
THE INDIAN
FISCAL
POLICY

B. P. ADARKAR

X:53.1

HI

1227

KITABISTAN

12277

62, 69, 80, 83,
102,

12279

Dhananjayrao Gadgil Library



GIPE-PUNE-012279

THE INDIAN FISCAL POLICY

BOOKS BY THE AUTHOR.

The Principles and Problems of Federal Finance

The Theory of Monetary Policy

The Indian Monetary Policy

The Elements of the Indian Constitution

If War Comes.

THE
INDIAN FISCAL POLICY

India's Foreign Trade

By

Protection & Imperial

BHALCHANDRA P. ADARKAR

Preference Consequences

ADAM SMITH PRIZEMAN, CAMBRIDGE UNIVERSITY; READER
IN ECONOMICS, ALLAHABAD UNIVERSITY; FORMERLY
PROFESSOR OF ECONOMICS, BENARES HINDU UNIVERSITY

KITABISTAN
ALLAHABAD

FIRST PUBLISHED IN 1941

X:53.2

H1

12279

PRINTED BY J. K. SHARMA AT THE ALLAHABAD LAW JOURNAL
PRESS, ALLAHABAD AND PUBLISHED BY KITABISTAN, ALLAHABAD

TO
THE UNIVERSITY OF ALLAHABAD

सितासिते सरिते यत्र संग्रहे
तत्र प्लुतासो दिवमुत्पत्तन्ति ।

PREFACE

It was several years ago that I promised myself a volume on India's Fiscal Policy, mainly owing to a mental reaction against some recent academic literature on the subject, which seemed to suggest that Indian economists, in spite of their early pronouncements to the contrary, had abandoned the protectionist bias in favour of the *laissez-faire* ideology. The fulfilment of the promise was delayed; yet, such a volume surveying the whole field of our fiscal policy, becomes very opportune just at the moment for several reasons. In the first place, there is a helpful pause in the Tariff Board's work due to the War and it has become possible to avoid staleness. Secondly, *inter-bellum* years provide one completed period of the fiscal policy which roughly dates from the last war. Thirdly, most of the major industries which are receiving protection at present, will have completed their allotted periods by 1941 or 1942, and, if it were not for the War, should have had to face fresh enquiries by the Tariff Board by now. Finally, there is no doubt that when the war is over, a re-examination of the fiscal issues in the light of past experience and possibly a complete re-orientation of policy, involving the overhauling and systematisation of the tariff machinery and procedure, will be inevitable. What is more, most of the academic literature on the subject has become necessarily out-of-date, while some able analyses of our fiscal policy confine themselves to two or three of the major protected industries only, while examination of the cases of industries denied protection has been generally neglected. No apology, I hope, is therefore necessary for bringing out this study at the present moment.

The scope of the work is indicated by the natural division of the subject into two parts: Part I is styled "The Working of Protection" and gives a descriptive and analytical survey of the industries which Fiscal Policy had to deal with during 1923-40. Part II, on the other hand, is concerned with the

critical and general aspects of the subject. Thus, in Part I, I have attempted a review of the Tariff Board enquiries (numbering about fifty) and a "post-mortem" examination of the measures adopted in each case. I must state without hesitation that it is futile, if not audacious, to question the validity of the Board's findings, especially on the factual side, as some writers seem to have done. The Board has had in each case at its command immense facilities, such as no individual can hope to possess, and, in fact, its Reports happen, in some cases, to be the only authoritative material surveying the industries concerned, somewhat on the lines of the Balfour Committee's *Surveys* in England. It may thus be possible perhaps to criticise the Board's conclusions, if at all, only on the grounds of wrong methodology, inaccurate principles, inaccurate statements regarding well-known national or international events, wrong emphasis, or *non-sequitur* logic and arguments. Though I have not been able to appreciate the conclusions of the Board in some places, I feel that the Tariff Board's work has been generally fair, impartial and almost always the result of painstaking inquiry and penetrating analysis, and that the Board has more often than not erred on the side of caution.

