rs. 2-8-0 per 100 cubic feet of limestone to be paid to Bundi State, equivalent to about 12 annas per ton of cement.

19. (1) Re. 0-12-0 per ton.

(2), (3) and (4) Re. .725.

20. Mining lease on ordinary Government form in respect of limestone for 30 years with option of renewal.

Terms considered reasonable.

21. No deterioration in supply of the raw materials in regard to quality has yet been noticed nor expected.

22. We have not found the raw materials deficient in any respect.

23. We anticipate an ample supply of limestone during the full term of the lease.

(a) Yes.

(b) Yes.

24. No.

25. No.

26. No.

27. No.

28.

III. LABOUR.

A. Quarry Labour.

Year.	Labour, daily average.	Total wages.		Average wages per man.	
		Rs.	A. P.	Rs.	A. P.
1918	140	24,526	14 11	0	9 0
1919	237	41,505	2 0	0	9 0
1920	193	34,397	13 6	0	9 0
1921	381	74,461	12 0	0	10 0 (Jany.)
1922	546	1,06,577	5 6	0	10 0
1923	329	64,198	3 6	0	10 0

29. The present supply of labour is generally adequate except during certain seasons of the year.

30. Labour is indigenous and is generally available in sufficient numbers for our requirements.

31. (a) Only very little training required for this kind of work.

(b) Yes.

B. Factory Labour.

32. Skilled supervision is required at first but workmen have been and are now being specially trained in the Works. We have no imported Factory Labour at present.

33. No imported labourers are employed by us although the factory is working at very nearly fullest capacity.

34. The Company first imported an experienced Cement Burner to train the local maistries who have now attained a sufficient standard of expertness to efficiently cope with the work. Apprentices are being employed in the Workshops and trained as artificers.

35. No data available.

36. About 1,200 hands. Average rate of wage for unskilled labour Re. 0-10-0 per diem. Skilled in supervision of Mills and Kilns from Re. 1 to Rs. 3 per diem.

37.

Year.	Total wages.		Average wages per man.
	Rs.	A. P.	
1918 . . .	1,02,459	6 5	Unskilled labour Re. 0-9-0. Skilled „ Re. 1 to Rs. 2.
1919 . . .	1,66,678	15 6	Do.
1920 . . .	1,93,112	0 0	Do.
1921 . . .	2,58,854	2 6	Raised from January 1921. Unskilled labour Re. 0-10-0. Skilled „ Re. 1 to Rs. 3.
1922 . . .	2,98,043	9 9	Do.
1923 . . .	2,76,607	1 3	Do.

38. (a) Yes.

(b) Mainly from the vicinity of the Factory.

39. (a) Yes.

(b) We are informed by our supervisors that the standard of efficiency is lower than that of the hands employed in Western countries.

40. Practically all employes are housed in quarters provided by the Company, with free lighting, water, medical attention including hospital, school and recreations. Certain employes live in their own villages in the vicinity of the Works.

IV. POWER (INCLUDING FUEL).

41. and 42. The power used in the factory is electricity generated at the Company's own Power House. The cost is approximately 5 anna per unit.

43. The power is generated from a steam Turbine, driven from Babcock and Wilcox Boilers which burn coal. The battery of boilers consumes about 1,400 tons of Bengal coal per month. At times the supply of coal is restricted owing to irregular wagon supply.

44. From 2.5 to 3.4 lbs. of coal per unit generated, the variation being due to the quality of the coal available.

45. Coal both for the Kilns and the Boilers from the Bengal collieries some 800 miles away. The price varies from Rs. 6 to Rs. 12 per ton free on truck. Cost of transport about Rs. 12 per ton. The consumption in the Kilns is about 2,000 tons per month.

46. The Company does not own any source of fuel supply.

47. Does not apply to this Company.

V. MARKET.

48. The total Indian production of cement is estimated as follows:—

Year.	Tons.
1915	18,000
1916	38,664
1917	73,726
1918	84,344
1919	86,814
1920	86,320
1921	128,627
1922	147,615
1923	235,229

49. During 1923 the total consumption of cement in India was about 3½ lakhs of tons.

50. The demand should slowly increase as the country develops, also as the various practical uses of cement become more widely known as the result of propaganda and the cheaper price brings it within the scope of the smaller consumers. With the disappearance of foreign cements from the markets the prejudice against Indian manufactured cement would tend to diminish which would bring about an increased demand.

51. The Company disposes of the greater part of its production in the following centres. The relative distances from the Works are shown against each:—

	Miles from Lakheri Works.
Delhi	253
Cawnpore	383
Lucknow	439
Lahore	551
Indore	251
Ajmer	194
Bombay	610
Ahmedabad	409
Baroda	365
Surat	355
Sukkur	718

52. The interior markets in India are now being educated up to the greater use of Indian Cement where previously owing to distance from the Ports high costs prohibited the general use of cement. During the war supplies were frequently unobtainable; since the cessation of hostilities prices ruled high for a considerable period. It is impossible at present to give any reliable figures regarding demand from each centre, as the offtake is variable. Imported cement should really only be able to compete at or near the Ports, which are big consumers of cement. The Rail Freight to the larger towns in the interior should obviate imported cement competing to any great extent as the situation of many of the Works is nearer the larger towns than the Ports.

53. Export of Portland cement should be possible to Iraq, East Africa and Ceylon, but is improbable owing to low rates of freight from Europe enabling surplus quantities of cement from the factories there to be delivered at cheap rates at the Ports of those countries.

54. (a) Yes.

(b) Yes.

(c) Yes.

(i) During the war period practically the whole output was taken by Government and only a small portion left for disposal to the public. The then existing Works were practically controlled by Government.

(ii)

	Government.		Railways.		Public Bodies.	
	Tons.	Average price per ton.	Tons.	Average price per ton.	Tons.	Average price per ton.
		Rs.		Rs.		Rs.
1922 . . .	1,355	85	9,155	69	11,838	78
1923 . . .	423	52	5,247	58	15,665	59

During the war we received prices ranging from Rs. 42-8-0 to Rs. 70 per ton while the price of imported cement cost Rs. 80 to Rs. 250 per ton.

VI. FOREIGN COMPETITION.

55. From the United Kingdom, Germany, Belgium and Japan.

56. Practically all competition is in Portland cement.

57. (i) (a) 1912 from Rs. 45 to Rs. 50 per ton ex-Godown, Bombay.

1913 from Rs. 45 to Rs. 50 per ton ex-Godown, Bombay.

1914 about Rs. 60 per ton ex-Godown, Bombay.

(b) 1917 from Rs. 125 to Rs. 225 per ton ex-Godown, Bombay.

1918 from Rs. 125 to Rs. 225 per ton ex-Godown, Bombay.

(c) 1921, Rs. 200/150

1922, Rs. 150/75

1923, Rs. 75/55

} due to high freights by importing steamers.

(ii) 1917 and 1918. During this period of the war the Company's output was commandeered by the Munitions Board who paid only prices from Rs. 42½ to Rs. 55 f.o.r. Works. The control commenced in the Autumn of 1917 but was only partial until early 1918 when the whole output was commandeered; a small tonnage per mensem was released from June 1918; the control ceased in June 1919, but the Munitions Board continued to take a large tonnage until December.

1919, 1920 and 1921. We realised between Rs. 70 and 87 per ton f.o.r. Works.

1922, Rs. 76 per ton f.o.r. Works.

1923, Rs. 57 per ton f.o.r. Works.

Not having been associated with imported cement we are unable to give the details required.

58. We are aware from time to time at what rates foreign cement is selling both here and at other Ports. The information is reliable. We have also our own system of advices from London giving the f.o.b. price in sterling and the freight rate for British Portland Cement and we are aware of the customs duty and approximate landing costs in India. Some of the Chamber of Commerce Published Returns give the price of cement.

59. The prices given in the Indian Trade Journal are a reliable record of prices at which contracts have been placed by the Indian Stores Department and are a guide to current prices.

We find it difficult to answer the third and fourth queries, as we have never adopted the importing trade.

60. That British Manufacturers are exporting at cost or below it is admitted, and we invite a reference to the Director's Reports for the years 1922 and 1923 which we quote in our answer to question No. 62.

61. Foreign Cement competition is naturally most keenly felt at the principal Ports. But unfortunately those are themselves some of the biggest consumers of cement. Most of the Indian Works are at a disadvantage owing to their distance from the principal Ports, and are further handicapped by high Railway freights. In many instances the Rail freight is higher than the Sea freight on Foreign Cement to Indian Ports.

62. Since the war Foreign Cement has entered in India owing to the depreciated continental exchanges enabling Manufacturers to sell here at remunerative prices. We quote:—

(a) Directors' Report—Associated Portland Cement Manufacturers—for year ended 31st December 1923.

“ * * * * *

The Company's export trade which represented nearly 40 per cent. of its aggregate deliveries, was carried on at little or no profit owing to the severe competition of Continental Manufacturers who enjoyed a favourable position by reason of the depreciation of their currencies.”

(b) Directors' Report—same Company—year ended 31st December 1922.

“ * * * * *

an increased tonnage was exported notwithstanding the difficulties experienced in overseas markets.”

63. Take Bombay as an example:—

We have to pay Rs. 13-8-0 rail freight from our Works against the present sea freight of 16s. to 18s. per ton, less we believe a substantial rebate.

64. Example:—

Railway freight—Bombay—Delhi, 863 miles, Rs. 18-2-8 per ton (10 annas 8 pies per maund).

Railway freight—Lakheri—Delhi, 253 miles, Rs. 6-10-9 (3 annas 11 pies per maund).

Pie 17 per maund per mile and 2 pies terminal.

We emphasise our reply to No. 61 that the Ports where the competition of foreign cement is greatest are big consumers of cement, therefore the Indian manufacturer is at a disadvantage in most cases owing to the high rail freights he has to pay and the long distances to be traversed to reach the Ports.

65. We have no evidence to offer.

66. (a) Yes. Owing to sea freight, customs duty, handling charges and rail freight payable to Works site.

(b) Yes. As expert labour for construction of Works and new plant has to be brought out at high rates for a short term.

(c) Yes.

(d) No.

(e) Not as regards raw material but only in the case of consumable stores, particularly coal, owing to the remoteness of collieries.

(f) Yes. Owing to greater distances in India.

(g) A large stock of spare parts have to be maintained owing to the length of time in getting fresh supplies imported.

(h) Yes.

(i) Indian Capital is at present distinctly averse to industrial enterprise.

We also suffer from periodical "wagon shortage" affecting our coal supplies, necessitating accumulation of heavy stocks entailing lock up of capital and consequent loss of interest.

67. All permanent, except as regards (i) but little amelioration of this may be expected for years nor we fear of the necessity of keeping large stocks of coal, bags, etc.

68. (a) Yes, in nearly all cases.

(b) Yes, except in a few instances.

VII. EQUIPMENT.

69. Yes. 30,000 tons.

70. Yes. The manufacture of Portland cement is a highly technical process and requires most elaborate, intricate and expensive machinery to cheapen production.

71. About 50 per cent. of our capital outlay has been spent on plant and machinery.

72. Crushing plant by various makers:—

Raw mill grinding and mixers by F. L. Smidth & Co.

2 Rotary Kilns by F. L. Smidth & Co.

1 Coal Mill by F. L. Smidth & Co.

1 Cement Mill by F. L. Smidth & Co.

1 Cement Mill by Edgar Allen & Co.

A single unit plant was first brought into use in 1916 and the second unit in 1920. The process used in these Works is the dry process and is a continuous one day and night. The raw material passes successively from crushers to grinding mills, mixers, thence to the Kilns, whence emerging as clinker it is finally ground in ball mills to the requisite fineness for Portland cement.

73. Yes, provided we are protected against surplus products being dumped into the country and are not unduly handicapped by high rail freights.

74. It is a fact that many minor improvements have been effected.

75. We have installed new plant and machinery from time to time to improve, accelerate and cheapen the cost of manufacture. To give a brief description would involve too elaborate a statement to be of any use but the improvements have in all respects fulfilled the expectations entertained and the Company has further developments in view.

76. (a) The Company has under contemplation the replacement and extensions to the crushing plant.

(b) The Company is also contemplating the installation of a waste heat utilisation unit, which is one of the improvements which have come to the fore in recent years.

77. It has been our custom to get all steel plate and fabricated steel work which does not require special machinery made in India in order to reduce sea freights.

VIII. CAPITAL ACCOUNT.

78 and 79. We give particulars of our property value as at 31st December 1923.

	Rs.	A.	P.
(a) Purchase of Rights and Goodwill	1,60,000	0	0
	Rs.	A.	P.
(c) Buildings	10,05,534	14	11
Less depreciation written off up to December 1923	2,01,915	3	7
		8,03,619	11 4
(d) Plant and machinery and kilns	27,31,442	11	11
Less depreciation written off up to December 1923	10,57,253	5	3
		16,74,189	6 8
(e) Water works	1,06,135	2	1
Less depreciation written off up to December 1923	40,085	5	4
		66,049	12 9
Tramways	6,50,208	11	3
Less depreciation written off up to December 1923	1,34,181	8	6
		5,16,027	2 9
Furniture and fixtures	67,860	9	0
Less depreciation written off up to December 1923	18,314	0	9
		49,546	8 3
Electric Light installation	78,843	15	4
Less depreciation written off up to December 1923	17,773	12	3
		61,070	3 1
Stores and spares at cost	6,46,696	13	9
Loose tools at cost	23,099	12	9
	Rs. 40,00,299	7	4

80. We consider the depreciation written off is sufficient.

81. Estimated present day cost of erecting a factory similar to this Company's plant would be about Rs. 65 lakhs.

Operating cost of a New Cement Works should be slightly less.

