

INDIAN ENGINEERING ASSOCIATION

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CORRESPONDENCE

RELATING TO THE

PURCHASE OF STORES

FOR THE

PUBLIC SERVICE IN INDIA

1905-1923

With an introductory note.

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CALCUTTA
PRINTED AT THE CRITERION PRINTING WORKS,
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1924.

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INTRODUCTORY NOTE

In 1915 the Committee of the Indian Engineering Association published a volume of correspondence on the subject of the local purchase of stores for the public service in India. Their object was to invite attention to the great difficulties with which members of the Association had to strive in trying to secure a fair share of Government orders. In the following pages the Committee have included all the correspondence that they issued nine years ago, and they have added that which has since passed between the various departments of Government and themselves. They maintain that the policy which is followed by the State in the matter of the purchase of stores has always been, and still is, antagonistic in practice to the local manufacturer. They willingly concede that in following that policy the Government has always had at heart what it believes to be the best interests of India. But they agree with the Indian Industrial Commission that the manufacturing capacity of the country "has been far from sufficiently utilised by Government departments in the past."

The correspondence bears out the truth of this statement. It begins with the year 1905, when the Association presented a memorial to the Government of India. The prayer of the memorial was that the stringent restrictions then in force against the local purchase of material, or plant, should be relaxed. In February 1906 the Government of India, as a result of their consideration of the memorial, appointed a Committee, which was known as the Stores Committee. They instructed this Committee to enquire into the working of the Stores Rules; the method of comparing prices as between locally manufactured and foreign articles; and the quality of imported articles purchasable in India. The Stores Rules had been introduced many years previously, and had been amended from time to time.

The Stores Committee reported in July 1906, and they submitted a revised set of rules. The Association pressed for the publication of the report, but this request was not acceded to. There was considerable delay and it was not until July 1909 that the Government of India published a resolution to which they appended a set of rules. It was stated in the resolution that "the policy of the Government is to encourage the purchase of articles locally manufactured or produced, and the first two of the rules now drawn up accordingly prescribe that preference shall be given to such articles when the quality is satisfactory and the price not unfavourable." It was also mentioned in the resolution that the Secretary of State had sanctioned a proposal, which had been made by the Stores Committee, for the establishment in India of an inspecting staff for the purpose of testing and passing supplies produced in this country. The Association had previously advocated this innovation, and had suggested that the staff of the inspecting officer, who was afterwards termed the Superintendent of Local Manufactures, should be highly qualified in such branches of engineering as bridge work and railway wagons.

The working of the revised Stores Rules formed the subject of correspondence between the Association and the Government during the years 1910, 1911 and 1912. The Committee of the Association also met, on several occasions, the Hon. Member in charge of the Department of Commerce and Industry, discussing with him numerous points of importance. By 1912 Superintendents of Local Manufactures had been appointed at Calcutta and Bombay to inspect and to test iron and steel products; a chemical laboratory, in charge of a qualified metallurgical expert with a chemical assistant, had been established at the Tata Iron & Steel Co's works at Sakchi; and there had been provided at Alipore a laboratory where complete physical tests could be carried out under the supervision of the Superintendent of Local Manufactures, Calcutta.

The Stores Rules, still further amended, were re-published by the Government of India on the 12th September 1912. The Committee of the Association were not however satisfied that even as revised they would tend to bring about the object that the Association had in view. And, after considerable further correspondence with the Government of India, they succeeded in getting certain alterations made. One of these was an amendment whereby rule 8 was so modified as to emphasise the instructions to indenting officers to purchase locally. Another was that rule 4—which referred to articles that *might* be purchased in India—was made to refer to articles that *should* be purchased in India. The rules, with these and certain other amendments, were published by the Government of India on the 24th July 1913. And, in thanking the Government for amending them, the Committee expressed the opinion that, if they were adhered to "in the spirit as well as in the letter," there ought not to be cause for complaint by members of the Association.

With effect from the 1st July 1913 the Government of India agreed, at the suggestion of the Association, to furnish half-yearly statements of all indents sent to Europe by the various departments of Government during the previous six months. The idea underlying this suggestion was that the members of the Association would be able, with these particulars before them, to submit to the departments concerned quotations for similar articles of their own manufacture, or for imported articles that they might be able to supply. The disadvantage attaching to the system is that the indents were, and still are, supplied after despatch instead of before. It follows that the quotations subsequently sent from local firms are of only academic interest to the departments concerned.

War conditions brought about considerable changes in the position of the engineering industry in India, and these may be traced in the correspondence. The difficulty of obtaining stores from Europe or America gave a new direction to the Indian industry. And by October 1915 the Government of India were able to say that "India, like every other part of the Empire, is doing its best to produce the maximum quantity of munitions of war. The Tata Iron & Steel Co. at Sakchi are now occupied to the extent of 75% of their output in the manufacture of shell steel, and every available machine tool in the country is being diverted to the making up of this steel into shells". The possibility of manufacturing railway rolling-stock on a large scale was investigated in the early part of 1916; and on the 3rd May of that year the Railway Board met representatives of the Association at Simla for the discussion of this question. The representatives of the Association urged that a guaranteed minimum of orders was necessary to induce Indian firms to lay out the capital, and to install the plant, needed for the manufacture of permanent way materials in quantities sufficient to make the Indian railways independent of supplies from abroad. And in November 1916 the Railway Board admitted that, in order to foster the wagon-building industry in India, "some form of encouragement may be necessary, such for instance, as a guarantee that a percentage of the total orders each year will be placed in the country".

It is unnecessary to trace here in detail the work done by the engineering industry during the war. The correspondence deals with it chiefly as regards railway material, but the activities of the Indian Rivercraft Board must also not be overlooked. In 1915-16 the Railway Board were entrusted by the Government of India with the organisation of the shipbuilding resources of India and Burma for the purpose of meeting the rivercraft requirements of the expeditionary force in Mesopotamia. And the principal Indian shipbuilding firms offered to undertake, through the Indian Engineering Association, the executive control of these resources. This offer was accepted by the Government of India, who constituted a Rivercraft Board to work in direct communication with the Railway Board. The Board consisted of three members nominated by the Association and of one Government member, the Superintendent of Munitions. It was appointed in September 1916, and it continued in existence until December 1917, when its operations were transferred to the Controller of Shipbuilding, an officer of the Indian Munitions Board, which organisation had in the meantime taken over charge of all munitions work from the Railway Board. In acknowledging the services of the Rivercraft Board, in September 1918, the Government of India said that the assistance which it had given "had materially contributed to the successful prosecution of military operations by the Mesopotamian and East African Expeditionary Forces."

The appointment by the Government of India, in May 1916, of the Indian Industrial Commission marks an important stage in the history of the subject under discussion. The Commission did not report until 1918, after making investigations all over India and Burma. It expressed, *inter alia*, the opinion that much could be done to help the development of Indian industries by the adoption of a more liberal policy in the matter of the purchase, by public departments, of such articles as are, or can be, manufactured in the country. A radical change should be made, it said, in the methods of buying Government and railway stores in India; and it proposed the establishment of an Indian Stores Department, by which there would be introduced a centralised system of purchasing. But it also suggested that before such an organisation was created, or a decision arrived at as to the degree of centralisation to be adopted, an expert Committee should be appointed to examine the whole question.

This suggestion was accepted by the Government of India who, in December 1919, appointed the Stores Purchase Committee, on which the Engineering Association was represented. In announcing the constitution of the Committee the Government of India said that the Secretary

of State had agreed to the principle of establishing in India a properly equipped agency for the purchase and inspection of stores. The Committee were to work out a detailed scheme to give effect to this principle. They were accordingly asked to enquire and to report as to: (a) what measures were necessary to enable the departments of the Government of India, and of the local Governments, to obtain their requirements as far as possible in India, and what central and local agencies for purchase and inspection should be constituted; (b) what should be the relations of such agencies with one another, and with the Stores Department of the India Office, or such other purchasing organisation in England as might hereafter take the place of that department; and (c) what modifications of the Stores Rules would be necessitated by the recommendations made by the Committee. Unfortunately the Stores Purchase Committee failed to reach entirely unanimous conclusions. They were, it is true, in accord as to the necessity for the creation of an Indian Stores Department. They agreed also on the main principles of its constitution. But they differed in respect of certain matters of great importance. The majority of the members took the view that, with the establishment of this Department, the Secretary of State should delegate to the Government of India full control over the details of the Stores Rules. They considered that complete freedom ought to be granted to India in the matter; and "that it should be accepted as a policy, not only in theory but in practice, that all stores "required for the public service shall be obtained in India whenever they are procurable in the local "market of suitable quality and at reasonable prices, preference being given to articles of Indian "origin" They also suggested that, as the work of the Director-General of Stores at the India Office would be under this system reduced, his department should be re-constituted as the London branch of the Indian Stores Department, the status of the officer in charge becoming that of a director immediately subordinate to the Director-General of Stores in India.

Two of the eight members of the Stores Purchase Committee thought differently. They maintained that no useful purpose would be served by making the department in England subordinate to the department in India. They preferred that the Stores Department in London should be subject to the control of the High Commissioner for India, assuming that that officer would exercise, in respect of the department, those general functions of control and assistance which were exercised by the Secretary of State for India, and the Stores Committee of the Council. The Government of India agreed with the minority of the members of the Committee. They announced, in March 1921, that it had been decided to create a Stores Purchase Department, the headquarters of which would be with the Government of India. The head of the organisation would be styled the Chief Controller of Stores, and he would be assisted by a large staff of purchasing and inspecting officers. The London Stores Department would be independent of this organisation, and would be controlled by the Government of India through the High Commissioner. The Government of India explained the scope and nature of the new department in considerable detail; and at the same time they consulted the local Governments on the subject of the revision of the Stores Purchase Rules.