(The fiscal problem in India is two-fold:) In the first place it has its political side in so far as India has yet to attain the plenitude of powers, known as Fiscal Autonomy, such as the free countries of the world and the Dominions of the British Empire possess. The so-called "Fiscal Autonomy" conceded by the Convention of 1921 has been a bauble and a meaningless myth. The Dominions, to be sure, had also to carry on a long struggle with the "Mother Country" for obtaining the democratic power of shaping their tariff policies in consonance with their own requirements. Where it is not a Mother Country, but a "Step-Mother Country," it is obvious that a grimmer struggle is inevitable. Imperial preference has been a partial, though harmful, solution of the conflict between British and Indian commercial interests. But fundamentally speaking it does not appear to me that there can be any permanent compatibility between a free exercise of our fiscal freedom and the maintenance of Britain's hegemony in the future commercial developments in India. The other,

and more academical, part of the Indian fiscal problem is the determination of a correct policy for the country to adopt. Here, there cannot be any room for doubt that the present system of Discriminating Protection has been disappointingly slow and ineffective. I do not suggest that mere manipulation of import tariffs by itself can work miracles. It is evident that even if we exhaust the entire import schedule, we may not be able to build up an all-sided industrial system for the market thus released is not very large in most cases. Yet, fiscal policy, along with monetary, banking, transport, power and financial policies, fits into a general scheme of economic planning aimed at nation-building. The greatest need of the hour is the galvanisation of the country's human and material resources into activity and the attainment of a higher productive efficiency, which can only come about through the mechanisation both of agriculture and industry, *i.e.*, the application of accumulated knowledge due to scientific progress. Fiscal Policy, correctly conceived and effectively executed, can not only provide the initial impetus for the cumulative spiral of industrial employment, but will for long remain a potent safeguard for the future industries which will arise to cater for the internal market under the aegis of a planned national economy. As an integral part of planning, therefore, the instrument of Fiscal Policy is bound to be valuable; but it would be incorrect to suppose that the State can do no more than levy tariffs and leave industries to work their own way to success. "In India," as Dr. C. R. Reddy put it recently, "the State must undertake the primary responsibility for the economic reconstruction of the country." The *laissez-faire* idea, still reigning supreme at Government headquarters, is wholly incompatible with the vicissitudes of the modern age in which active interventionism is the order of the day.

The War has thrown our economic, as well as political, institutions into the melting-pot, and it may not be too optimistic to hope for the re-formulation of our fiscal policy, when it is over. It is a matter of some satisfaction that the present Commerce Member of the Government of India, Sir A. Ramaswamy Mudaliar, was able to announce not only that the Government intends to "liberalise" the conditions of protection, but that after the War, a comprehensive enquiry

would be "inevitable." At the end of the last War, several industries, which had arisen under the shelter of a closed market, succumbed to the fierce competition which soon followed. This time, "assurances" of security are being given by the Government to those industries which assist in the "war effort," provided they satisfied "certain conditions." There is reason to fear, however, that the "war effort" is the chief or, perhaps, the only consideration governing the decisions and that the permanent needs of large-scale industrialisation are neglected or even opposed by certain elements and interests. While the War is going on, no one can expect any comprehensive measures of reorganisation, but certain paramount considerations have been indicated towards the end of this volume, which, to my mind, appear to be fundamental to the shaping of our future Fiscal Policy, if the Indian industries, old and new, are to survive the aftermath of war.

It remains for me to express my gratitude to those who have helped me in the production of this work. My thanks are due to my cousin, Mr. B. N. Adarkar, Assistant to the Economic Adviser, and to Messrs. K. L. Govil and P. C. Jain, my friends and colleagues at the Allahabad University, for helpful discussion, suggestions and supply of relevant literature. To my publishers, the Kitabistan of Allahabad, and printers, the Allahabad Law Journal Press, I am thankful for the efficient production of this work. Finally, I owe tons of thanks to my wife for assistance in transcribing, in typing and in collecting material, as also for being patient with me during many hours of silence and toil!