82. Amount spend on machinery, plant and kilns in the year—

	Rs.	A. P.
1917	44,198	8 5
1918	2,06,029	7 1
1919	4,50,099	11 9
1920	3,38,160	9 10
1921	1,42,281	13 5
1922	1,84,838	11 7
1923	3,46,725	8 7

Remittances were made at the various rates of exchange current from time to time.

83. (a) Authorised Capital, Rs. 25,00,000.

(b) Subscribed Capital, Rs. 20,00,000.

(c) Paid-up Capital, Rs. 20,000.

Authorised Capital is divided as under:—

Rs. 25,00,000 divided into 250,000 Ordinary Shares of Rs. 10 each.

Subscribed Capital is divided as under:—

Rs. 20,00,000 divided into 200,000 Ordinary Shares of Rs. 10 each.

This Company has not issued any Preference or Deferred Shares.

84. This question does not apply to this Company.

85. This question does not apply to this Company.

86. The first dividend on the shares of the above Company was paid for the year ended 31st December 1917. The following statement shows for each year from 1917 to 1923 the paid-up capital, amounts distributed as dividends, and the rate of dividend:—

Year.	Capital paid up.	Actual amount of Dividends paid after deducting Income-tax.	Rate per cent. per annum paid less Income-tax.
	Rs.	Rs. A. P.	Per cent.
1917	12,00,000	1,40,625 0 0	12½
1918	13,50,000	3,79,687 8 0	30
1919	15,00,000	5,48,437 8 0	40
1920	15,00,000	5,53,125 0 0	40
1921	15,00,000	8,18,750 0 0	60
1922	15,00,000	4,07,812 8 0	30
1923	20,00,000	1,55,791 3 6	10

87. The average rate of dividend for the period of seven years, viz., from 1917 to 1923, is 31.78 per cent. per annum less Income-tax.

88. The amount of the Debenture Loan raised by the Company is Rs. 5,00,000. It was issued as under :—

Rs. 1,00,000	.	.	.	.	On 15th June 1915.
Rs. 2,00,000	.	.	.	.	„ 1st September 1915.
Rs. 1,00,000	.	.	.	.	„ 1st November 1915.
Rs. 1,00,000	.	.	.	.	„ 8th August 1916.

It carries interest at 6 per cent. per annum and is redeemable on 30th April 1925.

No Debenture Sinking Fund has been established.

89. Reserve Fund amounts to Rs. 17,30,000. This amount has been accumulated from surplus profits.

90. We anticipate that the cost of the replacement and development schemes under contemplation will be met from Reserve Fund and not by an increase of Capital.

IX. COST OF PRODUCTION.*

X. MANUFACTURER'S PROFITS.

110. We consider 12½ per cent. about the average required on Ordinary Shares—on Deferred Shares we should expect 30 per cent. or nothing.

111. (a) 7½ per cent. on Preference Shares.

(b) 8 per cent. on Debentures.

112. 12½ per cent.

113. (a) 1. Rs. 4-2-8 per ton.

2. Rs. 3-13-7 per ton.

XI. CLAIM FOR PROTECTION.

114. We submit that the Indian cement industry satisfies the three conditions laid down by the Indian Fiscal Commission.

A. In that it has available abundant supplies of raw material suitable to make first class Portland cement. Adequate labour supply is available, and the market though existent requires development. The industry is to some extent handicapped by the high cost of power, due to low quality coal and long distance for transport from the collieries.

B. Without the help of protection the industry will not develop so rapidly as is desirable in the interests of the country. The industry is at present passing through an acute financial crisis due to production having outstripped the demand, and should be assisted by the reservation of the entire Indian market for the Home product until the results of propaganda enable the Indian demand to be augmented. With a considerable portion of the Indian demand at present being catered for by foreign cement an additional handicap is thrown upon the struggling Indian manufacturer.

C. We submit that in the matter of quantity and quality the trade will in due course be able to face world competition, but it requires assistance until such time as the local market has developed sufficiently to enable the whole production capacity to be absorbed

* Marked "Confidential" and therefore not printed.

as it must be remembered that only by working to full capacity can Works produce on the most economical basis, and the cheaper price possible will naturally increase consumption.

115. We submit that the industry fully complies with both the conditions mentioned in paragraph 98 of the Indian Fiscal Commission Report as increased output means decreased cost of production and cheaper price to the consumer and consequent augmentation of demand by utilisation of cement in lieu of inferior materials for Works which a higher cost would prohibit. There is no doubt that the total Home demand of India for cement can be efficiently and adequately supplied by Indian Cement Works for many years to come.

116. Cement Manufacture being a Key Industry is most essential to the economic development of the country. The value of the industry to the country was abundantly proved during the Great War, and we consider that it should be protected during the period of depression which has overtaken it.

117. While there are no special features of the industry peculiarly suitable to Indian labour, it has been proved by experience that Indian labour takes kindly to it and acquires the requisite knowledge in a short time.

118. We are of opinion that a protective duty should be placed on all Portland cement.

119. A protective duty of Rs. 25 per ton to prevent foreign cement from competing with the Indian product at the Ports which are naturally consumers of considerable quantities of cement by reason of the Works in progress in many of them.

120. The industry receives protection at present owing to the present customs duty :—

- (a) on Portland cement which is 15 per cent. on a tariff valuation of Rs. 3 per cwt. and is equivalent to Rs. 9 per ton;
- (b) but no protection whatever is received owing to the transport charges between the country of production and the port of entry as in the most cases the rail freight from Indian Works to ports is greater than the transport charges from country of production.

121. An import duty of Rs. 25 per ton on all foreign cement in lieu of 15 per cent. on a variable valuation as at present.

We consider it essential that a protective duty be imposed in order to prevent foreign cement being landed at the ports at rates at which in many instances the Indian Works cannot compete by reason of high rail freight or high sea freight.

We again emphasise our quotation from the Reports of the Cement Company—*vide supra* 62—from which it is evident that United Kingdom surplus product is being exported below cost in order to maintain production at an economic figure. Until such time as the Indian demand for cement is on a par with production no foreign cement should be allowed to add to the difficulty of Indian manufacturers.

122. It is an indisputable fact that at present the actual and potential production of Indian cement largely exceeds the consumption of the country. We calculate the potential output at end of 1924 in the neighbourhood of 576,000 tons. The actual output for 1923 was in the neighbourhood of 250,000, while the consumption in 1923 was 330,000 tons only inclusive of 103,000 tons imported cement.

If the protection requested is given the industry will benefit to the extent of increased consumption of Indian cement in place of the quantity of imported cement, and will be enabled to continue to develop the Indian market. Unless protection is afforded, some of the Companies will be unable to market their product and will be forced to close down, thereby causing loss and dissatisfaction to Indian Capital, and a consequent set-back to the development of the country on industrial lines.

Witness No. 6.

Punjab Portland Cement Limited.

WARRIEN.

Replies to questionnaire received from the Punjab Portland Cement Limited, dated 20th June 1924.

In continuation of our letter No. BHL 67/6137 dated the 16th June and with further reference to your letter No. 471 dated the 12th *idem* we now beg to send herewith our reply (with five spare copies) to the Questionnaire which has been drawn up by the Tariff Board in connection with their enquiry into the Cement Industry.

REPLIES TO QUESTIONNAIRE.

I.—INTRODUCTORY.

1. Punjab Portland Cement Limited was established on the 21st April 1920. It is a public Registered Company incorporated under the Indian Companies Act VII of 1913.

2. The Capital held by Indians in the above Company is Rs. 15,98,170 out of subscribed Capital of Rs. 35,00,000, i.e., 45.662 per cent. of the Capital.

Out of eight Directors four are Indians.

There are six Indians employed in superior posts.

3. Manufactures Portland cement only.

4. In July 1923.

5. 38,000 tons cement per annum.

6. A full year has not elapsed since the Company commenced to manufacture Portland cement but the monthly output has now reached the full capacity of 3,000 tons.

7. The factory is situated at Wah near Hasan Abdal, Attock District, Punjab.

(a) The limestone is won from a quarry close to the Works and clay obtained from pits adjoining the Works.

(b) The major portion of the Company's coal requirements are drawn from the Bengal coalfields which are some 1,250 miles away, the freight being about Rs. 15 per ton. A limited quantity of coal is obtained from the Makerwall collieries which are only about 125 miles away but the supplies are cut off when the River Indus is in flood and other factors cause the supply of the coal from this source to be uncertain.

(c) Yes.

(d) We have no complaint against local labour but being agriculturists they are not taking very readily to factory work.

We consider the most important factors in selecting the site of a cement factory in India are close proximity to the raw materials and if possible near the larger markets.

8. All cement manufactured is Portland cement conforming to the British Standard Specification (Revised 1920).

9. (a) Yes.

(b) The cement manufactured is Portland cement only to the British Standard Specification. We consider the British Standard Specification suitable for Indian conditions except that some modification should be made in view of the higher temperatures ruling in this country.

10. (a) Yes.

(b) No.

(c) Reluctance on the part of Engineers in India who have been accustomed to use imported cement with a record of numerous tests both in the laboratory and in actual use available over a long period, to make use of an article which has not yet had time to acquire a similar reputation.

II.—RAW MATERIALS.

11. Limestone, clay and gypsum.

12. (a) and (b) Based on the present output of 36,000 tons per annum which is the full capacity of the plant.

	Tons.
Limestone	36,500
Clay	12,000
Gypsum	1,800

13.

Limestone	1 ton.
Clay	3rd ton.
Gypsum about	1 cwt.

Percentage of wastage.

(a) Before calcining	nil.
(b) During calcining	33½ per cent.
(c) After calcining	1 per cent.

14. Slurry consists of ground limestone and clay and water. To make one ton of clinker 1½ ton of limestone and clay is required.

15. Practically no further loss from above except from a small amount of dust escaping during grinding.

16. Limestone from a hill situated close to the Works and clay from pits also contiguous to the Works.

17. The limestone beds are broken up by blasting and the broken stone transported in tipping tubes to crushers.

The clay is dug out by manual labour and transported by the same method to the plant.

18. The lease stipulates for about annas eight per ton of cement to be paid to private persons.

19. (1) Royalty annas eight per ton.

(2), (3) and (4) Rs. 825 per ton.

20. The Company holds a 29 year lease over certain lands including the areas in which the Limestone quarry and clay pits are situated. The terms are considered reasonable.

21. The Raw Material is uniform but quarry working is only in the initial stage.

22. So far we have not found the Raw Materials deficient in any respect.

23. We anticipate an ample supply of limestone during the full term of the Lease.

(a) Yes.

(b) Yes.

24. No.

25. No.

26. No.

27. No.

III.—LABOUR.

A. Quarry labour.

28. The limestone quarry is at present worked by a contractor at a cost of Re. '825 per ton delivered at crusher.

29. The contractor provides adequate labour.

30. Labour is mostly indigenous and except during Roza has been sufficient for our requirements.

31. (a) Only very little training required for this kind of work.

(b) Yes.

B. Factory Labour.

32. Skilled supervision is required at first but workmen have been and are now being specially trained in the Works. We have no imported factory labour at present.

33. No imported labourers are employed by us although the factory is working at very nearly fullest capacity.

34. The Company first imported an experienced Cement Burner to train the local maistries who have now attained a sufficient standard of expertness to efficiently cope with the work. Apprentices are being employed in the workshops and trained as artificers.

35. No data available.

36. About 800 hands are employed in and round the factory and including the labour engaged in loading and unloading of stores, coal, cement and miscellaneous works.

Average rate of wage for unskilled labour is 12 annas per diem. Skilled in supervision of Mills and Kilns from Re. 1 to Rs. 3 per diem.

37. Figures not yet available as the Company has not completed one year's working.

38. (a) Yes.

(b) Mainly from the vicinity of the factory.

39. (a) Yes.

(b) We are informed by our supervisors that the standard of efficiency is much lower than that of the hands employed in western countries.

40. Practically all employees are housed in quarters provided by the Company, with free lighting, water and medical attention. Certain employees live in their own villages in the vicinity of the Works.

IV.—POWER (INCLUDING FUEL).

41 and 42. The power used in the factory is electricity generated at the Company's own Power House. The cost is approximately '65 annas per unit.

43. The power is generated from a Steam Turbine, driven from Babcock and Wilcox Boilers which burn coal. The battery of boilers consumes about 700 tons of Bengal coal per month. At times the supply of coal is restricted owing to irregular wagon supply.

44. From 2.5 to 3.4 lbs. of coal per unit generated. The variation being due to the quality of the coal available.

45. The majority of coal is obtained from Bengal collieries about 1,250 miles distant. The price varies from Rs. 6 to Rs. 12 per ton free on trucks. Cost of transport about Rs. 15 per ton. A small quantity of coal

is obtained from Makerwal collieries about 125 miles distant at a cost of about Rs. 11 per ton free on trucks. Cost of transport Rs. 5 per ton.

The consumption in the Kiln is about 800 tons per month.

46. The Company does not own any source of fuel supply.

47. Does not apply to this Company.

V.—MARKET.