The Committee of the Association dissented strongly from the decision of the Government of India to adopt the proposals of the minority of the members of the Stores Purchase Committee. They said without hesitation that the London Stores Department had always offered the strongest opposition to proposals calculated to develop and to improve Indian industries. And they considered therefore that it was imperative, if the country were really to become self-supporting, that the Government of India should make arrangements to procure all stores in India, whether these are obtainable in the local markets, or have to be imported from abroad; and, further that preference should be given in all cases to articles of Indian origin and manufacture. They took the view that the department in London should be a branch of the Indian Stores Department, and that it should be immediately subordinate to the Chief Controller of Stores in India. And they were convinced that no real advance would be made by the industries of India unless the Government were prepared to accept and to work a complete scheme as laid down in the majority report of the Stores Purchase Committee.

The course of events has shown that the Committee of the Association had good ground for their apprehensions. For it is a fact that at the present moment the position of Indian engineering firms is more serious, in respect of Government orders, than it has been at any time during the last twenty years. Writing to the Government of India on the 23rd March 1923 the Committee of the Association said: "Government orders are being placed abroad with increasing "persistence. Every week the home engineering papers give prominence to invitations from the

"India Office and the railways for tenders for steel-work, bridge-work, cast iron pots, chairs, "sleepers, points and crossings, rolling-stock, fittings, and miscellaneous stores. Most of these "articles could be manufactured or supplied in this country. But the Indian manufacturer is not "even given the opportunity of quoting." These words are equally true of the position to-day. The Government of India are themselves confident that the development of the Stores Department, which must of necessity take some time, will enable them "to give practical effect to their declared "policy of obtaining an ever-increasing proportion of their stores requirements from indigenous "sources." And this may be so, but in the meantime Government orders are going abroad. So long as the war lasted, and stores could only be imported with difficulty, Indian goods were purchased. But all this has changed during the last few years. British and foreign manufacturers are doing their utmost to regain their lost markets; and with this end in view they quote prices far below anything that can be quoted by Indian manufacturers. The seeming advance which was made by Indian firms during the war period has been consequently arrested, and the state of affairs which prevailed before the war has been re-introduced and intensified.

A striking instance of the difficulties with which Indian engineering firms have to struggle is afforded by the present position of the railway wagon-building industry. It has been indicated in a preceding paragraph that the question of enlarging and developing this industry began to take practical shape as the result of a meeting which was held at Simla on the 3rd May 1916. The Railway Board expected that there would be a large demand for wagons for Indian railways after the war, and that there would probably be difficulty in meeting this demand from abroad. They consequently made enquiries as to the possibility of manufacturing on a large scale in India. And, later on, the Government still further encouraged the industry by guaranteeing to buy three thousand wagons yearly in the country if prices and workmanship were satisfactory. The wagon-manufacturers confidently believed that this attitude on the part of the Government indicated a change of policy. Wagon-building workshops were in consequence extended, and in point of fact orders were placed by the Railway Board. But as time went on it became apparent that, far from there being any difficulty in obtaining wagons abroad, manufacturers in the United Kingdom were quite willing to quote "dumping" prices to get Indian orders. They seriously under-quoted the Indian builders, with the result that the Government, in order to reduce the cost of rehabilitating the Indian railways, are fulfilling their requirements outside India. It follows that at the present moment the position of the Indian wagon-building industry is critical, for the Government are the only buyers of wagons, and they have placed, and are placing, their orders elsewhere.

This volume of correspondence concludes with the evidence—both written and oral—which was submitted by the Association to the Tariff Board in connection with their investigation of the proposal to protect the steel manufacturing industry. The papers are self-explanatory, and it need only be said here that the position taken up by the Association was :

- (a) that if the steel-making industry requires to be protected, the protection should take the form of bounties rather than of import duties ;
- (b) that the engineering industries should preferably be encouraged and protected by guaranteed Government orders, at competitive Indian prices, rather than by import duties or bounties, but
- (c) that if State aid in this form cannot be given, then the engineering industries should be protected by import duties, or by bounties, to precisely the same extent as the steel-making industry is protected.

Calcutta, 15th April 1924.

Documents and Correspondence.

No. 52-W., dated Calcutta, 12th April 1905.

From—The SECRETARY, Engineering and Iron Trades' Association,

To—The SECRETARY to the Government of India,
Department of Commerce and Industry.

In October 1896 the Committee of the Engineering and Iron Trades' Association, representing the leading firms engaged in the Engineering and Iron Trades in India (both manufacturers, and vendors of imported goods), addressed the Secretary to the Government of India, Finance and Commerce Department, on the subject of the restrictions then existing against the local purchase of iron work and stores of Indian manufacture, in continuation of a previous Memorial presented in 1890 by the firms of Engineers and Iron Founders domiciled in this country to the then Viceroy, His Excellency the Marquis of Lansdowne. I am now instructed by the Committee of the Association again to take up the matter, in view of the fact that numerous orders for requirements of the Government of India for goods which have been frequently ordered in India on previous occasions, have lately been sent home. This leads the Committee to conjecture that the Government of India must have recently issued departmental instructions, emphasizing the stringent restrictions already existing against the local purchase of material or plant which is not of *bond fide* Indian manufacture, and prescribing importation from England, through the Secretary of State for India, as the only permissible channel of supply.

2. Having regard to the frequent utterances of His Excellency the Viceroy in favour of a policy, tending to encourage the manufacturing industries of this country, I am instructed to express the regret of the Committee that this rigid adherence to the existing system of indent should be maintained for the supply and manufacture of Government requirements, to the detriment of both local importers and local industries.

3. The arguments submitted on the two occasions above referred to, which were favourably received at the time, resulted in the issue of Resolution No. 2587 S. R. of 9th June 1898, partially relieving the grievances, under which the trade laboured, and extending and adding to the list of articles which might be obtained in India. As a consequence of the more liberal resort to local markets which followed on the action of Government, Engineering works were extended in India, merchants and manufacturers were encouraged to hold large stocks, and are now in a much better position to furnish supplies than formerly. Under these circumstances, the Committee of this Association naturally hold that, instead of new restrictions being imposed on the trade in which they are interested, a still more liberal policy should be adopted by Government, and that the range of articles of which purchases may be made in this country, should be considerably increased.

4. In connection with the present representation, the Committee of this Association would respectfully submit that the policy of the Government of India with regard to the local purchase of stores, inflicts great hardship on Indian manufacturing and importing Engineering firms. These firms have in past years maintained large and representative stocks of tools and stores, primarily with the view of meeting their individual requirements as general contractors and manufacturers of larger material, but also to enable them to execute orders received from the Public Works Department and other branches of the Government service, the requirements of which lie in the same line. A fully representative and substantial stock of this class is a very costly one to maintain in a country so distant as India from the source of supply, that even in cases of urgent indent, replacements cannot be counted upon under periods varying from two to several months, and if Engineering firms may no longer rely upon the assistance of Government, they will have no alternative but to cut down their stocks to the lowest possible limits, which would involve great inconvenience and possibly disastrous results, in the event of any contingency arising under which communications with Great Britain might be interrupted and Government unable to obtain their supplies from home. The Committee respectfully submit that the policy of abandonment of purchase from the local markets is inevitably resulting in the depletion of useful stocks, and they claim that by removing as far as possible the existing restrictions against the local purchase of imported stores, Government, while assisting them to maintain their stocks on a commensurate scale, will attain proportionate benefit, not only in times of extremity, but also

from the expansion of established industries and the development of others, which will find a profitable opening in this country.

5. In the preceding paragraphs the Committee have only dealt with one branch of the present representation, *viz.*, that present restrictions should be removed and further facilities given for the local purchase by Government of *imported manufactured articles*. The position at present appears to be that Government issue strict orders that nothing of this class, *except in an emergency*, should be purchased locally, although Government orders can be filled very quickly and equal in quality and price to those supplied through the India Office. The Committee understand that the India Office purchases the bulk of its requirements in stores from the merchant, and not from the manufacturer, and if Government would take larger supplies in this country of articles both imported and manufactured here, it would add considerably to the speed and efficiency with which all Government work would be carried out. The Committee do not for one moment suggest or ask for anything in the shape of preferential rates ; but they do consider that tenders for open competition should be called for in this country, and that orders should be placed here on equal terms with those offered at home. There is no doubt that as demand increases, the cheaper and more efficient would be the supply.

6. The Committee would now further submit that much greater encouragement might be given to the Engineering industries of this country and local manufacture generally, if the policy of Government were somewhat more liberal. If the list of articles issued by the Government of India under their Resolution No. 2587 S. R., dated Simla, 9th June 1898, be examined, it will be noticed that the number might be greatly added to for local purchase, and the scope for manufacture considerably widened. In this list only Railway bridges of small span are included, and of these only a very few are ordered in India, the rest being imported. The Committee would suggest that all Railway bridges under 80 feet span, should be ordered in this country, and that all Road bridges of 160 feet span and under should also be ordered locally, provided that the price of the same does not exceed that of similar imported work and that the quality is equal. The Committee would point out that rolling stock is now successfully made by various firms in India, and that of the many thousands of vehicles which are ordered annually, a certain number, say up to 5,000, might be reserved for local construction instead of the few hundreds for which orders are now doled out at rare intervals. A number of Engineering firms now exist with works fully equipped with the latest machinery, capable of manufacturing all classes of constructional work, buildings, roofing, bridges, pumping machinery, rolling stock, trolleys, dredgers, railway signalling appliances and many other articles. The question of transport whether by rail or road may at any time become a matter of the first importance in this country, and the Committee consider that Government might wisely reserve for construction locally, a substantial share of railway vehicles, carts, wagons and other military equipment, as this would enable Indian manufacturers to hold considerable stocks of the materials required, and would also secure rapid delivery in time of need. At present only a very small stock of materials, suitable for such work is held in this country, as the uncertainty of orders does not warrant merchants in holding such stocks.

7. The Committee understand that it has been a matter of complaint that materials of sufficiently good quality are not held in stock in India, and that tools of an inferior description are stocked, the quality of material usually available being not equal to State requirements. This point was specially brought forward when the Engineering firms established in India were seeking to justify their existence in the eyes of Government, and it was then contended that the source of supply of their raw materials was identical with that of the manufacturing firms resorted to by the Stores Department of the India Office ; but the Committee would point out that the instructions of Government officers, that they must accept the lowest tender do not constitute the best means of securing the best article, when there is no definite specification as to the quality which will be accepted. The instructions are practically a declaration by Government that they will only pay the price of an inferior article. There is no such ruling obtaining in the purchase of stores in England, where a distinct specification is drawn as to the quality which will be accepted and only articles fulfilling such requirements are accepted. The same procedure if brought into force in India, will be followed by the same excellent result in the matter of supplies.