6th January, 1941

B. P. ADARKAR

CONTENTS

CHAPTER I

	PAGE
INTRODUCTION	
(i) The Relativity of the Fiscal Doctrine	2
(ii) Fiscal Theory Re-stated	4
(iii) Discriminating Protection—A Bird's-eye View	15
(iv) Conclusion	25

PART I

THE WORKING OF PROTECTION

CHAPTER II

IRON AND STEEL

(i) Introductory	31
(ii) The Natural Advantages	49
(iii) Special Circumstances	64
(iv) Protection against Dumping	68
(v) Imperial Preference	76
(vi) Recent Developments	79
(vii) Indicators of Progress	88
(viii) Profits and Dividends	93
(ix) Contributions to Government Revenue	97
(x) The Consumer's Burden	99
(xi) Employment and Labour Welfare	103
(xii) Conclusion	106

CHAPTER III

SUBSIDIARY STEEL INDUSTRIES

(i) The Engineering Industry	108
(ii) The Wagon-building Industry	113
(iii) Tinplate	117
(iv) Wire and Wire Nails	123
(v) Cast Iron Pipes	124
(vi) Agricultural Implements, Locomotives, and Enamelled Ware	126

CHAPTER IV

	PAGE
THE COTTON INDUSTRY	
(i) Condition in post-War Times	131
(ii) The Exchange Factor	134
(iii) The Belated Amends	138
(iv) Anti-dumping Duties	140
(v) The Claim to "Substantive Protection"	144
(vi) Criticisms Answered	150
(vii) Imperial Preference incompatible with Protection	161
(viii) Enhanced Import Duty on Raw Cotton	165
(ix) Recent Trends of Progress	167
(x) Raw Material and Wages	173
(xi) Conclusion	177

CHAPTER V

OTHER TEXTILE INDUSTRIES	
(i) The Sericultural Industry	179
(ii) The Woollen Industry	188

CHAPTER VI

SUGAR	
(i) Introductory	194
(ii) Principal Measures	195
(iii) Progress of the Industry	197
(iv) Expectations of the Tariff Board	202
(v) The Main Aspects of Sugar Protection	204
(vi) Agricultural Efficiency	213
(vii) Co-ordination between Cultivation and Manufacture	218
(viii) Industrial Efficiency	222
(ix) Optimum Size of the Factory	226
(x) Utilisation of By-products	228
(xi) Loss of Government Revenue	234
(xii) Burden on the Consumer	237
(xiii) Tariff Board Enquiry, 1937	243
(xiv) The Sugar Excise Duty	248
(xv) The International Sugar Agreement	252
(xvi) Fixation of Sugarcane Prices	254
(xvii) Conclusion	257

CHAPTER VII

PAPER AND PAPER PULP	
(i) Introductory	259
(ii) Protection—Its Extent and Effects	262
(iii) Conclusion	273

CHAPTER VIII

MATCHES

	PAGE
(i) Introductory	280
(ii) Tariff Board Enquiry, 1926-28	282
(iii) The Swedish Match Octopus	287
(iv) Conclusion	295

CHAPTER IX

SALT

(i) Introductory	297
(ii) Tariff Board Enquiry (1929-30)	298
(iii) Later Developments	301

CHAPTER X

MINOR PROTECTED INDUSTRIES

(i) Magnesium Chloride	307
(ii) Plywood and Tea-chests	315
(iii) Gold Thread	318
(iv) Agricultural Protection	321
(v) Safeguarding of Industries	325

CHAPTER XI

INDUSTRIES DENIED PROTECTION—I. CEMENT

(i) Introductory	329
(ii) Tariff Board Enquiry	331
(iii) Government Rejection and Aftermath	337
(iv) Conclusion	341

CHAPTER XII

INDUSTRIES DENIED PROTECTION—II. HEAVY CHEMICALS

(i) Introductory	344
(ii) The Tariff Board Enquiry (1928-29)	346
(iii) The Fate of Protection	353

CHAPTER XIII

INDUSTRIES DENIED PROTECTION—III. OIL AND COAL

(i) Oil	357
(ii) Coal	363

CHAPTER XIV

INDUSTRIES DENIED PROTECTION—IV. GLASS

(i) Introductory	373
--------------------------	-----

	PAGE
(ii) The Raw Materials	374
(iii) The Soda Ash Question	376
(iv) The Justification of Protection	383
(v) Tariff Board Report Shelved	387