48. The total Indian production of cement during the year 1923 was 2,35,229 tons.

49. During 1923 the total consumption of cement in India was about 3½ lakhs of tons.

50. The demand should slowly increase as the country develops, also as the various practical uses of cement become more widely known as the result of propaganda, and the cheaper price brings it within the scope of the smaller consumers. With the disappearance of foreign cements from the markets the prejudice against Indian manufactured cement would tend to diminish, which would bring about an increased demand.

51. This Company is under Agreement with the Secretary of State for India in Council to supply cement for a period of seven years from 1st April 1924 to the Punjab Government including Irrigation Branch, Public Works Department, North Western Railway, Military Works Service, Northern Command, etc. During the short period that the factory has been running the greater part of the production has been consigned to the following centres. The relative distances from the Works are shown against each:—

	Miles from Punjab Works.
Rawalpindi	29
Peshawar	79
Bannu	209
Khirdi	246
Sialkot	174
Lahore	209
Ferozepore	267
Amritsar	236
Fazilka	313
McLeodganj } For Sutlej Valley Project.	330

52. These works were originally designed to supply the anticipated demand from the Punjab Government for irrigation and other works. In the Punjab foreign cement has never made very great headway owing in the main to the long distance from the point of import making its cost, owing to the high railway freight, prohibitive when compared with local competing materials.

53. Export should be possible to Iraq, East Africa and Ceylon but is improbable owing to the low rate of freight from Europe enabling surplus quantities of cement from the factories there to be delivered at cheap rates at the Ports of those countries.

In the case of this Company, situated as it is remote from any possible point of export the question hardly arises as there are so many Companies whose geographical position should enable them to lay down their product at the port of export considerably below the rate for any surplus this Company may have to dispose of, which would have to pay very heavy railway freight.

54. The cement manufactured by this Company is taken by Government (Public Works, Military Works) also Railways and to a limited extent by

Public Bodies but owing to the difficult financial situation since the Company started producing, the latter have not had any extensive programme. The remainder of this question does not call to be answered by this Company as it has only recently started operations.

VI.—FOREIGN COMPETITION.

55 to 62. In order to avoid duplication, we refer the Tariff Board to the replies given to the eight questions 55 to 62 furnished in this connection by Bundi Portland Cement Limited in reply to the Questionnaire, as in the main the principles apply to this Company though actually its geographical situation should preclude any competition from foreign cement within its sphere. If foreign cement enters India in large quantities the effects would be felt by reason of the congestion of the markets by the Indian and foreign products.

63 and 64. The principal market for this Company should be the districts round Lahore on the south and Peshawar on the north. We give below cement railway freights to Lahore and Peshawar and also railway freights on imported cement from Karachi to these places.

From Wah.

	Rs.	A.	P.
To Lahore	6	10	8 per ton.
To Peshawar	2	14	10 per ton.

From Karachi.

	Rs.	A.	P.
To Lahore	18	2	8 per ton.
To Peshawar	21	2	4 per ton.

65. We have no evidence.

66. We consider that this Company is at a disadvantage in the following respects:—

- (a) The high price paid for plant and machinery which was purchased at the conclusion of the great war when prices were unduly inflated. It was anticipated then that Government's immediate demands for cement would be heavy, which has not proved to be the case, nor have the prices then budgetted for been realised.
- (b) Yes. Expert labour for construction of works and new plant has to be brought out at high rates for a short term.
- (c) The local labour is taking longer than anticipated to get use to the novel factory conditions.
- (d) The Company is at no disadvantage in this respect.
- (e) As regards consumable stores, heavy railway freight has to be paid on coal and all other stores.
- (f) No.
- (g) Owing to the periodical wagon shortage it has been necessary to maintain a large stock of coal and spare parts.
- (h) The tariff naturally places this Company at a disadvantage when compared with the foreign manufacturers.
- (i) Indian Capital is at present extremely averse to industrial enterprise. To complete its works, the original estimates having been considerably exceeded this Company has had to raise Debentures at 8 per cent. We also suffer from periodical "wagon shortage" affecting our coal supplies, necessitating accumulation of heavy stocks entailing lock up of Capital and consequent loss of interest.

67. The temporary disadvantages referred to in the preceding paragraph are likely to recur annually until the Railway question is solved.

68. (a) This Company is certainly at a disadvantage in regard to its remote location from the Bengal Coalfields.

(b) No.

69. (a) Yes.

(b) 30,000 Tons.

70. The manufacture of Portland cement certainly involves the use of elaborate intricate and expensive machinery to cheapen production.

71. About 46 per cent. of the Capital outlay of this Company has been incurred on Plant and Machinery.

72. Electrical machinery has been supplied by Daniel Adamson and Mather and Platt. The kilns, grinding machinery, slurry mixing plant were supplied by F. L. Smidth & Co., of London and Copenhagen and the crushing plant by Hadfields Ltd., and is the latest type of plant for manufacturing Portland cement by the wet process.

73. We consider the machinery and other equipment absolutely up to date.

74. Improvements have been made in the grinding processes.

75. Does not apply to these Works.

76. We do not contemplate any at present.

77. It has been our custom to get all steel plate and fabricated steel work which does not require special machinery made in India in order to reduce Sea Freights.

VIII.—CAPITAL ACCOUNT.

	Rs.
78. (a) Rights and concessions	4,20,000
(c) Buildings	20,37,241
(d) Machinery, plant and kiln	25,26,321
(e) Miscellaneous assets	11,34,136

79. The figures given in answer to Question 78 represent the actual cost of various assets, no amount has been reserved for depreciation as the completed plant has only been running nine months.

80. This question does not apply as one complete year has not yet elapsed since manufacturing commenced.

81. Estimated present day total cost of new factory, Rs. 50 Lakhs.

There should be no material differences in the operating costs.

82. The plant and machinery were purchased in the years 1920-23 and paid for at various rates of exchange concurrently with the delivery of machinery.

83. (a) Rs. 50,00,000, Authorised Capital.

(b) Rs. 35,00,000, Subscribed Capital.

(c) Rs. 35,00,000, Paid up Capital.

Authorised Capital is divided as under:—

Rs. 40,00,000 divided into 4,00,000 Ordinary Shares of Rs. 10 each.

Rs. 10,00,000 divided into 1,00,000 Preference Shares of Rs. 10 each.

Subscribed Capital is divided as under:—

Rs. 30,00,000 divided into 3,00,000 Ordinary Shares of Rs. 10 each.

Rs. 5,00,000 divided into 50,000 Preference Shares of Rs. 10 each.

84. Interest at 7½ per cent. per annum is payable on the Preference Shares. These shares are entitled to cumulative Dividends as from 21st June

1920. Dividends to the extent of Rs. 1,01,024-7-2 are in arrears up to the close of the last financial year, i.e., 30th September 1923.

85. This question does not apply to this Company.

86. This question does not apply to this Company.

87. This question does not apply to this Company.

88. A Debenture Loan of Rs. 25,00,000 bearing interest at the rate of 8 per cent. per annum was issued on 1st March 1924 and is redeemable on 1st March 1934. No Debenture Sinking Fund has been established.

89. This question does not apply to this Company.

90. We estimate we should require 10 lacks to extend the plant to permit of the output being doubled.

IX.—Cost of Production.

(a) Works Costs.

91, 92, 93 and 94. The information desired is not available as this Company has not completed one year's working.

95. No.

(b) Overhead Charges.

(i) Depreciation.

96. The rates of Depreciation allowed by the Income-tax Authorities are as follows:—

Buildings	@ 2½ and 5 per cent.
Water Works	@ 5 per cent.
Machinery and plant	@ 7½ per cent.
Tramways	@ 5 per cent.
Furniture	@ 5 per cent.
Electric installation	@ 7½ per cent.
Live stock	@ 5 per cent.

We suggest that the rates on Crushing and Grinding Machinery should be increased to at least 10 per cent. owing to the unusually heavy wear and tear. On buildings a minimum of 5 per cent. should be allowed owing to the tendency for buildings to become obsolete and uneconomical owing to changes in the process of manufacture.

97. At the cost values, as at 30th September 1923, at Income-tax Schedule rates the amount of Depreciation should be:—

	Rs.	A.	P.
(a) Buildings @ 2½ per cent.	50,931	0	0
Machinery, plant, kilns @ 7½ per cent.	1,89,474	0	0
Sidings and tramways @ 5 per cent.	4,634	0	0
Water works @ 5 per cent.	5,840	0	0
Electric plant and lighting installation @ 7½ per cent.	46,135	0	0
Road, bridges and fences @ 5 per cent.	329	0	0
Furniture and fixtures @ 5 per cent.	1,141	0	0
Stores and spares @ 5 per cent.	12,735	0	0
Loose tools @ 5 per cent.	1,268	0	0
TOTAL	3,12,487	0	0

(b) This question does not apply to this Company.

At proposed new rates given in answer to question No. 96:—

	Rs.	A.	P.
Buildings @ 5 per cent.	1,01,862	0	0
Machinery, plant and kilns (other than Crushers) @ 7½ per cent.	1,54,822	0	0
Crushing and grinding machinery @ 10 per cent.	46,200	0	0
Sidings and tramways @ 5 per cent.	4,634	0	0
Water works @ 5 per cent.	5,840	0	0
Electric plant and lighting installation @ 7½ per cent.	46,135	0	0
Roads, bridges and fences @ 5 per cent.	329	0	0
Furniture and fixtures @ 5 per cent.	1,141	0	0
Stores and spares @ 5 per cent.	12,735	0	0
Loose tools @ 5 per cent.	1,268	0	0
TOTAL	3,74,966	0	0

98. Sum required annually for Depreciation at Income-tax rates:—

	Rs.
Buildings	67,500
Machinery	1,72,500
TOTAL	2,40,000

99. 97 (a) and (b), Rs. 8-11-0.

98, Rs. 6-11-0.

(ii) Working Capital.

100. (i) and (ii) about 7½ lakhs.

101. We have found it convenient for the Company to have a cash credit at the Bank in order to finance outstandings and the large stocks of coal and other stores it is necessary to maintain. At times the overdraft has been found to run as high as 9 lakhs.

102. The Company's cash credit with the Bank carries interest at 1 per cent. over "Bank Rate" with a minimum of 6½ per cent per annum.

103. Rs. 7½ lakhs as compared with 1½ lakhs.

104. Average value of stock of cement in hand is about Rs. 90,000. Average time elapsing between production and payment has been four months.

105. The Company finds it necessary to hold about 3,000 tons of coal (two months' supply) at an average value of Rs. 75,000.

(iii) Agents' Commission and Head Office Expenses.

106. The Company's Head Office is in Bombay. The Company is managed by a firm of Agents subject to the control of the Board of Directors.

107. The information desired cannot be furnished as one year's working has not yet been completed.

108. The Agency Agreement provides for a commission at the rate of 10 per cent on the profits for each year.
 109. First year of production not completed.

X.—MANUFACTURER'S PROFITS.

110. We consider $12\frac{1}{2}$ per cent. per annum about the average required on Ordinary Shares—On Deferred Shares we should expect 30 per cent. per annum or nothing.
 111. (a) $7\frac{1}{2}$ per cent. per annum on Preference Shares.
 (b) 8 per cent. per annum on Debentures.
 112. $12\frac{1}{2}$ per cent per annum.
 113. On the present rate of output which is approximately equivalent to the full capacity of the plant—
 (a) Rs. 1-0-0 per ton.
 (b) Rs. 2-13-0 per ton (including arrears of Cumulative Preference Dividend to date 30th September 1923).
 (c) Rs. 5-10-0 per ton.

XI.—CLAIM FOR PROTECTION.

114 to 122. In order to avoid duplication of work we refer the Tariff Board to the replies given to the 9 questions 114 to 122 furnished in this connection by Bundi Portland Cement Limited in their reply to the Questionnaire, as in the main the arguments for protection apply on behalf of the Cement Industry generally. In the particular instance of this Company we realise that its exceptional geographical position should render it practically immune from competition from foreign cements, except indirectly.

This indirect competition would be caused by the invasion of the markets within this Company's particular geographical sphere by other Indian Companies who might be forced to dispose of a portion of their production at low rates owing to their inability to face the competition of Foreign cements at the principal Indian Ports except at a severe loss.

Witness No. 7.

The Katni Cement and Industrial Company, Limited.

A.—WRITTEN.

Statement I.—Replies to questionnaire, received from the Katni Cement and Industrial Company, Limited, under cover of letter, dated the 12th July 1924, from Messrs. Macdonald & Co., Managing Agents.

With further reference to your letter No. 398 of 21st May and wire of the 9th instant, we have now the honour to enclose herewith our replies to the questionnaire regarding protection to the cement industry. We regret it will be impossible for us to send a representative to Simla as our Manager leaves for England on the 15th current for reasons of health.

We trust, however, that the oral evidence of the representatives of the other cement Companies will be sufficient for your purpose.

REPLIES TO QUESTIONNAIRE.

INTRODUCTORY.

1. Public Limited Company Floated 1912.
2. With the exception of about 1/12 of the total all the capital is invested by Indians.

All the Directors are Indians.

The superior management Partners of the firm of Managing Agents are all Indians.