8. The Committee would now point out a very serious obstruction to the placing of orders in India under present circumstances, owing to the fact that the Government of India have no specially appointed staff of inspectors. The consequence of this is, that officers are detached spasmodically from their permanent duties to inspect work of local manufacture. These officers, so far as the Committee are informed, are not paid for this extra work, and while they are engaged in inspection, their own work naturally falls into arrears and has to be overtaken by special efforts on their part. Under these circumstances, it is only natural that Government officers should prefer to have stores imported with regard to which they have no trouble of inspection, being relieved of this by the Stores Department of the India Office. In this connection, the Committee would suggest that the Government of India should appoint a qualified staff for the inspection of all work manufactured or purchased in this country. The cost of such a staff would be trifling, compared with the magnitude of the benefits it would confer on the trade of the country, and it would probably do more than pay for itself. Such inspection would undoubtedly automatically raise the quality of work done in the country and enable Government to secure their requirements to any specification stipulated for.

9. The advantages to India of an expansion of her industries are so obvious, that it is not necessary to dwell upon them. If the manufacture of steel and iron received due encouragement, there are all the possibilities here of making India a great manufacturing country. All new countries have found it necessary to foster and encourage their iron industry as for instance America, Australia and Canada. The Committee would be quite prepared to place facts before you at a convenient opportunity in proof of the statements made in the present representation, but they refrain from unduly lengthening the present letter.

10. Additional arguments might also be presented for consideration in connection with the subject, but bearing in mind the sympathy of His Excellency the Viceroy with any movement likely to stimulate the manufacturing enterprise and develop the resources of the Empire, the Committee feel sure that the present representation will receive careful attention, and will result in the relaxation of prevailing restrictions which undoubtedly exercise a repressing influence on industrial progress.

11. In conclusion I am instructed to briefly recapitulate the substance of the request made in this letter, *viz* :—

- (1) to widen the list of imported Government requirements which may be purchased locally.
 - (2) to order or manufacture in India a larger number of articles, than is provided in the present list.
 - (3) to set aside for construction in India a certain proportion for Government requirements in the way of bridges, rolling stock, railway equipment, transport appliances, &c., &c.
 - (4) to establish a trained staff of inspectors for the supervision of Indian work.
 - (5) to quicken the indigenous supply of steel and iron by fostering their production and by facilitating in every possible way the granting of concessions for mining, prospecting and licensing of properties.
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GOVERNMENT OF INDIA
DEPARTMENT OF COMMERCE AND INDUSTRY.

RESOLUTION.

STORES.

The 19th February 1906.

Nos. 1243-1252.—The system under which Indian and English made stores are at present purchased for the use of the various Government Departments in India has from time to time been reviewed by the Government of India, and various changes have been made, during recent years, with the object of facilitating supply and of promoting the encouragement of industries located in this country. The question has again come under consideration in connection with a memorial presented to the Government of India, in April last, by the Engineering and Iron Trades' Association. In that memorial, the Association express dissatisfaction with the existing regulations and procedure ; they urge that the restrictions on the local purchase of manufactured stores imported from the United Kingdom, or from foreign countries, should be removed or relaxed ; that the list of locally manufactured articles which may be purchased in India should be expanded ; that a definite proportion of the requirements of the Government in respect of bridges, railway material, rolling stock, and similar stores, should be reserved for Indian manufacturers ; and that a trained staff of inspectors for the examination of locally manufactured materials should be employed.

2. This representation has been sympathetically considered by the Government of India. They fully agree with the view that the question of the purchase of supplies for the great consuming Departments of the Government is intimately connected with the wider question of the encouragement of local industries ; and they desire to afford all reasonable facilities and to offer all possible encouragement, to manufacturers who have started, or who desire to start, factories in India. They recognise that local industries must frequently lean to some extent, in the first instance, upon the support of the Government ; and they are inclined to think that the system at present prescribed for the purchase of stores does not in practice result in the maximum amount of encouragement, which the Government could legitimately give, being in fact offered. They desire to point out, however, that certain of the requests made by the Association have already been complied with. The list of locally manufactured stores which might be purchased in India has been cancelled ; and the only restrictions now placed upon such purchases are that the articles must be of suitable quality and must be obtainable at a price not appreciably higher than that at which they could be imported. So also, under orders issued by the Railway Board in September last, tenders for twenty-five per cent of all goods stock required for State Railways are now called for in India.

3. The Government of India are of opinion, however, that the various relaxations which have from time to time been made in the stringent rules formerly issued governing this matter should not be regarded as final ; and in view of the importance of the subject and of the great complexity of the details, they have decided that the matter should now be referred for examination to a Committee. The Committee will ascertain definitely the procedure which is in practice adopted at present for the purchase of stores ; they will report on the defects in that procedure, more especially with reference to the question of facilitating purchases and of affording greater encouragement to local industries ; and they will formulate a set of rules, for general adoption, designed with the object of removing the defects in the existing system. The Committee will proceed to such places as it may be considered desirable to visit ; and every facility will be afforded to the representatives of Indian firms to place their views in detail before the Committee. The Committee will also enquire into the following questions :—

- (a) The extent to which orders, which might have been placed locally, have been sent to the Stores Department of the India Office, during a representative period to be selected by the Committee.
- (b) The ability of the firms represented by the Engineering and Iron Trades' Association, and of other firms, to undertake a much larger volume of business than is at present entrusted to them. The Committee will also report, confidentially, as to the manner in which the work entrusted to particular firms has in fact been carried out.

- (c) The system which should be adopted in order to obtain an accurate comparison between the prices of locally manufactured and of foreign articles.
- (d) The results of the present system in respect of the local purchase of imported articles as evidenced by a comparison of the prices of manufactured articles obtained by Government Departments, and by local bodies, from the Stores Department, with the prices of similar articles purchased from local agents in India.
- (e) Whether imported articles, locally purchased, have in general been satisfactory as regards quality.
- (f) The possibility of arranging for tests and inspection in the larger cities by local officers employed for this work in addition to their ordinary duties ; or in the alternative, the necessity for, and the cost of, a special staff for this purpose.
- (g) The advisability of prescribing strict rules requiring Government officers to purchase locally manufactured articles in all cases where such articles are available, and of calling upon them for explanations in cases where these rules are transgressed.
- (h) The possibility of devising a system under which all Departments of the Government will be informed of the adoption of a local in place of an imported product in any part of India.

4. The Committee will consist of the following gentlemen :—

Mr. W. Macdonald, Superintending Engineer, Punjab, President.

Major J. H. S. Murray, R. E., Garrison Engineer, Secunderabad, Member.

Mr. S. A. J. Keatinge, Storekeeper, Oudh and Rohilkhand Railway, Member.

Mr. M. M. S. Gubbay, I.C.S., Secretary.

5. The Government of India trust that the Committee may be able to submit their report by the end of May.

ORDERED, that the Resolution be communicated to the Public Works Department, the Military Department, the Department of Revenue and Agriculture, and the Finance Department.

ORDERED, that a copy of the Resolution be forwarded to the Secretary to the Railway Board, and to each of the officers named in paragraph 4, for information.

ORDERED also, that the Resolution be published in the Gazette of India for general information.

W. L. HARVEY,
Secretary to the Government of India.

NOTE.

Between April 1905, and February 1909, no active steps were taken in connection with the Stores question ; this was due in a great measure to the visits paid by the Stores Committee appointed by Government in 1906 to report upon the capabilities of the various Engineering workshops.

Great expectations were aroused, and favourable rumours induced the Association not to trouble Government further on the subject. When it was ascertained that the Stores Committee's report would not be published the Association considered it necessary to persevere with their cause. This explains the apparent lapse in the proceedings of the Association between 1905 and 1909. From that time onward, the subject has had the constant attention of the Committee.

Government of India, Department of Commerce and Industry.

Calcutta, the 10th March 1909.

Press Communiqué.

The Orders of the Secretary of State on the recommendations of the Committee appointed in 1906 to enquire into the procedure prescribed for the purchase of stores for the use of Government Departments have now been received.

2. He agrees that the existing rules and procedure regarding the purchase of stores may with advantage be modified so as to give greater encouragement to the purchase in India of articles which are either produced or manufactured locally. The rules, applicable to such purchases, will accordingly in future require purchasing officers in all cases to give preference to articles manufactured in India from Indian materials; provided that the quality is sufficiently good and the price not unfavourable. Similarly the rules will require that articles manufactured in India from imported materials shall in preference be purchased in India when the price is as low as that at which articles of similar quality can be obtained through the India office.

3. As regards the purchase in India of imported articles the Secretary of State has decided to introduce certain modifications in the present system in the direction of authorising the purchase of such articles, when their value is inconsiderable. The rules applicable to such purchases will now permit officers to purchase locally, within certain money limits, articles of European manufacture not only as hitherto in cases of urgency, but also when owing to greater promptitude of supply economy will be effected. Further, the Secretary of State has agreed, subject to certain conditions, that in the case of important construction works the supply of English stores required for the execution of such works may be included in contracts let to Indian firms of standing.

4. At the same time the Secretary of State desires that it should be clearly understood that these modifications in the system of supply of stores are to be regarded purely as experimental measures, subject to revision if they should be found to result in a deterioration of quality or an increase of cost to Government.

5. The Secretary of State has also sanctioned a proposal for the establishment of an inspecting staff for the purpose of testing and passing supplies purchased in India. Details of a scheme to give effect to this decision are now being worked out for submission to the Secretary of State.

6. The new rules cannot be carried into complete effect until a settlement has been arrived at on certain minor points regarding the method in which they are to be applied in actual practice.

Extract from Proceedings of Committee, dated April 27th 1909.

Local Purchase of Government Stores.