CHAPTER XV

TECHNICAL CHANGES IN THE TARIFF

(i) Tariff Equality	390
(ii) Tariff Balance	399
(iii) Changes for Non-protective Benefit	401
(iv) Revenue Changes	403
(v) Conclusion	404

PART II

THE REVIEW OF FISCAL POLICY

CHAPTER XVI

DISCRIMINATING PROTECTION—ITS GENESIS AND RATIONALE

(i) Historical	408
(ii) The Genesis of Protectionism	422
(iii) The Fiscal Autonomy Convention	426
(iv) The Fiscal Commission	428
(v) The Views of the Minority	449

CHAPTER XVII

DISCRIMINATING PROTECTION IN RETROSPECT

(i) The Character of Indian Protection	453
(ii) An Analysis of the Enquiries	462
(iii) The Clash of Interests behind the Scenes	468
(iv) The Economic Background of Discriminating Protection (1923-40)	473
(v) The Triple Formula	478
(vi) The Making of the Tariff	488
(vii) Bounties <i>versus</i> Tariffs	496
(viii) Fiscal Measures against Dumping	499
(ix) Fiscal Policy and the Trends of Foreign Trade	507
(x) Fiscal Policy and the Government Revenue	515

CHAPTER XVIII

IMPERIAL PREFERENCE AND BILATERALISM

(i) Imperial Preference—Historical	520
--	-----

	PAGE
(ii) Imperial Preference—Theoretical Aspects	525
(iii) The Indo-British Trade Agreement (1932)	535
(iv) Supplementary Indo-British Trade Agreement (1935)	549
(v) Preference within Protection	551
(vi) Indo-British Trade Agreement (1939)	559

CHAPTER XIX

THE BURDEN OF PROTECTION

(i) Introductory	563
(ii) The Incidence of Indian Taxation	566
(iii) Tariff Levels and the De Facto Burden	572
(iv) Conclusion	578

CHAPTER XX

THE TARIFF MACHINERY AND PROCEDURE

(i) The Constitution of the Tariff Board	581
(ii) The Functions of the Board	585
(iii) The Procedure of Protection	588
(iv) Tariff Machinery elsewhere	592
(v) Conclusion	596

CHAPTER XXI

THE CONSTITUTIONAL ASPECTS OF FISCAL POLICY

(i) The Fiscal Autonomy Bauble	597
(ii) The Commercial Safeguards	600
(iii) Conclusion	603

CHAPTER XXII

THE FUTURE	608
INDEX	613

INDEX OF SUBJECTS

- Agricultural efficiency (in sugarcane production), 213 ff.
Agricultural implements, 126 ff.
Agricultural protection, 321 ff.
Anti-dumping duties, see **DUMPING**.
Australia, Tariff Board in, 586, 590, 594 ff; law against "dumping" in, 504-5.

Balance of payments and fiscal policy, 437 ff, 528-9.
Balfour Committee, industrial surveys of, (in England), viii.
Bamboo, see **PAPER**.
Beet sugar, bounty-fed, 416.
Board of Scientific and Industrial Research, 484, 610.
Bolts and nuts, 395.
Bombay Labour Enquiry Committee, 177.
Bombay-Lancashire Textile Agreement, 557.
Bounties *versus* Tariffs, 496 ff; granted to Indian steel, 68 ff; proposed by Tariff Board for cement, 337-9.
Burden of Protection, see Chapter XIX; see also **CONSUMER'S BURDEN**.
Burrows Committee on Coal, see **COAL**.

Camel-hair, cotton and canvas-ply belting, 394-5.
Carbon brushes, 397.
Cartellisation, 58.
Cast iron pipes, 124 ff.
Cawnpore group of Woollen Mills, 191-2.
Cement, see Chapter XI; handicaps of, 332; high quality of Indian cement, 333; Tariff Board's proposal for a system of bounties, 333-7; rejection of Tariff Board proposal, 337 ff; Indian Cement Manufacturers' Association 338; Cement Marketing Company, 338; Associated Cement Companies, 339; Dalmia Cement Company, 340; production and consumption in India of, 342; importance of the industry to India, 343.
Coal, 363 ff; Burrows Committee on, 55n, 371-2; coking coal reserves, 57n; consumption of, 364; production of, 365; Tariff Board on, 365 ff; imports of South African coal, 367-9; exports of, 371.
Commercial Discrimination, 601 ff, the Rt. Hon'ble Mr. M. R. Jayakar's views on, 607 ff.
Commercial safeguards, 600 ff; Professor A. B. Keith's views on, 607 ff.
Consumer's Burden, see Chapter XIX; and protection of steel, 99 ff; and protection of sugar, 237 ff; and preferences, 531 ff.
Constitutional aspects of fiscal policy, Chapter XXI.