3. We manufacture cement and firebricks.
4. Manufacture of cement commenced in January 1915.
5. Cement 60,000 tons per annum, firebricks from 9,000 to 12,000 tons.
6. The actual output of cement per year has been :—

	Tons. cwt.
1915	13,000 0
1916	31,264 0
1917	40,508 0
1918	36,730 0
1919	34,614 0
1920	33,761 0
1921	42,977 10
1922	43,820 0
1923	53,275 15
Ending March 1924	13,194 19

3,43,144 18

7. Factory is situated at Katni, Central Provinces, which is considered an advantageous situation being central and a junction of three important Railways, E. I. Railway, G. I. P. Railway and B. N. Railway. Labour is plentiful except during harvest time. We consider the most important factors in selecting the site of a Cement Factory are the supply of raw material, fuel water labour and the vicinity of markets.

8. We manufacture only one quality of cement, viz., Katni "Castle" Brand Portland Cement which is well known throughout India.

9. Portland cement constitutes the bulk of our manufacture. We manufacture to the British Standard Specification. A new specification for India is being prepared by the Institute of Engineers India.

10. Our Cement is equal in quality and appearance to imported cement. It does not command the same price in competitive markets as imported cement on account of prejudice on the part of some Indian buyers.

11. The raw materials are composed of limestone and clay (the latter only a small proportion).

12. The quantity of raw material required for our present output is about 50,000 tons annually. For the full capacity of the plant about 100,000 tons.

13. About $1\frac{1}{2}$ tons of raw material is required for the production of one ton of cement. A. B. and C. answered above.

14. Same proportion as required for cement.

15. One ton of clinker will produce one ton of finished cement.

16. The main supplies of raw material are obtained from the quarries on the factory site and a small portion railed from another quarry about 20 miles distant.

17. The raw material is quarried by hand and conveyed from the quarry to the factory a few hundred yards in small tip wagons.

18. Royalty on raw material paid to Government amounts to annas 3 per ton.

19. The cost of raw material delivered at the factory is as follows:—

(1) Royalty as shown above.

(2) Labour and Limestone 1921 Rs. 1 14 6 per ton.

Do. 1922 Rs. 1 15 0 per ton.

Do. 1923 Rs. 2 1 1 per ton.

Do. 1924 Rs. 1 12 9 per ton.

(3) The above includes freight on small portion bought from outside.

(4) Miscellaneous charges Rs. 0-4-0 per ton.

20. Copy of lease attached.

21. We have found the supply of raw material more or less constant and without any deterioration.

23. Our principal raw material will give a supply for 80 to 100 years. As years go on the cost of excavation has a tendency to increase because it has to be won from a greater depth.

24. No.

25. No difficulties have been experienced on obtaining leases or concessions.

26. We do not import any raw materials.

27. No.

III. LABOUR.

A.—Quarry Labour.

28. 850 Labourers were employed in 1923 in extracting limestone from the quarries here; 80 were employed in excavating clay specially for slurry.

Year.	Total wages bill.	Average wages, Men.	Average wages, Women.
	Rs.	Annas per day.	Annas per day.
1916	9,315	5	4
1917	20,962	5	4
1918	76,428	5	4
1919	50,611	5	4
1920	40,338	8	6
1921	73,887	8	6
1922	40,556	8	6
1923	15,672	8	6

29. Up till now we have not experienced any great difficulty in obtaining labour for our quarries, but when this factory is again working full, along with the other two cement factories in the neighbourhood, and also with the various local lime factories labour will be quite insufficient. During the harvest months, March-April and November, labour is very scarce as it gets employment in the fields:

30. The greater part of the labour comes from Rewa, a Native State, about fifty miles away. They can hardly be said to be imported; they come here and apply for work in the usual way. They are not recruited.

When trade improves it is almost certain that labour will have to be imported from other districts as the labour in this district is agricultural and not industrial.

The new Mines Act will also affect the situation as the restrictions with regard to the employment of women and children will require a larger number of men to be employed and therefore a greater number will need to be imported. We do not anticipate any great trouble in importing labour but it will mean increased cost.

31. The greater part of this labour is used for carrying purposes and requires no special training. A smaller number are required for the breaking away of the stone, sometimes by drilling and blasting and sometimes by bars and wedges. The latter number take a fair amount of training; their average intelligence is not high. Shot firers are trained from the most intelligent.

32. The foreign supervising staff consist of a Manager, who is an Engineer and Cement Expert, an Assistant Manager, Chief Engineer, Chemist and Burner. The supervision of the processes in each shift is done by Indians, i.e., Power House, Factory, Kiln and Laboratory.

33. Question No. 32 gives the number of imported persons required for running at full capacity.

34. European Burners have been replaced by Indians on shift. Eventually imported labour will probably consist of Manager, Engineer and Chemist.

In all departments Indian workmen are trained to suit our requirements. Indian apprentices are trained in the Repair Shop, Kiln, Electrical Shop and Laboratory.

35. Rates paid to imported labour are about 50 per cent. higher than in Britain.

37. The total wages paid for Indian factory labour was:—

	Ra.
1915	96,200
1916	82,850
1917	93,560
1918	1,20,204
1920	1,70,307
1921	2,01,735
1922	1,73,736
1923	2,63,646

The average wages for the principal classes of labour were:—

1916. Boiler house coolies, As. 7 per day. Power house greaser, As. 10 per day. Power house attendants, Re. 1-6 per day. Power house fitters, Re. 1-6 per day. Engineers, Rs. 93 per month.

Factory coolies, As. 6 per day. Factory fitters, As. 10 per day. Repair shop fitters, Rs. 2 per day. Masons, Re. 1 per day.

1917. Boiler house coolies, As. 7 per day. Power house greaser, As. 10 per day. Power house attendants, Rs. 2 per day. Power house fitters, Re. 1-3 per day. Engineers, Rs. 100 per month.

Repair shop fitters, Re. 1-3 per day. Masons Re. 1 per day. Electricians, Re. 1-10 per day.

Factory coolies, As. 6 per day. Factory fitters, Re. 1-4 per day.

1918. Boiler house coolies, As. 7 per day. Power house greaser, As. 11-3 per day. Power house attendants, Re. 1-8 per day. Power House Fitters, Re. 1-3 per day. Factory coolies, As. 6 per day. Factory Fitters, Re. 1-4-6 per day. Repair shop fitters, Re. 1-3 per day. Masons, Re. 1-1 per day. Engineers, Rs. 140 per month. Electricians, Rs. 2 per day.

1919. Boiler house coolies, As. 7 per day. Power house greasers, As. 11-3 per day. Power house attendants, Re. 1-10 per day. Power house fitters, Re. 1-3 per day. Factory coolies, As. 6 per day. Factory Fitters, Re. 1-2 per day. Repair shop fitters Re. 1-6 per day. Masons, Re. 1-3 per day. Engineers, Rs. 200 per month. Electricians, Rs. 2 per day.

1920. Boiler house coolies, As. 10-9 per day. Power house greaser, As. 11 per day. Power house attendants, Re. 1-4 per day. Power house fitters, Re. 1-6-9 per day. Factory coolies, As. 9-3 per day. Factory fitters, Re. 1-1-3 per day. Repair shop fitters, Re. 1-10-9 per day. Masons, Re. 1-6-9 per day.

In September 1920 a general increase of 35 per cent. was given to all those earning less than Rs. 100 per month, and an increase of 10 per cent. to all others.

At that time an 8 hours day was introduced without reduction of pay. Previously there was a 12 hour shift. This represented an increase of 50 per cent. at that time.

1921. Boiler house coolies, As. 10-9 per day. Power house greaser, As. 11-6 / per day. Power house attendants, Re. 1-6-6 per day. Power house fitters, Re. 1-3-3 per day. Factory coolies, As. 9-3 per day. Factory fitters, Re. 1-5 per day. Repair shop fitters, Re. 1-9 per day. Masons, Re. 1-6-9 per day.

Electricians, Rs. 2 per day. Foremen, Rs. 135 per month. Engineers, Rs. 225 per month.

1922. Boiler house coolies, As. 10-9 per day. Power house greasers, As. 10-3 per day. Power house attendants, Re. 1-4 per day. Power house fitters, Re. 1-12 per day. Factory coolies, As. 9-3 per day. Factory fitters, Re. 1-12 per day. Repair shop fitters, Re. 1-13 per day. Masons, Re. 1-9-3 per day. Electricians, Rs. 3-8 per day. Foremen, Rs. 175 per month. Engineers, Rs. 175 per month.

1923. Boiler house coolies, As. 10-9 per day. Power house greaser, As. 9-3 per day. Power house attendants, Re. 1-5-9 per day. Power house fitters, Re. 1-12 per day. Factory coolies, As. 9-3 per day. Factory fitters, Re. 1-12 per day. Repair shop fitters, Rs. 2-1 per day. Masons, Re. 1-12 per day. Electricians, Rs. 3-8 per day. Foremen, Rs. 200 per month. Engineers, Rs. 210 per month.

38. The Indian labour force is sufficient.

Coolies and a few of the skilled men, like fitters, are drawn from the vicinity, but the majority of the skilled men is drawn from the larger towns like Bombay and Calcutta; it is of a floating character.

39. Generally the Indian workman improves with training, but it is very difficult to get them to adopt any new idea or method. Time and patience often achieve this.

The skill of the skilled classes of workmen is fair compared with that of men in western countries; but the time taken to do a particular piece of work compares very unfavourably with that taken by similar workmen in Europe.

In processes not requiring mechanical skill and dexterity, *e.g.*, Office and Laboratory, his efficiency compares very favourably with those similarly employed in western countries.

40. Over 65 pukka built separate quarters have been erected to house skilled workers and more than 200 quarters for the unskilled portion of the labour; these are all rent free. Many of the labourers have small agricultural holdings in surrounding villages and prefer to go to their homes there daily.

A supply of water is laid on by a series of stand pipes from a central reservoir. In addition two wells have been sunk and water also found, fit for drinking, and giving an excellent supply in addition.

All employees are granted seven single holidays in the year with pay.

A full time Doctor whose services are free to employees is kept, also a well equipped dispensary, both as regards medicines and instruments.

Half-pay is given to employees when off sick and full pay if they get injured on duty.

IV. POWER (INCLUDING FUEL).

41. Electric power is used.

42. Electric power is generated at 500 volts. The current is alternating 50 cycles, 3 phase. Direct coupled reaction and impulse type turbines are used. These run at 3000 r.p.m. steam is supplied to these turbines at 190 lbs. per square inch pressure from Babcock and Wilcox Boilers. A high degree of superheat is employed. The cost per unit may be taken at 75 annas; this does not include interest on capital or depreciation. The cost compares favourably with stations similarly situated, but we should expect this to be cheaper in stations in the coalfields. The cost is about the same as in large towns in Britain and cheaper than in China.

43. Coal is the fuel used.

44. 63 tons of coal required per ton cement; this includes power production and burning.

45. Boiler coal is brought 100 miles, costs Rs. 8-10 per ton free on rail and Rs. 2-6-3 per ton for transport.

Kil. coal is brought 450 miles costs Rs. 8-14 per ton free on rail and Rs. 8-8 per ton for transport.

46. We do not own or control our own sources of coal.

V. MARKET.

48. Indian cement manufactured was—

[illegible]

49. About 2,50,000.

51. Our principal markets are the towns on the east side of India from Calcutta in the south to Delhi in the north. The distances it will be seen vary considerably.

52. We can compete more easily with foreign cement in the northern towns.

53. We do not consider the export of cement from India to foreign countries probable.

54. The cement manufactured by us is purchased by (a) Government, (b) Railways and (c) Public bodies such as Municipalities and Port Trusts and amounts to the following:—

THE KATNI CEMENT AND INDUSTRIAL COMPANY LIMITED.

Statement of Cement supplied to Government and Public Bodies from 1915 to 1924.

Year.	P. W. D.	Municipality and B. I. Trust.	Railways.	Indian Munition Board, &c.	Port Trust.	Prices received during
	Bags.	Bags.	Bags.	Bags.	Bags.	
1915	9,735	8,374	3,693	522	600	From Rs. 45 to Rs. 60 per ton.
1916	18,566	45,628	5,106	5,146	6,676	Same as above.
1917	40,790	16,375	15,907	34,098	9,307	From Rs. 42-8 to Rs. 75 per ton.
1918	6,766	2,173	1,542	316,299	3,451	Same as above.
1919	7,587	32	1,018	409,398	<i>Nil.</i>	From Rs. 55 to Rs. 75 per ton.
1920	105,689	160	59,488	160	<i>Nil.</i>	Same as above.
1921	60,311	482	23,555	2,535	<i>Nil.</i>	From Rs. 75 to Rs. 85 per ton.
1922	54,823	30,530	2,697	945	<i>Nil.</i>	From Rs. 60 to Rs. 80 per ton.
1923	218,882	40,142	18,698	1,026	<i>Nil.</i>	From Rs. 55 to Rs. 65 per ton.
1924	104,305	41,775	5,000	100	<i>Nil.</i>	From Rs. 40 to Rs. 60 per ton.

The above figures do not include the quantity sold by our agents to the above bodies.

VI. FOREIGN COMPETITION.

55. The foreign countries from which competition in India is keenest are England and Germany.

56. Only one kind of cement affects us, *i.e.*, Portland cement which is principal cement imported.

57. We only manufacture Portland cement.

(i) The price at which imported cement entered the country and was sold during (a) 1912, Rs. 45, 1913, Rs. 48 and 1914, Rs. 60 per ton, (b) during 1917 to 1918, Rs. 125 and Rs. 225 per ton and (c) 1921-22 varied considerably 1922-23, Rs. 80 per ton, 1923-24, Rs. 60 per ton.