The meeting was called to consider the following matters :—

- (a) The form of representation to be made to the Department of Commerce and Industry of the Government of India, in connection with the apparently successful efforts which have been made to obtain greater encouragement to local industries ;
- (b) The necessity for the early publication of the Government proposals, and of the orders to be passed thereupon ;
- (c) The steps to be taken to ensure that the resolution of Government will be given effect to after the scheme has been worked out, and the necessary orders passed upon it.

After fully considering and examining these points, the Committee decided to address the Secretary to the Government of India in the Department of Commerce and Industry in the following terms, namely :—

"I am directed by the Committee of the Engineering and Iron Trades' Association "to address you with reference to the communiqué which appeared in the Calcutta "newspapers of the 11th March, and to the remarks made by the Hon. Mr. W. L. "Harvey, C.I.E., in Council on the 29th March, on the subject of the local purchase of "stores for the use of Government Departments."

2. "The Committee desire to place on record their acknowledgments to the Hon. "Mr. Harvey for the interest which he has displayed in this question ; for they feel that "the Engineering and Iron trades are much indebted to his endeavours for the initiation "of the more liberal policy which, it is understood, will now be pursued. It is of course "of importance that the modifications which will be made in the existing rules, and "also the particulars of the scheme of inspection should be published at the earliest "possible date. But it occurs to the Committee that it would be advantageous both "to the trade and to Government, if a general outline of these proposals could be sub- "mitted to them now in a preliminary way for their consideration and examination. "For the best results from the more liberal policy contemplated by Government can "only be obtained by giving the trade concerned the earliest possible information on "any subject relating to their business."

It was also agreed that, when the resolution of Government should be published, the members of the Association should be asked to notify the Committee of any cases which might be brought before them in which the provisions of the resolution had been contravened by any of the indenting departments of Government.

Extract from Proceedings of Committee, dated 11th June 1909.

Local Purchase of Government Stores.

To the proceedings of the meeting held on the 27th April the Committee attached a copy of a representation which they proposed to make to the Secretary to the Government of India, in the Department of Commerce and Industry, in connection with this question. They now had before them the following reply, dated 10th May 1909, namely :—

"I am directed to acknowledge the receipt of your letter No. 27 W, dated the 3rd "May 1909, in which you request that a general outline of the modifications it is proposed "to make in the rules for the local purchase of stores for the use of Government "Departments, and of the particulars of the scheme for the inspection of stores purchased "in India may be communicated to your Association in a preliminary way for their "consideration and examination.

"2. In reply, I am to point out that the rules have been finally settled by the "Secretary of State and that in the circumstances the Government of India regret that "they are unable to comply with the request that they should be published for criticism "before they are issued. I am to add that the Government of India hope to be in a "position shortly to issue the rules for general adoption."

With reference to the last paragraph of the letter, the Committee observed that the rules in question had not been yet published, so far as they were aware. It was, they thought, much to be regretted that the Association should not have been given an opportunity of considering the draft before its provisions had been finally determined. But in the circumstances, they decided to ask the Department of Commerce and Industry for information as to the date of publication ; and to repeat their previous request that, if any delay was likely to occur, a general outline of the new scheme should be communicated at once to the trade. It was, the Committee thought, of particular importance that information should be promptly forthcoming as to the scheme for the inspection of locally purchased stores. At the present time the local Inspector is empowered to inspect goods manufactured in the province for State Railways only, his duties being presumably still regulated by resolution No. 2587, dated 9th June 1898, of the Finance Department. But the trade was desirous of obtaining early information as to the arrangements which would be made for the inspection of manufactures for the Public Works Department, and other

Government Departments and authorities, and also as to whether for other provinces there would be appointed additional inspectors, with authority to inspect all work executed on account of those and other provinces.

It was decided to address the Department of Commerce and Industry upon those lines.

No. 4602-41 dated Simla, the 28th June 1909.

From—THE SECRETARY to the Government of India,
Department of Commerce and Industry (Stores.)

To—The SECRETARY, Engineering and Iron Trades' Association.

In continuation of my letter No. 4454-41, dated the 22nd June 1909, I am now directed to reply to your letter of the 16th June requesting that your Association may be supplied with an outline of the new rules which it is proposed to issue in regard to the purchase of stores for Government Departments. You also enquired, with reference to the scheme for the establishment of an inspecting staff, what arrangements are contemplated for the inspection of manufactures for the Public Works Department and other Departments and whether Inspectors in addition to the Inspector now appointed for the inspection of manufactures purchased in Bengal for State Railways, will be appointed in other provinces with authority to inspect all work executed for Government Departments.

2. In reply I am to refer you to the Press communiqué issued by this Department on the 10th March 1909, which gives an outline of the new Rules sanctioned by the Secretary of State for India regarding the purchase of stores. A copy of the communiqué is enclosed for ready reference. The Government of India hope to be able to issue the new rules at a very early date. They have been the subject of lengthy correspondence with the Secretary of State for India, and the Government of India are unable, now that the Rules have been settled, to refer them to any public body for consideration previous to issue.

3. With reference to your enquiry regarding the scheme for an inspecting staff, I am to say that this matter is still under the consideration of Government; and that, as soon as details are settled, a communication will be made to you on the subject. I am to add, however, that the Railway Board have recently made arrangements for the posting to Bombay of an officer who will, in addition to other duties, carry out inspection of local manufactures purchased for the use of State Railways from engineering firms established in that city.

Extract from Proceedings of Committee, dated July 9th 1909.

Local Purchase of Government Stores.

The Committee considered a letter No. 4602-41 dated the 28th June from the Government of India, Department of Commerce and Industry, in reply to their letter of 16th June, on the subject of the new rules which are to be issued in regard to the purchase of stores for Government departments. They directed that the letter should be recorded.

On the 19th June the Secretary addressed the Department of Commerce and Industry in the following terms:—

“I am directed by the Committee of this Association to invite your attention to the following statement which was made by the Hon. Mr. Finlay in the course of the “debate on the Financial Statement in His Excellency the Governor General’s Council “on the 27th March 1907, namely:—In September 1905 the Railway Board issued “instructions to the Railways to call for tenders in India for the supply of 25 per cent “of any sanction for goods stock.”

"The Committee venture to ask if they may be favoured with information showing what steps are being taken to give effect to this assurance. Local manufacturers of wagons do not appear to be obtaining orders to such an extent as would lead them to believe that one fourth of the new stock required is being built in this country. But on the other hand, it would appear that large indents are being placed with home manufacturers. For instance, it was stated in the Calcutta newspapers lately that the Patent Shaft and Axletree Co., Ltd., of Wednesbury, have secured an order for 1,000 wagons from the Indian Government."

"The Committee would feel greatly indebted for any information which your Department may be in a position to afford them on the subject".

The following reply was received from the Railway Board on the 3rd July, namely :—

"With reference to your letter No. 36-W, dated the 19th June 1909, to the address of the Secretary to the Government of India, Department of Commerce and Industry, I am directed to say that instructions were issued by the Railway Board that the three State worked lines in India should invite tenders in India for the construction of 25 per cent. of their ordinary wagon requirements."

"I am further directed to point out that the orders of the Railway Board do not apply to Company worked railways as the invitation for tenders for the requirements of those railways lies with the Directors".

The papers were to be recorded.

No. 4941—4988—102.

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE AND INDUSTRY.

STORES.

RESOLUTION.

Simla, the 14th July 1909.

In their Resolution No. 1243—1252, dated the 19th February 1906, the Government of India appointed a Committee to enquire into the procedure prescribed for the purchase of stores for the use of Government Departments in India. The Committee were directed to ascertain, and to report on, the defects in the practice now adopted, more especially with reference to the question of facilitating purchases and of affording greater encouragement to local industries, and they were instructed to formulate a set of rules with the object of effecting improvement in the existing system. Certain definite questions were also referred to them for specific enquiry. The Committee visited the important manufacturing centres and obtained the views of representative Indian firms, and they presented their report in July 1906. A large amount of useful information was brought together in their report and the detailed treatment of the subject enabled the Government of India to arrive at conclusions of a definite character. It has been decided that the Committee's Report should not be published. But a summary of their conclusions is given in the following paragraphs.

2. The procedure hitherto adopted in the large consuming Departments conforms to Standing Order No. 35, dated the 12th July 1904 (Appendix 30 to Volume III of the Public Works Department Code), which contains the executive instructions prescribed for the practical guidance of officers of the Public Works Department and of State Railways, and which, in substance, is reproduced in paragraphs 13 and 13 A of Army Regulations, India, Volume III. This procedure is, in the Committee's opinion, defective in certain respects. Dealing first with the case of articles of local origin and manufacture, the Committee have pointed out that

there is no indication in these instructions of the declared policy of Government in favour of the purchase of such articles ; that the rules applicable to such purchases are cast in a permissive form and do not require that preference should be given to locally produced stores ; that practical difficulties are experienced in giving effect to the rules which require a comparison to be made in respect of price and quality between the locally manufactured article and that obtained from England ; and that a further difficulty is felt in regard to the interpretation which should be placed on the condition that an article manufactured in India from imported materials must not have been imported into India in a "finished or partly finished state." The result of these defects has been that in practice the policy of the Government has not been carried into complete effect : and the Committee in reviewing the indents of the more important of the consuming Departments found that orders to the value of £467,319 were sent home in the year 1904-1905 for articles which could probably have been obtained of local manufacture. The resources of Indian manufacturers as a whole are, in the Committee's opinion, not being taxed to the full : in the case of the engineering trades in particular, the larger firms at Calcutta and Bombay are more dependent on orders from local bodies, railways other than State, and general private enterprise than on Government support. The Committee satisfied themselves that Indian manufactures are both able and willing to undertake a much larger volume of work than at present is entrusted to them by government Departments : and they quoted as evidence the ready enterprise with which Calcutta Engineering firms have adapted their shops to meet the orders placed in India for rolling stock.