- Cost analysis, 488 ff.
- "Cotton article" of Indo-British Agreement, 1939, 561.
- Cotton, raw, 145; enhanced import duty on long-staple cotton, 165 ff, 401; American subsidy on exports of, 166.
- Cotton textile industry, see Chapter IV; protection of, 457; clash of interests in the protection of, 469; condition after 1918, 131 ff; "atrophy" of the Bombay centre, 148 ff, 132; increasing competition of Japan, 132 and the exchange factor, 132, 134 ff, 159 ff; depreciation of the Yen affecting the Indian industry, 136 ff, 142 ff; G. S. Hardy's Report on, 138 ff; claim to "substantive" protection, 144ff, 162 ff; raw materials of, 145 ff; domestic market in 146 ff; electric power, use of, in, 146, labour in, 146 ff; national importance of, 149 ff; employment caused by, 149, capital investment in, 150; and the cotton cultivator, 150; criticisms against protection of, answered, 150 ff; financial position of Bombay Mills, 152 ff; recent growth of, 156 ff; the export market for, 158 ff; rationalisation in, 160; and Imperial Preference, 161 ff; recent trends of progress, 167 ff; production of yarn and piecegoods in Indian mills, 168 ff; imports of yarn and piecegoods, 170 ff; reactions of the Sino-Japanese War, 168; size of the average mill, 172; raw materials and wages, 173 ff; Bombay Labour Enquiry Committee, 175-7.
- Customs revenue, see REVENUE.
- "De facto" burden of import duties, 572 ff.
- Discriminating Protection, see Chapters XVI and XVII; also, 2, 3, 34 ff, 433 ff; the term explained, 407; objections to, answered, 15 ff; and regressive taxation, 20 ff; and inequality of distribution in India, 22-3; and revenue of Government, 23-4; "substantive" as distinct from "compensatory" protection, 111 ff; conditions under the "triple formula," 445 ff, 478 ff, 486 ff; the true nature of, 453 ff; economic background of, 473 ff; fiscal policy and trends of foreign trade, 507 ff; fiscal policy and the Government revenue, 515 ff; and the new policy, 609 ff.
- Distribution, inequality of, 22-3.
- Dumping, 449 ff; protection of the Steel industry against, 68 ff; freight dumping, 85; anti-dumping duties on imported cotton textile goods, 141 ff; Fiscal Commission on, 500; anti-dumping measures, 499 ff; Australian law against, 504-5.
- Eastern Group Conference, 610.
- East India Company, 409.
- Electric wires and cables, 392-3.
- "Embryo" industries, 443-4.
- Enamelled ware, 126-7.
- Engineering industry, 108 ff; imports of fabricated steel, 133n; protection of, 457-8.
- Exchange factor in the Indian tariff, 132, 134 ff, 475 ff; depreciation of the Japanese Yen, 136 ff, 142 ff, 159, 184 ff; depreciation of