58. The information is obtained from the actual shippers.

61. Foreign competition is keenest at the ports.

63. Freight from England to Bombay is so far as we can ascertain 17/6 per ton @ 1/4 = Rs. 13-2 while the freight from Katni to Bombay is Rs. 13-8. We believe, however, that in many cases specially low freight is offered from England the exact amount of which cannot be ascertained. We would therefore suggest that some arrangement be made with the Railway Companies in the form of a bounty to enable them to carry cement at a specially low rate which would benefit the Cement companies and the consumers.

65. We have no evidence of Continental cement having been re-exported from the United Kingdom.

66. As compared with foreign manufacturer the Indian manufacturer is at a disadvantage on account of the points stated in the questionnaire with the exception perhaps of items (d), (h) and (i).

67. Most of the disadvantages are permanent but (c) may not be.

68. The cement industry is at a disadvantage on account of the distance from the source of fuel and the high railway freights on finished goods.

69. This is really a question that is better able to be answered by the Agents, but personally we think it is sufficiently large to ensure economical working in this country.

The tendency of present day practice in the East is to put up a single kiln plant of 150—200 tons per day output.

70. The manufacture of cement requires the use of heavy and expensive machinery. We should not call it elaborate in the sense that spinning or printing machinery is elaborate.

71. Of a capital of Rs. 30,00,000, Rs. 27,19,000 has been expended on machinery.

72. The boiler equipment consists of four Babcock and Wilcox Boilers each of 98 square feet grate area and 3,240 square feet of heating surface. They are equipped with mechanical stokers and superheaters each of 880 square feet surface. The stokers are driven by an electric motor. Three of the boilers have been in use since 1914 and the fourth since June 1921.

Three Weirs pumps supply the boilers with water from a softener.

The softener and two of the pumps have been in use since 1914, and the other pump since 1921.

In 1914 a 240 tube Green's economiser was put to work and in 1921 a further 120 tubes put in commission.

Natural draft is provided by a self supporting steel chimney 180 feet high.

The power house is equipped with two Brown Boveri Reaction turbines 650 K. W., direct coupled to Siemens generator. 3 Phase A. C. is generated and supplied to all power motors. The voltage is 500 volts. The speed of the generators is 3000 r.p.m. These have been running since 1915.

One 1500 K. W. Metropolitan Vickers Impulse Turbine was installed in 1921 and is used as a stand by to the two small 650 sets.

When the whole plant is running the two 650 sets are run in parallel.

Each set is provided with a jet condenser and a water and air extraction pump. The Brown Boveri sets have air pumps of Edwards or reciprocating type, and the Metropolitan Vickers set an air pump of the Leblanc or rotary type.

All turbines are supplied with steam at 190 lbs. per square inch pressure and 600 F. superheat temperature.

All generators are ventilated by fans on each end of the rotor shaft these draw air through air filters of the dry type.

Cooling water for condensing and manufacturing purposes is drawn from a cooling pond and the make up is drawn from the Simrar river about $\frac{1}{2}$ mile away, the water being pumped up electrically.

In the Raw Mill the stone is crushed either by a Smidth's crusher or by two 30x12 Hadfield's Breakers; the former installed in 1914, one of the latter in 1921 and the other in 1923. The stone is taken away from each crusher by a 60 feet centres elevator by the respective makers. These latter discharge into hoppers and then to kominor No. 50 made by F. L. Smidth & Co. Of these kominors two were installed in 1923 and one in 1921. The original 1914 one was worn out by 1923.

In the kominor, clay is supplied by a two throw pump and a patent measuring device, all supplied by F. L. Smidth in 1914.

The slurry is classified by passing through a Trix separator, both made by F. L. Smidth. One installed 1914 and one in 1921. Slurry is then conveyed to two 17.5 Wet Tube Mills, supplied by F. L. Smidth, one in 1914 and one in 1921.

From the Tube Mill it is conveyed to mixing tanks the stirring gear of which was made by F. L. Smidth in 1914. Thence it is elevated to the main storage tanks and pumped to the measuring device at the top of the Rotary Kilns. There are two Rotary Kilns 150 feet long with enlarged zones one installed in 1914 and one in 1921. Each has a cold air fan, and a double cooler and they discharge into a shaking conveyor and thence by an elevator to trolley and a long platform to the clinker storage. All above machinery supplied by F. L. Smidth.

Two Coal Mills are installed, one by F. L. Smidth in 1914 consists of a roll breaker, dryer, kominor, H., and No. 16 Tube Mill with the necessary elevators and conveyors. The other installed in 1923 consists of a roll crusher, dryer, magnetic separator, 42" Fuller Lehigh Mill and the necessary elevators and conveyors.

Coal is supplied to the kilns by friction measuring screws, which deliver into a blast pipe supplied with air from a high pressure fan, all of F. L. Smidth manufacture.

The Cement Mill is equipped with 2 No. 42 Cement Kominors and 2-17.5 Tube Mills together with 3 elevators Screw Conveyors. 2 14" Belt Conveyors take the cement to the bins. One 42 Kominor was installed in 1921, one 17.5 Tube Mill in 1918 and the rest of the machinery in 1914. It is all of F. L. Smidth make.

In 1923 two Bate's Baggers together with a screw conveyor and a drag line conveyor were installed for packing cement to avoid dust.

They were made by the Bates Manufacturing Company, United States of America. All large machines in the factory are driven by Induction Motors of 125-200 B. H. P., small machines are group driven by motors. All motors are made by Siemens Bros. about 60 have been in use since 1914 and 18 since 1921.

73. We consider our plant and equipment both upto date and efficient.

74. We are not aware that any startling improvements have been made in processes of manufacture. As for plant, the use of compound mills instead of kominors and Tube Mills has passed the experimental stage. The use of Synchronous Motors for driving large machines and at the same time improv-

ing the power factory has been rendered successful by the improvements in magnetic clutches.

75. No new process of manufacture has been adopted here since 1916. In 1921 the original plant was duplicated and in 1923 a new coal plant added. In 1923 one of the Raw Mill Kominors that had worn out was replaced and that year a spare Crusher and Kominor were installed. The last part of the last para. does not arise.

76. (a) We do not contemplate any important replacement of existing plant; only the usual repairs and renewals incident to this type of machinery and these are heavy.

76. (b) No extension of the plant is proposed so far as we know.

77. All elevators and conveyors, pulleys, shafts and bearings, hoppers, elevators were made in India for the duplication. All renewals in brass, wrought iron or cast iron are made in India. Up to the present all cast steel spares, plates, gears, etc., must be imported. One or two steel castings recently got from Calcutta have been very satisfactory.

78. Leases and Concessions—

	Rs.	A.	P.
Lands	6,975	11	0
Buildings	11,70,715	15	9
Plant and Machinery	14,46,992	12	4
Other miscellaneous assets	3,47,942	4	11

79. The figures given in answer to Question 78 represent the value after depreciation has been written off. The total amount written off for depreciation.

• Machinery, Rs. 13,35,000-0-0 }
 Buildings, Rs. 4,41,134-5-7 } Rs. 17,76,134-5-7.

80. Sums set aside for depreciation are greater than the sums which ought to have been set aside.

Amount set aside Due at 10 per cent.
 Rs. 13,35,00-0-0=48 per cent. . Rs. 2,78,200 0 0

82.

Year.	Amount in sterling.	Amount in Rupees.	Exchange.
	£ s. d.	Rs. A. P.	
1917 . .	5,352 15 10	78,997 9 4	From 1/4 $\frac{1}{16}$ to 1/4 $\frac{3}{16}$.
1918 . .	8,361 17 7	1,15,513 5 6	" 1/4 $\frac{3}{16}$ " 1/6 $\frac{1}{16}$.
1919 . .	19,725 7 4	2,44,202 5 11	" 1/5 $\frac{3}{16}$ " 1/11 $\frac{1}{16}$.
1920 . .	57,519 6 8	5,12,349 10 9	" 1/5 $\frac{3}{16}$ " 2/5.
1921 . .	28,310 13 10	3,79,278 8 6	" 1/3 $\frac{3}{16}$ " 1/10 $\frac{1}{16}$.
1922 . .	11,935 10 1	1,83,008 7 3	" 1/3 $\frac{1}{16}$ " 1/4 $\frac{1}{16}$.
1923 . .	8,724 12 2	1,29,342 3 11	" 1/3 $\frac{1}{16}$ " 1/5.
1924 . .	144 4 8	2,058 15 0	" 1/4 $\frac{1}{16}$.
	Amount in Dollars.		
	\$		
1922 . .	33276-91	1,21,384 4 6	} 367 to 320 Rupees per 100 Dollars.
1923 . .	2194-15	7,175 11 6	
1924 . .	839-29	3,021 7 3	

83.

	Preference.	Ordinary.	Deferred.
Authorised . .	Rs. 30,00,000	Rs. 15,00,000	Rs. 14,37,600
Subscribed and paid-up . .	Rs. 29,92,130	Rs. 14,95,530	Rs. 14,34,200

84. Rate of interest on Preference is 7 per cent. per annum. They are entitled to cumulative Dividends. They were first entitled to rank for dividends after 12 months from date of registration, i.e., 13th August, 1913. No dividends are in arrears.

85. Deferred Shares participate in the profits to the extent of 50 per cent. of the amount to be divided between Ordinary and Deferred after paying 8 per cent. dividends to Ordinary and 25 per cent. to Deferred.

86. The amount of the paid-up share capital is as under:—

(A)

Year.	Preference.	Ordinary.	Deferred.
	Rs.	Rs.	Rs.
1914. . .	4,94,300	14,14,800	56,080
1915. . .	4,99,900	14,34,100	62,400
1916. . .	4,99,900	14,34,100	62,400
1917. . .	5,00,000	14,34,200	62,400
1918. . .	5,00,000	14,34,200	62,400
1919. . .	5,00,000	14,34,200	62,400
1920. . .	*1,00,000	14,34,200	62,400
1921. . .	5,00,000	14,34,200	62,400
1922. . .	*3,75,610	14,34,200	62,400
1923. . .	5,00,000	14,34,200	62,400
1924. . .	*9,88,390	14,34,200	62,400
	5,00,000	14,34,200	62,400
	*9,95,530		

* Capital raised since.

86.

(B)

Year.	1st Preference.	2nd Preference.	Ordinary.	Deferred.
	Rs. A. P.	Rs. A. P.	Rs.	Rs. A. P.
1914	Nil.	Nil.	Nil.	Nil.
1915	42,019 2 3	"	"	"
1916	69,989 8 0	"	1,77,407	73,104 0 0
1917	35,000 0 0	"	3,95,340	2,95,932 0 0
1918	35,000 0 0	"	2,15,640	1,16,232 0 0
1919	35,000 0 0	"	3,87,234	2,88,096 4 0
1920	43,750 0 0	20,379 3 8	4,30,260	3,31,118 2 0
1921	35,000 0 0	28,000 0 0	4,58,944	3,59,807 8 0
1922	35,000 0 0	38,471 3 9	2,15,130	1,15,992 8 0
1923	35,000 0 0			

86. (C) Percentage on the paid-up share capital of the each class is as under:—

	1st Preference.	2nd Preference.	Ordinary.	Deferred.
	Per cent.	Per cent.	Per cent.	Per cent.
1914 . . .	..	..	..	..
1915 . . .	7	..	..	..
1916 . . .	7	..	12	117½
1917 . . .	7	..	27½	474½
1918 . . .	7	..	15	186½
1919 . . .	7	..	27	461½
1920—1921 . .	7	7	30	530½
1922 . . .	7	7	32	576½
1923 . . .	7	7	15	185½

87. Average rate of dividend on the Ordinary Shares for the full period is 158½ per cent.

88. The amount of Debenture Loans is Rs. 7,00,000.

They were issued on 1st May, 1920, Rs. 2,00,000.

They were issued on 15th June, 1920, Rs. 5,00,000.

Rate of interest 6½ per cent.

Repayable on 1st July, 1926.

No Debenture sinking fund has been established.

89. The amount of reserved fund is Rs. 12,00,000 accumulated from surplus profits.

(A) Works Costs.

91. Statement showing the total expenditure incurred on the production of cement.

	1st year of production.	1921—22	1922—23	1923—24
1. Raw materials .	Only 13,000 tons manufactured in the year their cost is taken on with such a low production.	2,49,049 10 7	3,56,854 9 10	2,52,703 5 11
2. Factory labour .		51,776 5 6	58,300 8 0	54,150 10 7
3. Power and Fuel .		8,68,824 12 11	9,01,695 6 10	6,51,825 13 0
4. Ordinary current repairs and maintenance of Buildings, Plant and Machinery.		94,278 0 1	1,25,010 11 8	2,24,967 3 9
5. General services supervision and local office charges.		1,52,067 12 7	2,41,069 6 7	1,63,144 7 5
6. Miscellaneous i.e., Rent and Royalty etc.		4,038 4 0	7,560 11 11	14,571 7 3
		14,20,034 13 8	16,92,491 6 10	13,61,362 15 11
		Tons. Cwts.	Tons. Cwts.	Tons. Cwts.
Total production of cement for the year.		47192 5	47345 0	50301 13

(B) Works Costs.

Statement showing the works cost per ton of cement.