3. As regards the procedure which regulates the supply of European stores, the Committee found on the evidence before them that, as a consequence of the difficulty of framing accurate forecasts, the indent system is not invariably productive of economy, that the general tendency is towards over-estimating, and that this tendency is aggravated by the discouragement of supplementary indents and by the criticisms to which an officer is exposed in attempting to correct an under-estimate by local purchases. Specific instances were also quoted by the Committee in which direct financial loss had resulted from delay and from defective methods in the supply of articles obtained on indent. On the other hand, the enquiries which the Committee made into the quality and price of imported stores purchased locally by Government Departments from Indian firms, satisfied them that, in spite of the necessarily scattered and spasmodic character of such purchases, Indian firms had on the whole been able to supply a sufficiently good article at a price which over a number of cases compared not unfavourably with that paid by the India Office.

4. To meet the defects disclosed by their examination of the present system, the Committee formulated certain proposals, the most important of which may be briefly summarised as follows. They were of opinion that the rules prescribed for the guidance of officers of the consuming Departments should contain a clear and unmistakable indication of the desire of Government that, where articles of European and articles of Indian manufacture do not differ materially in respect of quality and price, preference should be given to the latter. They also suggested a modification of the terms of the present rules applicable to the purchase of articles made up in India from imported materials. To meet the difficulties experienced in comparing prices, the Committee proposed as a means of testing rates offered by English and Indian firms, that simultaneous tenders for delivery in India should be invited in England and in India in the case of standardised articles of which specifications are available at the India Office and in India. In the case of articles not so standardised, they proposed that a comparison should be made with the cost, as shewn in Rate Lists, of the imported articles delivered in India. They suggested that the form and scope of the existing Rate Lists, which only include stores procured from England for the use of State Railways, should be amplified and extended to cover the transactions of all consuming Departments ; that the proposed lists should be issued with promptitude every quarter and that their compilation should be entrusted to a special agency ; that full and detailed information should be given therein as to the freight, insurance and landing charges paid on each article procured through the Store Department, and that account should be taken in determining home prices, of charges representing the incidence of customs duty and of the cost of maintenance of the Store Department. Finally, in cases where the article required is not included in the current quarterly Rate Lists, or in those of the three preceding quarters, they proposed that the officer authorising the purchase should satisfy himself to the best of his ability that the price of the locally manufactured article is not unfavourable.

5. As regards the purchase in India of articles of European manufacture, the Committee suggested considerable modifications of the present procedure in the direction of facilitating the purchase of such articles. In particular the Committee were strongly of opinion that the rules should permit of the supply by large contractors of English stores required in the structure of works let out on contract. A draft set of rules to give effect to their proposals was submitted with the Committee's Report.

6. On the minor points referred to them for enquiry, while the Committee agreed, and, as already stated, included among their recommendations a proposal, that officers should be required in certain cases to give preference to locally manufactured articles, they did not advocate the introduction of any special measure to enforce the exclusion from indents of demands for articles which can be obtained of local manufacture. They considered the organization of a special inspecting staff to be necessary; they made proposals to secure the dissemination among all Departments of information regarding the resources of Indian firms and manufacturers, and they deprecated the creation of Store depôts, except on a very limited scale for the stocking of inconsiderable supplies of standard stores intended for immediate and local use.

7. These recommendations received the careful consideration of the Government of India and have formed the subject of correspondence with the Secretary of State. As regards the adoption of special measures to enforce compliance with the rules prescribing the purchase of locally manufactured articles, the Government of India decided that a check should be applied in regard to indents, with a view to securing that no article should be indented for from the Store Department when a similar indigenous article could be obtained of a satisfactory quality and at a reasonable price. They directed that the Director-General of Commercial Intelligence should undertake the compilation of quarterly Rate Lists on the lines proposed, and that that officer should also be entrusted with the duty of placing the consuming Departments in possession of information as to the resources of Indian manufacturers and as to the possibility of obtaining from them an indigenous article in substitution for an imported article.

8. The Secretary of State agrees that the existing rules and procedure regarding the purchase of stores may with advantage be modified, so as to give greater encouragement to the purchase in India of articles which are either produced or manufactured locally. As regards imported articles he also agrees that an addition should be made to the rules, so as to authorise the local purchase of such articles when their value is inconsiderable. Subject to certain conditions, he has also accepted the proposal that in the case of important construction work let out to Indian firms of approved standing, the supply of English stores required for the construction may be included in the contract. The rules as finally settled by him are appended to this Resolution.

9. At the same time the Secretary of State desires that it should be made clear that these rules are adopted purely as an experimental measure, and that they will be revised should it be found that they result in a deterioration of quality or an increase in the cost of stores supplied to Government. In order to secure additional safeguards, the Secretary of State desires to be furnished with periodical reports showing whether articles purchased in India as being of equal quality with articles procurable in England at the same price are found by experience to be so. As the comparison of prices required by the rules will be attended with some difficulty, and in order to provide additional supervision, he has also decided that lists of purchases in India of articles not included in the Rate Lists are to be sent to him at the end of each financial year, in order that he may have the opportunity of noticing any cases in which it might appear that excessive prices have been paid.

10. The Secretary of State has also sanctioned the proposal of the Committee as to the establishment of an inspecting staff for the purpose of testing and passing supplies purchased in India. Details of a scheme to give effect to this decision are now being worked out for submission to the Secretary of State.

11. The Governor-General in Council is now pleased to direct that the rules appended to this Resolution shall be observed in supersession of all existing orders regarding the purchase of stores required for the use of Government Departments. He desires to impress on all concerned that the policy of Government is to encourage the purchase of articles locally

manufactured or produced, and the first two of the rules now drawn up accordingly prescribe that preference shall be given to such articles when the quality is satisfactory and the price not unfavourable. To secure that full effect shall be given to this policy, the Government of India direct that indents should be carefully scrutinised by the sanctioning authority, with a view to judging whether articles are not being indented for from Europe which could equally economically and satisfactorily be obtained from local manufacturers. Indenting officers should also be required to explain in their indents their reasons for including in the demand on the India Office any article which is available of Indian manufacture. Finally, the Government of India desire that copies of all indents should be submitted to them after despatch in order that the operation and effect of these orders may be watched, and a check applied to secure the exclusion from indents of requisitions for articles which Indian manufacturers can supply. Separate orders will issue subsequently in respect of the date on which indents should be submitted to the Government for this purpose.

12. Substantial modifications have been introduced in the rules applicable to the local purchases of European stores. Under Rule 3 (a) officers will now be permitted to purchase without restriction English stores of small value which are in India at the time of order, within the money limits prescribed by rule 13. Under Rule 5 purchases of English stores may also be made within the limits prescribed by Rule 13, not only in cases where the demand is so urgent that a supply by indent would cause delay and inconvenience, but also in cases where economy can be effected by the greater promptitude afforded by purchase in India. Rule 3 (b) lays down the conditions to which is subject the concession referred to in paragraph 8 above, as to the supply of English stores required in the structure of important construction works. The Government of India will await from Local Governments, to whom all applications should be made in the first instance, proposals as to the firms which should be admitted to this concession.

13. This compilation of Rate Lists is, as has already been stated, now being undertaken by the Director-General of Commercial Intelligence, and it is anticipated that these Lists, in their revised and amplified form, will shortly be ready for issue. The Director-General of Commercial Intelligence will, when the first issue of these Rate Lists has been compiled, ascertain from Local Governments and Administrations and from each Department the number of copies of these Lists required, and will arrange for the supply of these as well as of copies of subsequent issues. In accordance with the wishes of the Secretary of State, as explained in paragraph 9 above lists showing the prices at which purchases were made of articles not included in these Rate Lists during the preceding financial year, should be submitted to the Government of India by the 31st August in each year, for transmission to the India Office. Separate orders will issue subsequently after experience has been gained of the working of the new rules, in regard to the submission of reports as to the quality of articles purchased in India.

14. The rules appended to this Resolution do not apply to the transactions of Port Trusts, Municipalities, Cantonments and other Local Funds not included in the general accounts and estimates of the Empire, unless they should at any time be expending Government revenues on behalf of Government or unless the Government should in any special case, in which it may advance them funds for particular works, think proper to make a condition to this effect. The arrangements for the supply of stores to Port Trusts and other similar bodies will always be subject to any control that may be provided by the local law.

ORDER—Ordered, that this Resolution be communicated to all Departments of the Government of India, to all Local Governments and Administrations, to all Accountants General and Comptrollers (including the Comptroller and Auditor General), to all Heads of Departments subordinate to this Department, to the Examiner of Telegraph Accounts and to the Private and Military Secretaries to His Excellency the Viceroy.

Ordered, also, that the Resolution be published in the *Gazette of India* for general information.

Rules for the Supply of Articles for the Public Service.

Subject to the provisions of the rules specified below, and to any instructions regarding specific articles which have been, or may be, issued by the Government of India from time to time (*e.g.*, those relating to the supply of stationery), the following are the rules relating to the supply of articles required for the public service :—

RULE 1.—*Articles manufactured in India from Indian materials.*

All articles which are produced in India in the form of raw material, or are manufactured in India from materials produced in India, should, by preference, be purchased locally, provided that the quality is sufficiently good for the purpose and the price not unfavourable.

RULE 2.—*Articles manufactured in India from imported materials.*

All articles manufactured in India from imported materials should, by preference, be purchased in India, subject, however, to the following conditions :—

- (a) That a substantial part of the process of manufacture of the articles purchased has been performed in India.
- (b) That the price is as low as that at which articles of similar quality can be obtained through the India Office.
- (c) That the materials employed are subjected to such inspection and tests as may be prescribed by the Government of India.

RULE 3.—*Articles which are not manufactured in India.*

Articles which are not manufactured in India should be obtained by indent upon the Store Department of the India Office, except in the following cases :—

- (a) When the articles are already in India at the time of order and the cost of the supply does not exceed the limits prescribed in Rule 13.
- (b) In the case of important construction works let out on contract, articles not manufactured in India required for the construction of such works may be supplied by the contracting firm, subject to the following conditions :—
 - (i) That the firm is approved by the Government of India and is included in the list of firms so approved.
 - (ii) That the materials are subject to the current specifications and tests prescribed by the Government of India.