- Chinese currency, 184 ff; exchange fluctuations and the gold thread industry, 318-20.
- Excise duties, 572 ff; on sugar, 248 ff; on matches, 286 ff; on cotton, 415 ff; the *London Times* on cotton excise duty, 419.
- "Exports pay for imports," 11 ff.
- Fair selling price, 64-5, 74, 164-5, 454, 491 ff.
- Federation of Indian Chambers of Commerce, 388 n.
- Fiscal Autonomy Convention, viii, 420, 426 ff, 467, 475, 597 ff; and Joint Parliamentary Committee, 597; interpretation of, by Sir George Rainy, 598-9.
- Fiscal Commission, 347, 370, 382, 407, 408, 428 ff, 475, 481, 489, 581, 583, 587.
- Fiscal doctrine, relativity of, 1.
- Fiscal Policy, see DISCRIMINATING PROTECTION.
- Fiscal theory, re-stated, 4 ff.
- Fluxes for iron and steel, 52-3.
- Foreign trade of India, 507 ff.
- "Free markets" for sugar, 252.
- Full employment, the assumption of, 7-8.
- Galt tariff, in Canada, 413n.
- Germany, monopoly in magnesium chloride of, 308n; dumping by, 309 ff; exchange depreciation, 309.
- Glass, see Chapter XIV; raw materials for, 374 ff; the soda ash question, 376 ff, 482; production and imports, 379; justification of protection for, 383; the extent of Indian market, 383-4; unfair foreign competition in, 385; Tariff Board's proposals, 386; refund of import duty on soda ash, 387.
- Gold thread, 318 ff; as a handicraft, 318; Tariff Board on, 319 ff; raw materials, 319; revenue duty on, 319; and exchange fluctuations, 318-20; imports of, 321; nature of protection of, 460.
- Gur*, see SUGAR.
- Hawaii, yield of sugarcane in, 214.
- Healds and reeds, 397-8.
- Heavy Chemicals, see Chapter XII; imports of, 345; Tariff Board enquiry, 346 ff; and national defence, 347; Fiscal Commission on, 347; organisation of the industry in India, 348; rates of protection proposed, 350; and railway freights, 351 ff; protection granted to, for two years, 354; preference with protection of, 355.
- Imperial Chemical Industries Ltd., 345, 377, 387, 388, 409-10, 471.
- Imperial Council of Agricultural Research, 215.
- Imperial Preference, see Chapter XVIII; in steel, 76 ff; Tariff Board on, in regard to tinplate, 121, 121n; in cotton textiles, 161 ff; incompatible with protection, 161-5, 418; history of, 520 ff; "preference within protection," 524 ff, 551 ff; theoretical aspects of, 525

- ff; and debtor position of India, see also Indo-British Trade Agreement.
- Import Duties Advisory Committee, in the United Kingdom, 586, 596.
- Incidence of taxation in India, 566 ff.
- "India Limited" companies, 605.
- Indian Coal Committee, 368.
- Indian Engineering Association, 109.
- Indian Sugar Syndicate, 258n.
- Indo-British Trade Agreement, 1932, 524, 535 ff.
- Indo-British Trade Agreement, Supplementary, 1935, 549 ff.
- Indo-British Trade Agreement, 1939, 525, 533-4, 559 ff.
- Indo-Japanese Agreement, 1934, and 1937, 555 ff.
- Indo-Japanese Convention, 326.
- Industrial Commission, 1916-18, 55-6, 408, 423 ff.
- Industrial co-operation, between India and the United Kingdom, 78-9, 530 ff.
- International Sugar Agreement, 215, 243, 252 ff; Tariff Board on, 252-3.
- Iron and Steel, see Chapter II; the success of the industry, 33 ff; discriminating protection, 34 ff; true nature of protection of, 455 ff; growth of subsidiary industries, 38 ff, and Chapter III; total consumption of steel in India, 45 ff, 58; natural advantages of the industry in India, 49 ff; the quality of Indian iron ore, 50 ff; raw materials of, 49 ff; refractory materials for, 54-5; fuel and power for, 55-6; comparison with Continental countries and the United States, 51, 51n, 53, 57; market for, 57 ff; in Japan, 57n; labour supply, 59 ff; Indianisation in the industry, 60 ff; Tata Technical Institute, 60-1; Tariff Board on, 36 ff, 61, 79, 86 ff; special circumstances affecting the Indian industry in 1924, 64 ff; reasons for protection, 65 ff; fair selling price of, 64-5; protection of steel largely anti-dumping, 68 ff; bounties granted, 68 ff; reasons for bounties, 68-9; differential duties on British steel, 70 ff; and Imperial preference, 76 ff; recent developments in, 79 ff, share of market obtained by Tatas, 80; reduction in works costs by Tatas, 80-1, 93; capital expenditure in, 81 ff; technical equipment and efficiency in, 82; depreciation of foreign currencies and, 83; railway freights policy, and 84; freight dumping in, 85; excise duty on, 88; indicators of progress, 88 ff; profits and dividends of Tatas, 93 ff; contributions to Government revenue, 97 ff; decline of steel prices, 102-3; employment and labour welfare, 103 ff.
- Japan, cotton textile industry in, 146 ff; the Yen exchange, 124 ff, 325-6, *et passim*; wages in cotton industry in, 155n; as producer of matches, 281; see also INDO-JAPANESE CONVENTION AND AGREEMENT.
- Java, sugarcane yield in, 214.
- Locomotive industry, 127 ff; Report of Messrs. Humphreys and Srin-

vasan, 129 ff; and war, 130.