	1st year of Production.	1921—22	1922—23	1923—24
(1) Materials		5 4 5	7 9 3	5 0 0
(2) Factory labour		1 1 6	1 4 0	1 1 0
(3) Power and Fuel		18 6 6	19 0 0	18 0 0
(4) Ordinary current repairs and mainten- ance of Buildings and Machinery.		1 15 11	2 10 6	4 7 0
(5) General services, etc.		3 3 4	5 1 0	3 4 0
(6) Miscellaneous, etc.		0 1 4	2 6 0	0 4 0
		30 1 0	37 14 9	27 0 0

Over Head Charges.

	Rs.	A.	P.
1920-21	2,79,877	3	1
1921-22	2,96,847	10	5
1922-23	2,24,029	10	8
1923-24	1,52,329	13	10

93. Refer to answer to Question No. 91 (A).

94. We have adopted a system of cost accounting but regret we cannot send our cost sheets as we have only one copy which is on our file.

96. The rates allowed by the Income-tax Authorities for depreciation is 7½ per cent. on machinery and 2½ on buildings. We consider the amount allowed should be 10 per cent. on machinery and 5 per cent. on buildings.

97. Sum required for depreciation at Income-tax rate:—

A.		At 2½ per cent.	At 5 per cent.
	Rs. A. P.		Rs. A. P.
Buildings	40,467 8 0		80,935 0 0
		At 7½ per cent.	At 10 per cent.
	Rs. A. P.		Rs. A. P.
Machinery other plant and machinery .	2,08,650 0 0		2,78,200 0 0
Other assets	...		...
B.		At 2½ per cent.	At 5 per cent.
	Rs. A. P.		Rs. A. P.
Buildings	29,440 0 0		58,880 0 0
		At 7½ per cent.	At 10 per cent.
	Rs. A. P.		Rs. A. P.
Machinery other plant and machinery .	1,08,525 0 0		1,44,700 0 0
Other assets	...		...

Cost of Production.

101. The Company is able at present to provide all the working capital.

104. The average value of stocks of finished cement held by the Company is about Rs. 1,20,000. The period which normally elapses between production and payment is about 3 months.

105. It is necessary to hold three months supply of coal and 6 months supply of raw material. Value of boilers Rs. 11 per ton d/d. Consumption 1,000 tons monthly. Value of 3 months supply=Rs. 33,000. Coal for Rotary Kiln working full capacity 2,000 tons monthly at Rs. 17-6 per ton d/d 3 months supply=Rs. 1,04,325.

106. The Company have their Head Office in Bombay under the control of the Managing Agents.

107. A. The annual amount of the Head Office expenses, Rs. 97,213-4-6.

B. Agents' Commission, Rs. 52,842-8-3.

108. As. 4 per ton on sales and 10 per cent. on net profit.

109. A. The cost of Head Office expenses per ton, Rs. 1-14-0.

B. Agents' Commission per ton, Rs. 1-1-0.

The above two replies on present output.

C. Cost of Head Office on full capacity per ton, Rs. 1-5-0.

D. Do. Agents' Commission, Rs. 0-12-0.

XI. CLAIM FOR PROTECTION.

114. The conditions laid down in paragraph 97 of the Fiscal Commission's Report are satisfied in the case of the cement industry.

A. The industry does possess natural advantages as stated.

B. The industry cannot develop as it should without the help of protection.

C. When developed it is likely that the industry will be able to face world competition.

115. The knowledge of the use of cement in India is small, but when that is developed consumption may increase.

115. We claim that the cement industry satisfies both the conditions mentioned in paragraph 98 of the Fiscal Commission's Report.

A. and B. Yes.

116. The fact that the industry was under the control of the Indian Munition Board during the war is sufficient to make it of importance on National Grounds.

117. Answered in No. 114.

118. We ask for protective duty on portland cement only.

120. Present duty Rs. 9 per ton.

121. We consider a duty of Rs. 25 per ton necessary as we do not consider a lesser duty would be sufficient protection to keep foreign cement out of the country.

122. It is a fact that the productive capacity of Indian cement factories at present exceeds the total consumption of the country, but the exclusion of foreign cement will increase production and therefore cheapen the cost of manufacture thus enabling the Companies to sell at a lower price which will tend to promote the use of cement in India and further increase production.

Lease for Limestone Quarries.

This Indenture made the _____ day of _____ One Thousand
Nine Hundred and _____ between the Secretary of State for India in

Council hereinafter called the "lessor" (which expression shall where the context admits be deemed to include his successors in office and assigns) acting through the Deputy Commissioner, Jubbulpore, of the one part and The Katni Cement and Industrial Company, Limited, Bombay, hereinafter called the ^{lessee}_{lessees} (which expression shall be taken to mean and include the said The Katni Cement and Industrial Company, Limited, Bombay.

^{His}_{their} heirs executors administrators representatives and assigns except where the context requires another or different meaning) of the other part witnesseth that in consideration of the rents and royalties and ^{lessee's}_{lessees'} covenants hereinafter reserved and contained the lessor doth hereby demise unto the ^{lessee}_{lessees} the lands measuring 22-65 acres situated in mauza Tikuri comprised in Patwari Circle No. in tahsil Murwara, District Jubbulpore, as described in the Schedule and delineated in the plan hereto annexed and therein coloured (hereinafter called the said lands) to hold the same for a period of ten years commencing from the and ending on for the purposes and subject to the terms and conditions set forth below namely:—

1. The ^{lessee}_{lessees} shall have the right in and upon the said lands to quarry limestone and to convert it into lime or cement and to do all acts necessary for the extraction of the limestone or the manufacture of the lime or cement including the erection on the said lands of buildings and plant required for these purposes and also to take lead and carry away over the said lands the limestone to be gotten as aforesaid and the lime and cement to be manufactured and to dispose of such manufactured articles at ^{his}_{their} own will and pleasure.

Provided and the lessor hereby agrees that before commencing to quarry on any part of the said lands the ^{lessee}_{lessees} shall give to the Deputy Commissioner two calendar months' notice in writing and such part of the said lands shall not be so used if the Deputy Commissioner shall within two calendar months after the receipt by him of such notice object to such user unless the objection or objections so stated shall on reference to the Local Government be annulled or waived by such Government.

Provided also that the lessor or any lessee or person authorised by him in that behalf shall have liberty and power to enter into and upon the said lands and to search for win work dig get raise convert and carry away any mineral other than limestone and any other substances and for those purposes to sink drive make erect construct maintain and use such pits shafts inclines drifts levels waterways alleys water drains reservoirs engines machinery plant buildings canals tramways railways roads ways and other works and conveniences as may be deemed necessary or convenient provided that in the exercise hereof no hindrance or interference shall be caused to or with the liberties powers and privileges of the ^{lessee}_{lessees} under these presents and that fair compensation shall be made to the ^{lessee}_{lessees} for all loss or damage sustained by the ^{lessee}_{lessees} by reason or in consequence of the exercise hereof the amount of compensation to be settled in case of difference by reference to the Local Government whose decision shall be final.

Provided further that the lessor and any lessee or person authorised by him in that behalf shall have liberty and power to enter into and upon the said

lands and to make upon over or through the same any railways tramways irrigation works or roads for any other than the purposes aforesaid and to get from the said lands stone gravel earth and other materials for making maintaining and repairing such railways tramways irrigation works and roads or any existing railways tramways irrigation works or roads and to go and repass at all times over and along any such railways tramways irrigation works or roads for all purposes and as occasion may require and to transport ore through the said lands and to enter into and upon the said lands for the purpose of such transport and the $\frac{\text{lessee}}{\text{lessees}}$ shall not be entitled to any com-

pensation or any loss or damage or injury which the $\frac{\text{lessee}}{\text{lessees}}$ may sustain or be put to by reason or in consequence of the exercise of the rights and privileges herein reserved.

2. The $\frac{\text{lessee}}{\text{lessees}}$ shall as from the day of during the subsistence of this lease pay to the lessor the certain half-yearly rent of Rs. 276-0-0 the first payment of rent to be made on the fifteenth day of January 192 for the period commencing from the said day of July

192 to the fourteenth day of January 192 calculated at the said half-year rate of rent and the subsequent payments to be equal and to be made every half-year thereafter that is on the fifteenth day of January and July in each year. For and in respect of the rent so paid the $\frac{\text{lessee}}{\text{lessees}}$ may in the period in respect of which the same is payable raise manufacture sell and export from the said lands such aggregate quantity of limestone lime or cement as at the rates in the next succeeding clause mentioned would produce for that period royalties equal in amount to the rent paid by the $\frac{\text{lessee}}{\text{lessees}}$ but the said certain half-yearly rent as from the said day of 192 shall always be paid whether such quantity shall in fact be raised manufactured and exported or not.

3. Secondly the $\frac{\text{lessee}}{\text{lessees}}$ shall during the first twelve months of the said term that is from the day of to the day of pay to the lessor on or before the day of a royalty at the rate of rupee one per 100 maunds of unslaked lime and twelve annas per 100 maunds of slaked lime and eight annas per 100 maunds of limestone and twelve annas per 100 maunds of cement on the quantity of lime or limestone or cement extracted by the $\frac{\text{lessee}}{\text{lessees}}$ and exported by the $\frac{\text{lessee}}{\text{lessees}}$ or others outside the limits of mouza Tikuri and shall during the remainder of the said term pay the royalty on all lime or limestone or cement extracted and exported from the said lands over and above the quantity which he $\frac{\text{lessee}}{\text{lessees}}$ by clause 2 of this lease is $\frac{\text{is}}{\text{are}}$ authorized to work and get in respect of the said certain rent.

Provided that the rates of royalty herein prescribed shall be liable to revision by the Local Government of the Central Provinces acting on behalf of the lessor quinquennially counting from the date of this lease and all royalty falling due after the dates of such revision shall be chargeable and paid at the rates revised. The revised rates shall be duly notified to the $\frac{\text{lessee}}{\text{lessees}}$.

4. The $\frac{\text{lessee}}{\text{lessees}}$ shall pay to the lessor a further yearly rent equal to the

land revenue which the Deputy Commissioner shall certify to be assessed upon the land or if the land be the property of Government or in reserve forest then at four annas per acre of the land the surface whereof shall be occupied or used by the ^{lessee}/_{lessees} for any of the purposes of this demise and so in proportion for any less quantity than an acre the said surface rent to be paid by equal half-yearly payments on the same days as the said certain rent of Rs. 276 (two hundred seventy-six) is hereinbefore made payable the first of such payments to be made on such of the said days as shall happen next after such occupation or use shall commence and the last half-yearly payment thereof to be made on such of the said days as shall happen next after such occupation or use shall have ceased and the land shall have been restored and rendered fit for cultivation again or for the possible uses from which it derived its former market value provided always that no such rent shall be paid or demanded in respect of any roads or ways now in existence.

5. The ^{lessee}/_{lessees} shall at all times during the said term keep or cause to be kept at an office to be situate upon or near the said lands correct and intelligible books of accounts upon such plan or principle and in such form as may be approved by the Local Government which books shall contain accurate entries showing from time to time (1) the area used for mining operations during each calendar month (2) the quantity and selling price of all limestone won sold and exported from the said lands and of lime and cement manufactured sold and exported herefrom together with a full and true account of the cost of extraction manufacture carriage and freight and such other charges as are usually incurred in conveying and causing the same to be delivered to the purchasers in terms of their sales and (3) the number of persons employed in the mines or works on or upon the said lands and the ^{lessee}/_{lessees} shall also furnish free of charge to such officer and at such times as the Local Government may appoint true and correct abstracts of all or any of such books of accounts and such information and returns as to all or any of the matters aforesaid as the Local Government may prescribe and shall at all reasonable times allow such officer as the Local Government shall in that behalf appoint to enter into and have free access to the said office for the purpose of examining and inspecting the said books of accounts and to take copies thereof and make extracts therefrom.

6. Arrears of rent and royalty due under the lease are recoverable under the provisions of Section 225 of the Central Provinces Land Revenue Act, 1917, as an arrear of land revenue.

7. The ^{lessee}/_{lessees} shall at the ^{lessee's}/_{lessees'} own expense erect and at all times maintain and keep in repair boundary marks and pillars along the boundaries of the said lands according to the demarcation shown in the plan hereto annexed.

8. The ^{lessee}/_{lessees} shall at all reasonable times allow the Deputy Commissioner or any one deputed by him to inspect the said lands and the buildings and plant erected thereon and the ^{lessee}/_{lessees} shall assist such persons in conducting the inspection and afford them all information they may reasonably require.

9. The ^{lessee}/_{lessees} shall not assign or underlet the said lands or any part thereof or the rights or privileges therein hereby granted or any of them without the previous written sanction of the Local Government and in the case of any such assignment or transfer sanctioned under this provision the instrument thereof shall within three calendar months from the date of its completion be produced to the Deputy Commissioner and the sum of Rs. 50 paid to the Deputy Commissioner as the fee for registration thereto in his office.

10. The lease may be surrendered by the $\frac{\text{lessee}}{\text{lessees}}$ at any time after six months' previous notice in writing given to the Deputy Commissioner.

11. On the expiration of the term of this lease of its earlier determination under clause 10 or 13 the lessee shall pay to the Deputy Commissioner for all lessees land which has been rendered useless for agriculture through the exercise of the powers demised by this lease such sum as the Deputy Commissioner may fix as equivalent to the capitalized value of the land revenue of such land rendered useless.