RULE 4.—*Particular articles which may be purchased in India.*

The following articles, whether manufactured or produced in India or not, may be purchased in India :—

- (a) Those of a perishable nature.
- (b) Explosives.
- (c) Block tin.
- (d) Wines and Spirits and English-bottled beer for Army Hospitals in India.
- (e) Kerosine oil.
- (f) Plant and material for electric installations.
- (g) Australian timber.
- (h) Australian copper.
- (i) Italian marble.
- (j) Such other classes of articles as may from time to time be prescribed by the Government of India with the approval of the Secretary of State in Council.

RULE 5.—*Special purchases in India.*

When serious inconvenience to the public service would be caused by waiting to obtain an article from England, or when, owing to the greater promptitude of supply, an economy can be effected by purchasing in India articles which under the foregoing rules should be obtained through the Store Department, the purchase may be made in India, subject to Rule 13 ; but in such cases, if the value of the articles exceed Rs. 50, the sanctioning officer should place on record the reasons which make the local purchase desirable. This record shall be available for the inspection of the Examiner of Accounts or the supervising officer when required.

RULE 6.—*Inter-departmental purchases.*

Nothing in these rules is to be deemed to prohibit the purchase of stores of European manufacture by one Department or Railway from another.

RULE 7.—*Method of obtaining Stores not purchased in India.*

All articles which under the foregoing rules are not to be bought in India should be obtained by indent on the Store Department of the India Office, except any which the Secretary of State may have specially authorised the Government of India or its officers to purchase direct outside India. Such purchase is at present permissible in the case of the following articles :—

- (i) Seeds.
- (ii) Cinchona bark.
- (iii) Articles for experimental or research purposes required by officers approved by the Government of India from time to time. A list of the officers thus approved is given in Appendix A.
- (iv) Excise instruments and apparatus required by Provincial Excise Departments for experimental or research purposes.
- (v) China, glass, cutlery, plate and crockery for the residences of Heads of Provinces.
- (vi) Australian timber.

NOTE.—Payments for stores purchased under this rule should be made direct to the suppliers by the purchasing officers.

RULE 8.—*Forecast of Requirements.*

Every effort should be made to foresee requirements so that there may be ample time to send forward indents for such articles as should under the rules be obtained from the India Office. Persistent failure of any officer to make such efforts should be brought to notice by the Local Government or other authority, which may, at its discretion, cancel or reduce the powers of sanction entrusted to the officer at fault.

RULE 9.—*Time required to obtain Stores from England.*

It may be assumed that the time required from the transmission of an indent upon the Secretary of State to the receipt of the stores is :—

Urgent telegraphic indents, not less than three months.

Ordinary indents, six to ten months, according to the article demanded.

For special stores, e.g., large girders, rolling-stock, etc., up to one year in ordinary times.

RULE 10.—*Method of comparing prices.*

In all cases in which the selection of source of supply depends upon comparison of prices, the procedure to be adopted for such a comparison is as follows :—

- (i) A reference should be made to Home prices as shown in the Rate Lists, and freight should be added at the latest rates paid by the India Office, together with 1s. 3d. per 100l. for insurance, and 3d. per ton for freight brokerage.

- (ii) In cases of important contracts, the prices ruling in the English market should be ascertained by a telegraphic reference to the Director-General of Stores.
- (iii) In cases where the necessary information as to Home prices is not available from the Rate Lists, the purchase in India shall be subject to the condition that the price is not unfavourable.
- (iv) In order to arrive at the market value at an Indian port of an article imported from England, the following charges shall be included :—
- (a) Landing, wharfage, and port charges as shewn in the Rate Lists.
- (b) Customs duty, as shown in the Tariff to be applicable to the article in question, to be calculated on its cost *plus* the additional charges mentioned in the earlier part of this rule.
- (v) The cost of carriage to site from port or place of manufacture, as the case may be, shall be taken into account.

RULE 11.—Tests.

Any articles purchased in India which should be tested are liable to the specifications laid down from time to time by competent authority, with the approval of the Secretary of State in Council, and should be required to pass the tests prescribed for such articles.

RULE 12.—Firms from which iron and steel may be bought in India.

Important iron and steel work, if purchased in India, should only be obtained from firms approved by the Local Government or Administration and entered in a Schedule as corrected from time to time by the Government of India. A list of approved firms is given in Appendix B.

RULE 13.—Financial limits on powers of officers to make purchases in India.

In the case of purchases made under Rules 1, 2 and 4, an officer's powers of purchase extend to the ordinary limits to which he is empowered to enter into contracts. But in the case of purchases made in India under Rules 3 (a) and 5, the limits for expenditure on any one article or any number of similar articles purchased at one time are as follows:—

(a) *Civil Departments.*

	Rs.
(i) Heads of Departments, Commissioners of Divisions, and other officers of or above the rank of Collector whom the Local Government may select.	250
(ii) Other officers authorised to incur expenditure	50
(iii) Controller of Printing, Stationery and Stamps	1,000
(iv) Local Government or Administration :—	
1. In case of purchases made under Rule 3 (a)	3,000
2. In case of purchases made under Rule 5	Full powers.

The powers of a Local Government are also exercised by the following officers :

Surveyor-General of India.

Inspector-General, Civil Veterinary Department.

Inspector-General of Agriculture.

Director-General of Observatories.

Director-General of Telegraphs.

Political Resident, Persian Gulf.

(b) *Public Works Department.*

	For purchases made under Rule 3 (a).	For purchases made under Rule 5.
	Rs.	Rs.
(i) Executive or Assistant Engineer holding charge of a Division.	200	500
(ii) Superintending Engineer or Superintendent of Work	1,000	2,500
(iii) Local Government or Administration ...	3,000	Full powers.

(c) *Railway Department.*

	For purchases made under Rule 3 (a).	For purchases made under Rule 5.
	Rs.	Rs.
(i) Executive or Assistant Engineer holding charge of a Division on a line under construction or survey.	200	500
(ii) Engineer-in-Chief holding charge of a line under construction or survey.	1,000	2,500
(iii) Manager of an open line ...	1,000	2,500
(iv) Railway Board ...	3,000	Full powers.

NOTE.—Managers of open lines may depute to their Engineers-in-Chief, Executive Engineers or Assistant Engineers holding charge of a Division, such powers of purchase as they deem fit up to the limits specified for lines under construction, and to their Chief Store-keepers up to the limits specified for Executive Engineers.

(d) *Army Department.*

	For purchases made under Rule 3 (a).	For purchases made under Rule 5.
	Rs.	Rs.
(i) Divisional Commander ...	3,000	5,000
(ii) Officer Commanding an independent brigade ; Director-General of Military Works ; Director-General of Ordnance ; Director, Royal Indian Marine ; Director-General, Indian Medical Service (for medical store depôts) ; Director, Army Clothing ; and Director-General, Army Remount Department.	2,500	2,000
(iii) Officer Commanding a brigade, other than those included in (ii) ; Inspector-General of Ordnance Factories ; and Inspector-General of Ordnance.	1,000	1,000
(iv) Superintendent, Army Clothing Factory ; Inspector, Submarine Defences ; Supply and Transport Officer on special duty in Kashmir ; and Deputy Director, Royal Indian Marine.	500	500
(v) Chief of the Staff ; Adjutant General in India ; Quarter Master General in India ; Principal Medical Officer, His Majesty's Forces in India ; Military Secretary to His Excellency the Commander-in-Chief ; Military Accountant-General ; Controller of Military Accounts, Eastern Circle ; Controller of Military Supply Accounts ; Controller of Military Accounts, Northern Circle ; Controller of Military Accounts, Western Circle ; Deputy Controller of	250	250

	For purchases made under Rule 3 (a)	For purchases made under Rule 5.
Military Accounts in independent charge, Secunderabad Division ; and Deputy Controller of Military Accounts in independent charge, Burma Division.		
(vi) Officer Commanding a station ; Superintendent, Army Remount Department ; Superintendent, Ordnance Factory ; Government Inspector, Army Boot Factory, Cawnpore ; Ordnance Officers in charge of Arsenals ; Proof Officer, Balasore ; Medical Storekeeper ; Commandant, Indian Staff College ; and Divisional Supply Officer and Divisional Transport Officer.	200	200
(vii) Officer Commanding a unit (including a hospital) ; Senior Medical Officer, Indian Medical Service of a station ; Recruiting Staff Officer for Gurkhas at Gorakhpur ; Officers (Ordnance or Departmental) in charge of depôts ; Station Supply Officer ; and Chief Chemical Examiner.	20	20

NOTE.—These powers are subject to the rules of the budget system. No sanction may be given which will involve expenditure from the budget grant of any future year. The powers extend to each sanction whether against Army, Military works or Marine funds.

In the case of Ordnance, Medical Store and Remount Departments, the Divisional, Brigade, and Station Commanders are not competent financial authorities.

APPENDIX A.

List of officers referred to in Rule 7 (iii), who are authorised to obtain direct from manufacturers or dealers in England, America, Japan or other foreign countries such articles as they may require for experimental or research purposes.

Superintendent, X-Ray Institute.
 Chemical Examiners.
 Superintendents of Vaccine Depôts.
 Principals of Medical Colleges.
 Superintendents of Medical Schools.
 Directors of Bacteriological, Pathological or Research Laboratories, including officers in charge of Divisional and Brigade Laboratories.
 Principals of Arts Colleges.
 Principals of Technical and Industrial Institutes.
 Director of Industrial and Technical Inquiries, Madras.
 Honorary Director of Fisheries, Madras.
 Principal of the Central Training College, Lahore.
 Principal, Bombay Veterinary College.
 Surveyor-General of India.
 Inspector-General of Forests.
 Inspector-General, Civil Veterinary Department.
 Director-General of Observatories.
 Inspector-General of Agriculture.
 Director of Botanical Survey.
 Director, Agricultural Research Institute, Pusa.
 Imperial Bacteriologist, Civil Veterinary Department.
 Imperial Agricultural Chemist.
 Imperial Mycologist.
 Imperial Entomologist.
 Provincial Directors of Agriculture.
 President of the Imperial Forest Research Institute.
 Principal of the Imperial Forest College.
 Director, Geological Survey of India.

APPENDIX B.