Long-staple cotton, see **COTTON, RAW**.

Magnesium Chloride, 306 ff; raw material, 308; Germany's former monopoly in, 308n; Tariff Board on, 308 ff; Germany's dumping of, 309; removal of revenue duty on, 311; Japan's competition in, 314; nature of protection of 460; clash of interests in the protection of, 471.

Manganese, 53-4.

Manila rope, 393-4.

Matches, see **Chapter VIII**; growth of the industry in India, 280 ff; imports, 281n, 288; Tariff Board enquiry, 1926-28, 282 ff; market, 283 ff; the currency unit for retail sale of, 285-6; excise duty on 286-7; Swedish Match Company, 287 ff; nature of protection of, 459; clash of interests in relation to, 470.

McCumber Tariff (in U. S. A.), 592.

Minor protected industries, see **Chapter X**.

Mody-Lees Pact, 557-8.

Molasses, 228 ff.

Montagu-Chelmsford Report, 425.

Munitions Board, 315.

National Planning, 485.

Nrvas, the Javanese Sugar Syndicate, 246.

"Off-setting duty" clause, 313, 505.

Oil, 357 ff; price war in, 358 ff; 'stolen oil,' 358; the "kerosene pool," 359, 360; "dumping" in respect of, 361; Tariff Board, majority view, 361; minority view, 361-3.

Paper and paper pulp, see **Chapter VII**; hand-made paper, 259; protection, its extent and effects, 262; total Indian consumption, 263; raw materials, 263 ff; sulphite process of pulp production, 266; imported wood pulp, 267 ff; scarcity of pulp-wood timber, 267, 275; classification of, 269 ff; production of, in India, 262, 274; research in, 276; annual production and estimated surpluses of bamboo, 276 ff.

Petrol, consumption of, in India, 230.

Pioneer Magnesia Works, 308 ff, 313, 493.

Planning and fiscal policy, ix, 608 ff.

Plywood and tea chests, 315 ff; foreign competition in 316; fair selling price of, 317.

Population and industrial employment, 16 ff.

Power alcohol, 228 ff; U. P. and Bihar Committee on, 232-3.

Preference, see **IMPERIAL PREFERENCE**.

Printer's ink, 391-2.

Printing type, 392.

Protection, see FISCAL DOCTRINE, FISCAL THEORY, DISCRIMINATING PROTECTION, etc.

Railway freights policy, 532, 84, 351 ff; the telescopic system of rates, 352.

Railway Materials, 395-6.

Rationalisation, in cotton industry, 160 ff; and attitude of labour, 161.

"Reciprocity," 592; provisions regarding, in the Constitution, 606 ff.

"Regressive taxation," 20-2, 568 ff.

Revenue of the Government, 23-4; contributions to, by the steel industry, 97 ff; contributions to, by the sugar industry, 234 ff; customs revenue, 422; influence of fiscal policy on, 515 ff; duties "for revenue only," 516.

Roger Mission, 355, 610.

Safeguarding, 185, 321, 324, 325 ff, 417, 454, 461-2, 478, 564, 570.

Safeguarding of Industries Act, 307, 327.

Salt, see Chapter IX; production of, in India, 297, 299, 305; Tariff Board enquiry, 1929-30, 298; Salt Survey Committee, 301; Salt Marketing Board, 301, 303, Salt Industry Committee, 1932, 301; Conference of Salt Manufacturers, 302, rate-cutting war, 302; salt quotas for Bengal market, 303, industrial consumption of, 304; the licensing system, 305.

Shuttles, 396.