12. If the lessee shall at any time during the said term commit a breach of any condition of this lease it shall be lawful for the Local Government to cancel this lease and take possession of the said lands or in the alternative to receive from the lessee such penalty for the breach not exceeding four times the amount of the said certain half-yearly rent as the Local Government may fix.

13. This lease is subject to all rules and regulations which may from time to time be issued by the Local Government regulating the working of the quarries and other matters affecting the safety health and convenience of the ^{lessee's} ~~lessees~~ employees or of the public whether under the Indian Mines Act or otherwise.

14. The ^{lessee}~~lessees~~ shall furnish such reports and returns relating to output labourers employed and other matters as the Local Government may prescribe.

15. Whenever any doubt difference or dispute shall hereafter arise touching the construction of these presents or anything herein contained or any matter or thing connected with the said lands or the working or non-working thereof or the amount or payment of any rent or royalty reserved or made payable hereunder the matter in difference shall be decided by the Local Government whose decision shall be final.

THE SCHEDULE ABOVE REFERRED TO.

DESCRIPTION OF LAND.

Name of Mauza.	Khasra No.	Area in Acres.

In witness whereof the said parties have set their hands hereto the day and year first above written.

Signed and delivered by _____ for and on behalf
of the Local Government of the Central Provinces acting in the premises for
and on behalf of the Secretary of State for India in Council in the presence
of _____

Names and addresses of witnesses.

Signed by the abovenamed in the
presence of—

Names and addresses of witnesses.

Witness No. 8.

The Jubbulpore Portland Cement Company, Limited.

A.—WRITTEN.

Statement 1.—Replies to questionnaire, received from the Jubbulpore Portland Cement Company, Limited, under cover of letter, dated the 12th July 1924, from Messrs. Macdonald & Co., Managing Agents.

With further reference to your letter No. 398 of 21st May and wire of 9th instant, we have now the honour to enclose herewith our replies to the questionnaire regarding protection to the cement industry. We regret it will be impossible for us to send a representative to Simla as our manager leaves for England on the 15th current for reasons of health.

We trust, however, that the oral evidence of the representatives of the other cement companies will be sufficient for your purpose.

REPLIES TO QUESTIONNAIRE.

I. INTRODUCTORY.

1. The Jubbulpore Portland Cement Company, Limited, was floated in May 1920 and is a public company.
2. All the capital invested is held by Indians with the exception of about 10th. Directors are all Indians. The superior management (Agents) is composed of Indians.
3. Our Company manufactures Portland cement only.
4. The factory commenced working during December 1923.
5. The total capacity of the factory is 5,000 tons cement per month.
 - (a) We manufacture Portland cement only.
6. The output for the year 1923 was 20,887 tons.
7. Our factory is situated at Mehgaon about 6½ miles from Jukehi Station on the E. I. Railway to which it is connected by a siding.
 - (a) Yes.
 - (b) No.
 - (c) Yes.
 - (d) Good supply of labour.

The most important factors in selecting a site are: The supply of raw materials, labour, fuel, water and vicinity of markets.

8. We manufacture Portland cement only.
- Refer to answer to Question No. 6.
9. We manufacture to the British Standard Specification which, however, might be modified and this is now under consideration by the Institute of Engineers, India.
10. We consider our cement equal in quality and appearance to any imported cement. Indian cement does not command the same price as English cement. The reason being prejudice on the part of some consumers, but this prejudice we are gradually wearing down.

II. RAW MATERIALS.

11. The raw materials used are limestone and clay. Only a small proportion of clay.

12. Our annual requirements of raw materials are:—

(a) About 32,000 tons.

(b) About 90,000 tons.

13. About 160 tons of raw material will make 100 tons of clinker or cement. The wastage is in calcining.

14. Answered in No. 13.

15. One ton of clinker will produce one ton of cement.

16. The raw material supplies are about 400 yards from the factory.

17. Raw materials are collected by hand and transported to the factory in small tip wagons.

18. Royalty is fixed at Rs. 40 per year per acre for the area used for mining operations and Rs. 5 per acre for area held in reserve.

19. (1) Royalty as above.

(2) Labour, limestone Re. 0-12-6 to Re. 1 per ton, clay Re. 0-4-0 per ton.

(3) Freight Re. 0-5-0 per ton.

20. Terms of concession, see answer No. 18. We consider the terms favourable.

21. We have found the raw material uniform in quality.

22. No.

23. The supply is almost unlimited,

(a) } A small increase is probable.
(b) }

24. No.

25. No.

26. No.

III. LABOUR.

A.—Quarry Labour.

28. Quarrying is done by contract and the number of men varies.

29. No.

30. The labour is indigenous and is generally sufficient.

31. No.

B.—Factory Labour.

32. Yes. The process of manufacture requires expert supervision involving skilled labour imported from abroad.

33. Imported labour comprises:—One General Manager, one Chemist, one Electrician, one Power House Engineer. No increase if factory worked to full capacity.

34. Indian labour has been trained to run the cement mill. Every facility is given to Indian workmen to take the place of imported labour and apprentices are being trained.

35. About 25 per cent. larger.

36. Labour employed (factory) 1923 110,746

Labour employed (factory) 1924 up to May 36,178

Average rate per day—1923 Fitters Re. 1-4-10 and coolies Re. 0-7-9.

Average rate per day—1924 Fitters Re. 1-4-3½ and coolies Re. 0-7-3½.

37. (a) 1923—Rs. 1,05,255-8-0, 1924 (up to May) Rs. 27,595-13-3.

(b) Please refer remarks in Question 36.

38. Indian labour force is sufficient and is drawn from all parts of India.

39. Indian labour improves with training but at present is not so efficient as that of workmen in western countries.

40. Good housing accommodation, school, club, etc.

IV. POWER (INCLUDING FUEL).

41. All machinery electrically driven.

42. Steam turbine, cost per unit 0.9 as. fair.

43. Coal.

44. 6.37 lbs. coal per unit.

45. Coal per ton at site { Burhar coal, Rs. 10 to Rs. 10.8 (average).
Bengal coal, Rs. 18 to Rs. 23 (average).

46. No.

47. No.

V. MARKETS.

48. Indian cement manufacture.

	Tons.
1921	128,827
1922	148,824
1923	217,305

49. About 250,000.

51. Principal markets are on the east side of India.

52. We can compete more easily with foreign cement in the up-country towns.

53. We do not consider the export of cement to foreign countries probable.

54. The cement manufactured by us is purchased by Government, Railways and Municipalities.

Year.	Government.	Municipalities.	Railways.	Rate per ton during the year.
	Tons cwt.	Tons cwt.	Tons cwt.	
1923	10,649 9	2,623 15	1,280 11	From Rs 40 to 60.
1924	1,919 5	1,228 10	82 6	From Rs. 30 to 60.
	12,564 14	3,852 5	1,362 17	

VI. FOREIGN COMPETITION.

55. England, Germany and Belgium.

56. Only one kind of cement affects us, viz., Portland cement.

57. We only manufacture Portland cement.

(i) The price at which imported cement entered the country and was sold—

(a) 1912	Rs. 45 per ton.
1913	Rs. 48 per ton.

1914	Rs. 60 per ton.
(b) 1917 and 1918	Rs. 125 to Rs. 225 per ton.
(c) 1921-22 varied considerably.	
1922-23	Rs. 80 per ton.
1923-24	Rs. 60 per ton.

58. The information is obtained from actual suppliers.

61. Foreign competition is keenest at the ports.

63. Freight from England to Bombay is 17/6 per ton at 1/4=Rs. 13-2-0 while the freight from our factory to Bombay is Rs. 15-8-0, and England to Poona, Rs. 17-6-3, against factory to Poona, Rs. 18-14-0. The Cement Companies would be materially assisted if railway freights could be reduced.

65. We have no evidence of Continental cement having been re-exported from the United Kingdom.

66. As compared with foreign manufacturers the Indian manufacturer is at a disadvantage in the case of (a), (b), (c), (e), (f), (g).

67. Most of the disadvantages are permanent but (c) may not be later on.

68. The Cement Industry is at a disadvantage on account of the distance from source of fuel and high railway freights.

VII. EQUIPMENT.

69. Yes. Can only be operated economically if the full output is produced.

70. Yes.

71. Of a capital of Rs. 32,00,000. Rs. 33,78,000 have been expended on machinery.

72. Crushing plant consists of 1 No. 6 gyratory crusher and 1 set of rolls for crushing stone also 1 set of small rolls for breaking clay.

Raw mills has one Allis Chalmer compeb mill 7 feet diameter and 22 feet long. Kiln is 9x200 feet capacity 170 tons per day, Clinker cooler is 8x60 feet. Cement mill has small jaw crusher for gypsum and 7x22 compeb mill similar to raw mill. Coal mill has jaw crusher, coal dryer and 5x22 compeb mill. These compeb mills are of recent development having been introduced about seven years ago.

Power House consists of two 1,000 K. W. Allis Chalmer turbines and one 100 K. W. and three B. & W. Boilers.

73. With the exception of waste heat boilers this plant is absolutely up-to-date.

74. Yes.

76. No.

77. None except small castings.

VIII. CAPITAL ACCOUNTS.

78. Leases and concessions—

	Rs.	A.	P.
Lands	3,516	8	3
Buildings	16,45,505	1	8
Plant and machinery	33,94,136	11	2
Other miscellaneous assets	6,08,227	14	9

79. The figures given in answer to Question 78 represent the actual cost. No depreciation fund has been opened.

80. No amount set aside for depreciation.

81. Cannot say.

82.

Year.	Amount in Ster- ling.	Amount in Rupees	Rate of exchange.
	£ s. d.	Rs. A. P.	
1920	5,500 0 0	58,994 6 6	@ $\frac{1}{15}\frac{1}{2}$
1921	1,46,901 3 1	22,57,511 3 0	Between $\frac{1}{15}\frac{1}{8}$ & $\frac{1}{15}\frac{7}{8}$.
1922	3,365 3 6	51,873 13 3	Between $\frac{1}{15}\frac{1}{8}$ & $\frac{1}{15}\frac{3}{4}$.
1923	60 0 0	869 7 0	@ $\frac{1}{15}\frac{1}{8}$.
1924	<i>Nil.</i>	<i>Nil.</i>	
	1,55,826 6 7	23,69,248 13 9	

Amount in Dollars.

	\$	Rs. A. P.	
1920	50,000-00	1,79,000 0 0	@ Rs. 358 per 100 \$.
1921	545-42	2,012 9 9	@ Rs. 369 per 100 \$.
1922	13,203-49	45,385 0 6	Between Rs. 340 & Rs. 364 per 100 \$.
1923	20,629-36	67,203 5 9	% Rs. 323 & Rs. 335 per 100 \$.
1924	8,067-20	26,960 8 3	% Rs. 332 & Rs. 338 per 100 \$.
	92,445-47	3,20,561 8 3	

	Rs. A. P.	
83. Authorised	50,00,000 0 0	} All Ordinary Shares.
Subscribed	32,00,000 0 0	
Paid up	31,44,900 0 0	

84. No Preference Shares issued.

85. No Deferred Shares issued.

86A. The amount of the Paid Up Share Capital is as under:—

	Rs. A. P.
1921	15,60,555 0 0
1922	31,01,900 0 0
1923	31,42,900 0 0
1924	31,44,900 0 0

86B. No Dividend declared.

86C. *Nil.*

87. *Nil.*

88. Rs. 16,00,000 at 8½ per cent. interest issued on 1st January 1922, repayable on 1st January 1929. No Debenture Sinking Fund.

89. No Reserve Fund.

90. Cannot say.

FORM I.

Statement showing total expenditure incurred on the production of cement during certain years.

—	First year of produc- tion.	1921-22.	1922-23 from 1st January 1923 to 31st March 1923.	1923-1924.
			Rs. A. P.	
(1) Raw materials . . .	..	..	13,140 2 0	81,906 1 3
(2) Factory labour . . .	..	..	16,223 12 3	45,519 0 0
(3) Power and fuel . . .	..	..	1,23,612 12 3	5,18,042 15 10
(4) Ordinary current repairs and maintenance of buildings, plant and machinery.	..	..	7,570 9 9	42,444 1 10
(5) General services, supervi- sion and local / office charges.	..	..	27,188 9 3	1,31,422 10-11
(6) Miscellaneous, e.g., rent, Municipal taxes, insur- ance, etc.	..	..	3,766 2 0	15,333 0 9
(7) Any other single item not enumerated above which amounts to 5 per cent. or more of the total expen- diture.	..	..	..	..
	..	..	1,91,501 15 6	8,34,667 14 7
Total production of cement for the year.	..	..	3,095 0 0	26,120 0 0

FORM II.

Statement showing the Works cost per ton of cement.

	First year of produc- tion.	1921-22.	1922-23 from 1st January 1923 to 31st March 1923.	1923-24.
			Rs. A. P.	Rs. A. P.
(1) Raw materials . .	..	..	4 3 11	3 2 2
(2) Factory labour . .	..	..	5 3 10½	1 11 10½
(3) Power and fuel . .	..	..	39 15 0	19 13 4
(4) Ordinary current repairs and maintenance of buildings, plant and machinery.	..	..	2 7 1½	1 10 0
(5) General services, supervi- sion and local office charges.	..	..	8 12 6½	5 0 6
(6) Miscellaneous, e.g., rent, Municipal taxes, insur- ance, etc.,	..	..	1 3 5½	0 9 4½
(7) Any other single item not enumerated above which amounts to 5 per cent. or more of the total expendi- ture.	..	..	..	..
	..	..	61 13 11	31 15 3
Bombay Office overhead char- ges (from 1st January 1923 to 31st March 1923 3 months).			69,963 11 2	..
Bombay Office overhead char- ges (from 1st April 1923 to 31st March 1924 1 year).	..	..	..	3,91,371 3 8

94. We have adopted a system of cost accounting. Copies not available as only one copy on file.

96. Rates of Depreciation allowed by income-tax are 7½ per cent, on machinery and 2½ per cent, on buildings.

97.