*List of firms referred to in Rule 12.
In Bengal.*

The Bengal Iron and Steel Company, Limited	...	Barakar.
The Vulcan Iron Works, Limited	} of Calcutta.
Messrs. Burn and Company	... ..
„ Jessop and Company	... ..
„ John King and Company	... ..
„ Ahmuty and Company	... ..
„ Martin and Company	... ..
„ Kessory Lall Mukerjee and Company	... ..
„ Heatly and Gresham, Limited	... ..
„ A. & J. Main and Company	

In the Bombay Presidency.

Messrs. G. Gahagan and Company	} of Bombay.
„ Richardson and Cruddas	... ..
„ Alcock, Ashdown and Company	... ..
„ Cosser and Company	} of Karachi.
„ McKenzie and Company	... ..
„ B. R. Herman and Company	... ..

In the Madras Presidency.

Messrs. Massey and Company	} of Madras.
„ Oakes and Company	... ..
Arbuthnot's Industrials Limited, Reliance Foundry	... ..
Messrs. Mansfield and Sons	... ..

In Burma.

The Irrawaddy Flotilla Company, Limited.
Messrs. Bullock Brothers and Company, Limited, Rangoon.
The Dunnedaw Engineering Works, Rangoon.
Messrs. Howarth, Erskine, Limited, Singapore.

In the United Provinces.

Messrs. T. Crowley and Company, Allahabad.
The Empire Engineering Company, Limited, Cawnpore.

In the Punjab.

Messrs. N. D. Hari Ram and Brothers, Rawalpindi.

Extract from Proceedings of Committee, dated Calcutta, 13th August, 1909.

Local Purchase of Government Stores.

This question, which was referred to in the proceedings of the last meeting, was again considered. The Committee had before them a letter No. 4993-5040-102, dated 14th July 1909, from the Government of India, Department of Commerce and Industry, forwarding a copy of a resolution of that date, in which the revised procedure for the purchase of Government stores was laid down. A statement was made in the resolution to the effect that the establishment of an inspecting staff for testing and passing supplies purchased in India had been sanctioned. Details of a scheme to give effect to this decision were being worked out for submission to the Secretary of State.

Appended to the resolution were the revised rules for the purchase of Government stores.

The Committee noted the terms of the resolution with satisfaction, and directed that the papers should be recorded.

Extract from Proceedings of Committee, dated January 14th 1910.

Local Purchase of Government Stores.

It was stated in the proceedings of the last meeting that the Committee had decided to ask the Hon. Mr. W. L. Harvey, C.I.E., Member of Council in charge of the Department of Commerce and Industry, for an interview for the further discussion of this question. The Chairman now stated that Mr. Harvey had fixed Monday the 17th January at 11-30 A.M. as the day and time for the interview. In accordance with the orders of the Government of India, rate lists had been prepared by the Director General of Commercial Intelligence. These had been circulated to practically all Indian manufacturers; and it was understood that in many cases exaggerated returns as to the articles which could be manufactured in this country had been submitted. It was feared that these might have the effect of nullifying, to some extent, the efforts which had been made to obtain for Indian manufacturers a larger share of Government purchases. The Committee proposed to suggest to Mr. Harvey that, if the returns were found to be exaggerated, they should be very carefully checked over and corrected; and that only articles of *bona fide* Indian manufacture should be allowed to remain.

It was further agreed to suggest the desirability of some supervision being exercised by the Department of Commerce and Industry over the indents sent to England by other Departments for the purchase of stores. Without the exercise of supervision in this direction, it seemed to the Committee that the object of Government, as defined in the resolution already quoted, might be to some extent lost sight of. They considered it to be of importance, therefore, that the point should be brought to Mr. Harvey's notice at the interview.

Extract from Proceedings of Committee dated February 11th 1910.

Local Purchase of Government Stores.

It was mentioned in the proceedings of last meeting that the Hon'ble Mr. W. L. Harvey, C.I.E., Member of Council in charge of the Department of Commerce and Industry, had arranged for an interview with representatives of the Committee for a discussion of this question. The interview took place on the 17th of January and Messrs. Steele and Clark attended it and were received by Mr. Harvey and Mr. M. M. S. Gubbay, Under-Secretary. The reason for the suggestion made as to the necessity of supervision of the rate lists prepared by the Director General of Commercial Intelligence was explained, and the various lists of articles which had been supervised and corrected by the Department of Commerce and Industry were exhibited, the representatives of the Association being satisfied that care and attention were being given to the matter. Mr. Harvey had then explained that after his Office had corrected the lists as far as possible these would be sent on the Inspector of local industries for further criticism and correction before they were finally prepared; and that it was intended that all indents to be sent home by Government would pass through the Department and if articles were being indented for from home which could be made in India the Officer sending the indent would be called upon for an explanation. Mr. Harvey had also expressed himself as being sympathetic and anxious to see the resolution carried to a successful issue. The Chairman now mentioned that Mr. Harvey had agreed that when the matter had been further considered another submission would be made to those interested for their views.

A letter of 27th January from a member of the Association was before the Committee. It mentioned that they had been favoured by the Superintendent of Local Manufactures, with a copy of the proposed new P. W. D. standard specification, and enquired whether the Association proposed to take any joint action in connection with it as it appeared to be a matter on

which the views of the Association should be expressed. The Committee discussed this suggestion and they were unanimously of opinion that it would be better for individual firms to submit their own comments direct to the Superintendent of Local Manufactures, as it was understood they had all been asked to do ; and that in these circumstances there would be no necessity for the Association doing anything. The specification was generally discussed and the opinion of the Committee was that on the whole it was a fair specification and required modification only in a few minor points ; and in regard to these it was thought that the Department would be disposed to meet the views of the trade when these were put before them. A reply in these terms was to be sent to the member.

Extract from Proceedings of Committee, dated December 9th 1910.

Local Purchase of Government Stores.

The Committee discussed at some length the position in regard to this matter. It seemed to them that little, if any, improvement had taken place as the result of the Government of India's resolution of the 14th July 1909. The late Hon'ble Mr. W.L. Harvey had promised to assist as far as possible in seeing that the terms of the resolution were not allowed to become a dead letter but owing to his untimely death matters had apparently been allowed to drift and the experience of the members of the Committee, at least, went to show that no greater share of Government work was being given to local manufacturers than before the publication of the resolution.

The Committee decided to ask for an interview with the new member for the Department of Commerce & Industry with a view to enlisting his support in seeing that the terms of the resolution were carried out. The Chairman undertook to draft a letter to the Hon'ble Mr. W. H. Clark, C.M.G. asking for an interview and mentioning the points which it was desired to discuss.

No. 7-W. Calcutta, 22nd February 1911.

From—The SECRETARY, Engineering and Iron Trades' Association.

To—The SECRETARY, to the Government of India, Department of Commerce and
Industry, Calcutta.

I am directed to acknowledge, with thanks, the receipt of your letter No. 1278-35 dated the 20th instant, intimating that the Hon'ble Mr. Clark will be pleased to see Messrs. Clark and Taylor of this Association on Tuesday, the 28th instant.

2. In reply I am to say that the gentlemen named will wait upon the Hon'ble Mr. Clark at 11 A.M. on that day.

3. The principal points which the deputation would like to discuss with the Hon'ble Member are—

- (a) As to the progress being made with the Catalogue of Indian Manufactures referred to in your letter No. 4471-35 dated 21st June 1910.
- (b) The publication of the rate lists referred to in paragraph 13 of the Resolution of the Government of India in the Department of Commerce and Industry, No. 4941-4988-102 dated the 14th July 1909.
- (c) The prospects of increasing the number of railway wagons built in this country, so as to give continuous employment to the existing wagon building works, and
- (d) The question of increasing generally the volume of local manufactures for Government requirements.

Extract from Proceedings of Committee, dated 10th March 1911.

Local Purchase of Government Stores.

On the 28th February a deputation from the Committee waited upon the Hon'ble Mr. W.H. Clark, Member of Council for the Department of Commerce and Industry, in connection with the correspondence which had passed between the Association and the Department, on the subject of the Government of India's Resolution of 14th July 1909, regarding the purchase of stores for the use of Government departments in India.

The Hon'ble Member gave a very sympathetic hearing to what the deputation had to urge, regarding the extremely disappointing results, to the engineering industry in particular, which had followed from the resolution. The deputation explained at length the various disadvantages which firms in India laboured under in connection with the rules laid down by Government for the comparison of prices. They gave instances of comparisons which had been made between small quantities of local manufactured articles and large indents forwarded through the India Office. Such comparisons, they pointed out, were bound to be unfavourable to firms in India owing to no allowance being made for the great difference in the quantities.

The Hon'ble Mr. Clark received the deputation most courteously and expressed his readiness to assist in every way possible, and promised to go through the correspondence which had led up to the present position. He suggested that when he had become more familiar with local conditions, it would probably be desirable to have a further interview to discuss matters. The catalogue of Indian manufactures about which the Association had enquired would be published in a few days, but the compilation of the rate lists from which comparisons would be made would still take a considerable time. Until these were ready there would of course be some difficulty in making comparisons of prices, but everything was being done to complete the work as early as possible.

Extract from Proceedings of Committee, dated April 12th 1911.

Local Purchase of Government Stores.

A discussion took place in connection with the Committee's recent interview with the Hon'ble Mr. W. H. Clark, Member of Council for the Department of Commerce and Industry, which was referred to in the proceedings of the last meeting. Mr. Taylor expressed the opinion that the most important requirement was that the inspectors on the staff of the Superintendent of Local Manufactures should be highly qualified in their particular branches, if Indian industries, and particularly the engineering industry, were to derive any real benefit under the Government of India Resolution of the 14th July 1909, regarding the obtaining in India of various kinds of stores required by the Government Departments. There should, for instance, be an expert inspector for bridge work and another for railway wagons. The presence of trained experts from home, such as these, would create confidence in the ability of the local inspection staff, amongst the State and other Indian railways, and their certificates would be as final and binding as are the certificates of the inspectors of the India Office. Instances, Mr. Taylor remarked, had occurred in the past in which goods having been passed and certified locally, had been rejected by the engineers at site of the works. A fiasco of this kind would be rendered impossible if the inspection, during the course of construction, were of a higher order.