Silk and sericulture, 179 ff; the "silk belt," 180; handloom silk weaving, 183; Tariff Board of 1933 on, 179 ff; Tariff Board of 1938 on, 187 ff; nature of protection granted to, 459.

Soda ash, see GLASS.

South Africa, imports of coal from, 367-9.

Spelter, 402.

Steel, see IRON AND STEEL.

Subsidiary steel industries, see Chapter III, also ENGINEERING, WAGON-BUILDING TINPLATE, WIRE AND WIRE NAILS, CAST IRON PIPES, AGRICULTURAL IMPLEMENTS, LOCOMOTIVES and ENAMEL WARE.

Substantive Protection, 111 ff.

Sugar, see Chapter VI; phenomenal growth of the industry in India, 194, 197-202, 227; measures of protection for, 195 ff; total income bill of the industry, 200; employment in, 201 ff; Tariff Board's expectations in 1931, 202 ff; main aspects of protection of, 205 ff; net production of *gur* and sugarcane, 208; part played by sugarcane in Indian agriculture, 211; and agricultural efficiency, 213 ff; cost of raw materials, 215; International Agreement regarding, 215, 243; prevalence of sugarcane pests in India, 217-8; co-ordination between cultivation and manufacture, 218; compulsory acquisition of land for sugar mills, 219; sugar protection and agriculture, 221; industrial efficiency in production of, 222; recovery of sugar in India and Java, 223; personnel in the industry, 225; optimum size of a sugar factory, 226-7; molasses and power alcohol, 228 ff; uti-

- lisation of bagasse, 233 ff; retail prices of sugar, 241; Tariff Board enquiry, 1937, 243 ff; Board's estimate of costs, 245-6; Board's recommendations and observations, 247; excise duty and Government *communiqué* on Tariff Board report, 248 ff; fixation of sugar-cane prices, 254 ff; Indian Sugar Syndicate, 258n; Sugar Convention of 1864, 418; nature of protection of, 460-1, 469-70.
- Sulphur, 402.
- Swadeshi*, 141, 151.
- Swedish Match Company, 192, 281, 287 ff, 490.
- Tariff Balance, 399 ff.
- Tariff Board, 20; constitution of, in India, 580 ff; *ad hoc* or permanent body, 583 ff; functions of, 585 ff; and publicity, 591-2; in Australia, 588 ff; analysis of enquiries of the Indian Tariff Board, 462 ff; delay in work of, 464-5; personnel of, 466.
- Tariff Commission in the United States, 592 ff.
- Tariff Equality, 390 ff.
- Tariff levels, 572 ff.
- Tariff machinery and procedure, see Chapter XX.
- Tariff making, 488 ff.
- Tata Chemical Co., 377.
- Tata Iron and Steel Company, see IRON AND STEEL.
- Tata Technical Institute, 60-1.
- Taxation Enquiry Committee (1924-5), 237, 298, 566.
- Tax burden, relative, in India and the United Kingdom, 571 ff.
- Technical changes in tariff, see Chapter XV.
- Tinsplate, 117 ff; Tinsplate Company; "heavily subsidised" by Tatas, 119; protection of, 458.
- Tobacco, 400-1.
- Triple Formula, see DISCRIMINATING PROTECTION.
- United Kingdom, tariff machinery in, 595.
- United States, Tariff Commission in, 592 ff; quoted, 532.
- "Unutilised resources," 564, 609.
- Veneers, 399.
- "Vested interests" as an argument against protection, 24-5.
- Wagon-building industry, 113 ff.
- Wheat, 322, protective duty on, 323.
- Wire and wire nails, 123 ff; fencing wire excluded from protection, 124; nature of protection, 458.
- Woollen industry, 188 ff; employment in 188; woollen and worsted sections of, 188 ff; the Cawnpore group of mills in, 191-2; imports of woollen piecegoods, 193.

12279

Adarkar (B.P.)

The Indian Fiscal
Policy

Name of borrower

Lent on

Received
on

Dandekar

3 JUN 19

**SERVANTS OF INDIA SOCIETY'S LIBRARY
POONA 4.**

1. Books taken from the Library may not be retained for more than a fortnight.
2. Borrowers will be held strictly responsible for any damage done to books while the books are in their possession.