	Cost to 31st March 1924.		Depreciation @ 2½ per cent.		Depreciation @ 5 per cent.	
Buildings . . .	Rs.	A. P.	Rs.	A. P.	Rs.	A. P.
	16,49,021	9 11	41,225	8 8	82,451	1 4
Machinery . . .	Cost to 31st March 1924.		Depreciation @ 7½ per cent.		Depreciation @ 10 per cent.	
	33,94,136	11 2	2,54,560	4 3	3,39,413	10 9

101. It is necessary to borrow.

102. Copy of Balance Sheet shows this and will be sent you in a few days when printed.

104. About Rs. 1,20,000.

105. Yes, about 5,000 tons.

106. The Company has a Head Office. It is under control of the Managing Agents.

107. (a) The annual amount of the Head Office expenses, Rs. 71,676-14-5.

(b) Agents' commission, Rs. 25,000. This was given up each year.

108. 10 per cent. on net profit or Rs. 25,000 minimum.

109. (A) The cost of Head Office expenses per ton, Rs. 2-12-1.

(B) Agents' commission per ton of cement, Re. 0-15-4.

The above on the basis of the present output.

The above two on the basis of full capacity output, i.e., 60,000 tons per year as follows:—

(a) Cost of Head Office expenses per ton, Re. 1-3-1.

(b) Agents' commission per ton, Re. 0-8-8.

XI. CLAIM FOR PROTECTION.

114. A. Yes.

B. Without the help of protection we consider the industry will not develop so rapidly as is desirable in the interests of the country.

C. By promoting the use of cement in India we believe the industry will eventually be able to face foreign competition without protection.

The knowledge of the uses of cement in this country is comparatively small and when the people understand its advantages the consumption will increase.

115. (a), (b) Yes.

116. Yes. During the war the industry was controlled by the Munitions Board.

117. Answered in No. 114.

118. We ask for protective duty on Portland cement only.

120. The present duty is Rs. 9 per ton.

121. We consider a duty of Rs. 25 per ton necessary. We do not consider a lower duty would tend to induce people to buy Indian cement.

122. It is a fact that the productive capacity of Indian cement factories at present exceeds the total consumption of the country but the exclusion of foreign cement will increase production and therefore cheaper the cost of manufacture, thus enabling the Companies to sell at a lower price which will tend to promote the use of cement in India and further increase production.

We believe as the Indians become more conversant with the advantages of Portland cement consumption will increase, but that will take time.

Witness No. 9.

Fiscal Reform League, India, Bombay.

WRITTEN.

Copy of Representation of the Fiscal Reform League, India, dated 1st March 1924, to the Government of India, Department of Commerce.

I have the honour, by direction of the Executive Council of the Fiscal Reform League, India, to submit to you the following representation with reference to the cement industry in India.

This is an industry essential to the growth of large scale modern industry, which has rendered excellent service to the state in the last Great War, and which has built up a productive organisation more than sufficient for local market. It has, nevertheless, come to suffer from a variety of hardships, which the Council of the League understands, its organisers have already detailed before the Tariff Board, and which, may add, are such as to be entirely beyond its control. Under the circumstances, the industry demands a protective treatment in the tariff regulations of the country and by other means mentioned in their letter to the Tariff Board, which the Council of the Fiscal Reform League, India, feels, would suffice to ensure its standing and future. In the interests of this country's general industrial development, the Council considers it most desirable to grant the request, and trusts the Government will take early opportunity to do so.

Witness No. 10.

The Indian Merchants' Chamber, Bombay.

WRITTEN.

Copy of Representation of the Indian Merchants' Chamber, dated 8/9th February 1924, to the Government of India, Department of Commerce.

I am directed to draw attention of the Government of India to the representation jointly addressed by all the Cement Companies working in this country to the Tariff Board, a copy of which is also sent to you.

The joint representation has set forth in details all the different grounds on which assistance is sought from the Government. My Committee would like to emphasise, however, specially the inequality between Railway and Sea Freight which gives an undue advantage to foreign cement manufacturers in their competition with indigenous concerns at Ports. The freight from Gwalior to Bombay is about Rs. 17 per ton as against only about Rs. 9 per ton from Japanese ports to Bombay and about Rs. 14 per ton from British ports to Bombay. Freight from Katni to Bombay is Rs. 13-11-0 and from Jubbulpore to Bombay is Rs. 15. It will be thus seen how great an advantage foreign Cement Manufacturers have in this matter of freight as against their Indian competitors. Freight from Porebunder, which is one of the manufacturing places for cement, to Bombay is Rs. 6 as it is a sea-route but freight to Calcutta is Rs. 20 per ton also by sea while freight from Japanese ports to Calcutta is about Rs. 9 only. Freight to Calcutta from Katni, Gwalior and Jubbulpore respectively is Rs. 12-4-0, Rs. 21 and Rs. 17-8-0. It will be seen from the figures given below that huge quantities of cement are still being imported from the United Kingdom, Belgium, Japan and other foreign countries to the detriment of the indi-

genous industry, in spite of the fact that the indigenous supply is far in excess of the total requirements of the country.

Imports of Cement.

	1920-21.	1921-22.	1922-23.	For 1st April 1923 to 31st December 1923.
	Tons.	Tons.	Tons.	Tons.
From the U. K. . .	1,23,283	79,886	96,976	71,712
From Belgium . . .	2,500	5,118	4,776	1,764
From Japan . . .	410	18,836	4,238	59
From other Foreign countries . . .	4,528	20,887	28,125	10,279
	1,30,721	1,24,727	1,34,115	83,814

My Committee are still making inquiries regarding freight from British Ports to Calcutta and to Persian and African ports. But the information which they have received already and are communicating hereby to Government is sufficient to prove the necessity for some protection to the Cement Industry. Looking to the fact that the production in the country has out-stripped the consumption there is no reason why a single ton of foreign cement should be imported into this country.

My Committee, therefore, beg in conclusion to request the Government to be pleased to take all the facts and the joint representation of Cement Companies in their kind consideration and to take such steps including reference to the Tariff Board as may be necessary to give help to this important industry.

Witness No. 11.

Calcutta Port Trust.

WRITTEN.

- *Written representation, dated the 14th May 1924, received from the Chairman of the Calcutta Port Trust.*

I beg to refer to the Department of Commerce's Resolution No. 38-T., dated the 10th April 1924, in which it is stated that the Government of India have decided to refer to the Tariff Board for examination applications for protection received *inter alia* from the cement industry, and inviting firms or persons interested in industries dependent on the use of this article, who desire that their views should be considered by their Board, to address their representations to you.

The Calcutta Port Trust purchases from time to time considerable quantities of Portland cement for use both on capital and on maintenance works and for some time past it has been found that the cement manufactured in India, and offered by one or other of the agencies concerned in the marketing of Indian-made cement, has been offered at prices markedly more favourable than that of the cheapest imported cement. As the quality of Indian-made

cement has been proved, both by analysis and by our practical experience, to be satisfactory, the result has been that the orders of the Calcutta Port Trust have latterly without exception been placed with one or other of the agencies selling Indian-made cement. Thus at their meeting held on the 4th June 1923 when the Commissioners considered tenders received for 5,000 tons of cement required for the King George's Dock construction, the lowest tender received for imported cement was at the rate of Rs. 63-10-5 per ton, while tenders for Indian-made cement were made at Rs. 52, Rs. 54 and Rs. 58 per ton. Again at their meeting held on the 11th February 1924, tenders for a further quantity of 5,000 tons were considered and those received compared as follows:—

Lowest figure—English imported—Rs. 68 per ton,

Lowest figure—Continental—Italian—imported—From Rs. 53-12-2 to Rs. 62-11-6,

Lowest figure—Indian-made—From Rs. 43-13-0 to Rs. 52,

and in both cases orders were placed for Indian cement at the lowest price offered.

These figures appear to the Port Commissioners to show that, the considerable natural advantages which Indian cement already possesses, combined with the existing rate of duty and the cost of freight and insurance on imported cement will make it practically impossible for the latter to compete with the former, and that this is the case even when imported cement is manufactured in a country, the currency of which has undergone heavy depreciation, as compared with normal rates of exchange. The Commissioners, therefore, are of opinion that the Companies manufacturing cement in India cannot be considered as in need of any enhanced import duties and they are confirmed in this belief by the fact that in spite of the difficulties to be encountered during the early days of any industry, those of the Indian Companies which have enjoyed the benefit of good management have found themselves for years in a position to pay satisfactory dividends to their shareholders. They desire, therefore, to enter an emphatic protest against the proposal to increase the duties on imported cement, as they consider that such a measure would merely result in enhancing at the expense of the consumer or the tax-payer the profits of an industry already well-established.

Statement II.—Further representation, dated 3rd July 1924, received from the Chairman, Calcutta Port Trust.

With reference to this office letter No. 5247, dated the 14th May 1924, I have the honour to inform you that the Commissioners recently invited tenders for the supply before the end of the present calendar year of a further quantity of 6,000 tons of cement. A comparative statement of the prices quoted for Indian and imported cements is given below:—

	Lowest quotation per ton.	Highest quotation per ton.
	Rs. A. P.	Rs. A. P.
Indian-made cements	36 12 0	47 8 0
Continental cement—Italian	52 4 3	52 4 3
English cement	58 15 7	64 15 4

The lowest rate for English imported cement is based on tenders received by the Commissioner's London Agent for delivery f.o.b. England with proper allowance for freight, insurance, duty, landing charges and removal to the Kidderpore Docks. In the case of the other tenders, the quotation was for delivery f.o.r. Kidderpore Docks.

Witness No. 12.

Burma Chamber of Commerce.

WRITTEN.

Representation, dated 27th June 1924, received from the Burma Chamber of Commerce.

With reference to Government of India, Commerce Department, Resolution No. 38-T., dated April 10th, 1924, which notifies that the Tariff Board will examine the applications of certain named Industries for Protection, I am directed to address you on the subject of cement.

2. There is no trade in Burma in cement manufactured in India. The attempts made by users here to employ it have hitherto proved unsuccessful, and the main reason for this failure appears to be that Indian manufacturers have been unwilling, rather than unable, to take any interest in the Burma market, the presumption being that in the past they had a more than ample market for their produce at their own doors. Quality is, of course, a matter of vital importance and such sample shipments as have been imported from India have prejudiced the chance of repeat orders by proving entirely unsatisfactory owing to the cement having been in gunnies or some other form of package which afforded no protection from weather or atmosphere. A large proportion thus proved unusable.

3. Hitherto only one attempt has been made to produce cement in Burma but the product was found to be unsatisfactory and the works had to close down.

4. This province is accordingly dependent on imports from abroad. Part of the supply was until recently Green Island Cement from Hongkong, but this source is at present closed, apparently owing to demand from Japan since the earthquake, and European Portland cement now holds the market and is selling at Rs. 11-8 to Rs. 12 per cask of 400 lbs. gross or 375 lbs. net.

5. The importance of the Burma consumption can be seen from the following customs figures which include Government imports :-

	Quantity.			
	1919-20.	1920-21.	1921-22.	1922-23.
	Tons.	Tons.	Tons.	Tons.
Whole of India and Burma .	78,212	135,397	124,679	136,073
Burma	10,588	20,192	25,620	29,135
„ Percentage	13.5%	14.9%	20.5%	21.4%
	Value.			
	Rs.	Rs.	Rs.	Rs.
Whole of India and Burma .	79,00,860	1,42,43,749	1,37,70,078	1,05,35,894
Burma	9,47,740	21,93,154	28,57,174	25,21,173
„ Percentage	12%	15.4%	20.7%	23.9%

6. These figures help to demonstrate the efforts which are being made in Burma to overtake the lack of development of the province in the past; but, as so little progress has yet been made and in view of the large programmes of constructional work ahead both in communications and buildings, it is clear that Burma must continue for very many years to show an expanding demand.

7. Even if the present enquiry by the Tariff Board should indicate that Indian manufacturers are suffering from temporary disabilities which necessitate State assistance to enable them to survive, a point on which we do not propose on this occasion to argue, Burma is unlikely to be in any way a gainer from their being more firmly established, owing to the permanent handicap of high transport and handling charges between India and Burma.

8. In view of her share of the population of India being only 4 per cent., it is clear that Burma must put forward the very strongest opposition to any assistance, which it may be decided to give to Indian manufacturers, taking the form of a protective customs tariff with general effect. Even on present figures this would result in Burma paying 7/8 times her proper share and it is therefore necessary to urge that assistance, if any, should be given by means of bounty. It is already clear that merely for revenue purposes Burma is suffering to this extent. An additional advantage of the bounty method would be that it could be applied subject to stringent conditions with regard not only to quality at site of manufacture, but to standard of packing, in order to ensure satisfactory condition on arrival at destination.