Mr. Taylor submitted a note of the points, mainly in connection with the formation of an expert inspecting staff, which he thought might be placed before the Hon'ble Mr. Clark.

It was finally decided that Mr. Taylor's note should be circulated for further consideration. A letter to the Hon'ble Mr. Clark, embodying the various points, would then be drafted for the Committee's approval.

Circular No. 18-W. dated Calcutta, 17th May 1911.

From—The SECRETARY, Engineering and Iron Trades' Association.

To—All Members of the Association.

I am directed by the Committee of the Engineering and Iron Trades' Association to invite your attention to the accompanying copy of a note, referred to in the proceedings of the Committee meeting held on the 12th April 1911, regarding the position in connection with the giving out by Government Departments of orders for Government work and supplies, for execution in this country.

2. The note is based on the feeling generally prevalent that the trade is not being benefited to any appreciable extent, if at all, by the Government of India Resolution of the 14th July 1909, and on the assumption that more orders might possibly be given out locally by officers in charge of works and supplies, if they were confident that both material and workmanship were subject to expert supervision by Government Inspectors. The object sought to be attained, in the interests of the engineering and iron trades generally, is that the Superintendent of Local Industries shall have under him trained experts in their various departments, and that the staff shall be adequate to deal efficiently with the work to be done.

3. The Committee would be glad to be favoured with an expression of members' views on the four points noted in the circular, at an early date. With regard to point No. 4 of the note, the Committee are particularly desirous to have the views of members as to whether the matter should be taken up with the Hon'ble Member for the Department of Commerce and Industry, now, or be postponed until his return to Calcutta. In this connection attention is invited to the report of the Committee's interview with the Hon'ble Member on 28th February last, contained in the Proceedings of the Committee meeting held on 10th March.

Note in connection with the question of the Indian Engineering and Iron Trades securing a larger share of Government Orders.

In order to advance the interests of the members of this Association, it is essential that the Inspectors on the staff of the Superintendent of Local Industries should have the same qualifications as those on the staff of the India Office.

It is therefore suggested that one expert Wagon Inspector and one expert Bridge Inspector should be procured from home. This would form the nucleus of the superior grade permanent staff attached to the office of the Superintendent of Local Industries. A second grade assistant staff could be trained locally on the proper lines.

The objects in view are as follows :—

- (1) To create confidence in the ability of the local inspection staff amongst the State and other Indian railways.
- (2) Certificates of the Superintendent of Local Industries based, as they would be under the above scheme, upon competent inspection, should be recognised and accepted as final as the certificates of the India Office Inspectors are accepted at present. The contingency of work or materials being rejected by the Indenting Officers would be guarded against by the standard of the inspection being raised.
- (3) The want of a proper inspection staff in India is believed to be the excuse frequently put forward by Indenting Officers for sending home orders for work which could easily have been executed locally. An efficient inspection staff, as noted above, would overcome this objection.

- (4) The question finally to be considered is whether a representation on the foregoing lines should be addressed to the Honourable Member in charge of the Department of Commerce and Industry forthwith, or whether it should be postponed until the cold weather, when the Honourable Member would be in Calcutta.

Extract from Proceedings of Committee, dated January 12th 1912.

Purchase of Government Stores in India.

As agreed at the last meeting a circular had been issued to all members of the Association submitting for their consideration notes in connection with this subject, upon which it was proposed to base a further representation to the Hon'ble Member in charge of the Department of Commerce and Industry. The Committee now went carefully through the notes and selected such as could be utilised for the purposes of the representation. The Secretary was directed to draft a letter for the Committee's approval. A request for a further interview with the Hon'ble Member was to be put forward.

The Committee also decided to address the Right Hon'ble Baron Incheape, G.C.M.G. etc. in connection with the enquiries which he had been appointed to conduct into the financial working of the Railways of India. A letter to his lordship had been drafted and was brought up for consideration. The letter dealt mainly with the advantages, both to the Railways and to the trade of the country, which would accrue from purchasing their requirements locally. The letter was approved and it was decided to request the favour of an interview with Lord Incheape for a full discussion of the subject.

No. 9-W. dated Calcutta, 17th January 1912.

From—The SECRETARY, Engineering and Iron Trades' Association.

To—The SECRETARY to the Government of India, Department of Commerce and Industry, Calcutta.

I am directed by the Committee of the Engineering and Iron Trades' Association to address you in continuation of their previous communication No. 7, dated 22nd February 1911, on the subject of the purchase of Government stores.

2. As you are aware a deputation from the Committee had the honour of an interview with the Hon'ble Mr. W. H. Clark in February last. The matter, however, would seem to have escaped notice, doubtless owing to the many calls upon the Hon'ble Member's time and attention, as the Committee are unable to trace any improvement in the position in the shape of an increased demand for Government requirements. During the interval which has elapsed since the interview above referred to, trade in the Calcutta District has been very dull. Several of the large Engineering concerns have been running with half empty shops, while rates have been cut so low that they are unprofitable. The Committee submit that this state of affairs is avoidable as it only requires that the various resolutions and orders concerning the local purchase of Government requirements in India should be acted upon by the Departments concerned. The complaint of this Association is that the resolution of the Government of India dated 14th July 1906, which was based upon the finding of the Stores Committee appointed in 1906, has practically been ignored as the members of the Association cannot find that any increased demand has arisen therefrom. The only thing which seems to have been done is the publication of the catalogue of Indian manufactures in March last.

3. The Committee venture to suggest one important point in which a relaxation of the rules might be brought about, viz.—in connection with bridge-work. There are certain restrictions at present in force regarding the size of bridges that are permitted to be made in this country. The Committee contend that there is not sufficient bridge-work of spans under 150 ft. to keep local works employed, and they venture to suggest that all restrictions should be

removed and that firms in this country should be allowed to quote for girder work of all sizes. The Committee think that the fact that the Calcutta Port Commissioners have asked local firms to tender for the construction of the new Howrah bridge affords evidence that this public body at least, is convinced that local firms can cope successfully with work of any size.

4. The Committee, on behalf of the members of the Association desire to express their keen disappointment at the failure of Government to allot the twelve and a half millions sterling annually which was recommended by the Indian Railway Finance Committee which sat in 1907-08. The Committee submit that unless this allotment be fully made annually, periodic crises must arise when orders have to be placed without any consideration of the claims of local manufacturers. The capital sunk in this country in workshops for the manufacture of wagons, steel and iron buildings, bridges, tanks, engines, hoisting machinery, water cranes etc., exceeds £ 2,000,000 and as Government have appointed an efficient inspecting staff under the control of Superintendents of local manufactures and have put down the necessary testing plant to ensure that the work done in this country shall be kept up to the standard prevailing in England, there seems no good and sufficient reason why the facilities provided should not be more extensively availed of.

5. The Committee are unaware what proportion of the work that could be done locally (as cheaply and as well as can be imported) is sent home, but when it is considered that every penny that can be retained in this country is a gain to its people it will be recognised that all imports that can be manufactured locally militate against the well-being of one section of the industries which it is the province of your Department to foster, and through that industry, the well-being of probably 100, 000 souls.

6. In conclusion I am to say that the members of the Committee would be glad to have a further interview with the Hon'ble Mr. Clark with the view of explaining fully the disadvantage which the trade which the Association represents suffers from, owing to their not being given the opportunity of tendering for the full amount of the Government of India's requirements. The Committee will be pleased to wait upon the Hon'ble Mr. Clark on any day and at any hour that may suit his convenience.

Notes of a meeting held on 31st January 1912 in the office of the Hon'ble Member for the Department of Commerce and Industry.

Present :—

The Hon. MR. W. H. CLARK, C.S.I., C.M.G.

The Hon. MR. R. E. ENTHOVEN, C.I.E., I.C.S., *Secretary.*

MR. J. TAYLOR, } *Representing the Engineering & Iron Trades'*
,, T. WILSON, } *Association.*

The Hon'ble Mr. Clark enquired as to the object of the interview and was referred by the question to the previous meeting held on 28th February 1911, when he asked to be allowed time to go through the correspondence and to get in touch with local conditions.

The Hon'ble Mr. Clark said he had done this. Referring to the Association's letter of 17th January 1912 he said that it might be divided into a general complaint regarding scarcity of work, and a particular complaint regarding the limitation imposed on bridge building in this country. Regarding the former he said it was difficult to know what more could be done than had already been done. The resolution of the Government of India to which the Association had drawn attention must take some time before its effect were fully felt; meanwhile his department were checking Home Indents with the view of preventing work being sent Home which could be done equally well and as cheaply out here.

The Hon'ble Member and the Hon'ble Mr. Enthoven said they had to be guided in their decision by their technical advisers as to whether or not in specific cases indenting officers were right in placing work with local firms or ordering from Home as the case might be. If their

advisers considered that certain work could be done better and cheaper at home, they could not interfere with the indenting officers so as to secure its being placed in this country.

Mr. Wilson suggested that specific cases might occasionally be referred to the Association for an expression of opinion or an opportunity of proving what could be done.

Mr. Taylor mentioned, as examples of work being sent Home which could be done here, that he had seen tons of common grey cast iron brake blocks for Indian State Railway Locomotives being made in a Glasgow workshop as a yearly supply. Any small engineering works in India could have supplied these not only as well, but quicker and cheaper. He had also seen Magazine Doors for the Military Works' Department being made in a workshop in Manchester which could easily have been made by any small engineering works in India.

Mr. Wilson referred to the large stocks of standard requirements by Railways held by merchants and traders in this country. If recourse were had to purchasing more largely in India it would enable Government to reduce all the stocks they at present hold and a large amount of money would in consequence be set free for use in more profitable ways.

Continuing, Mr. Wilson pointed out that the capital sunk in this country in workshops for the manufacture of wagons, steel and iron buildings, bridges, tanks, engines, &c., exceeds £2,000,000. Government, on their side, had appointed an efficient inspecting staff and had put down the necessary testing plant to ensure that work done in this country should be kept up to the standard prevailing at home. The number of workmen that could be employed, provided that sufficient work were forthcoming, might be put at 40,000, against a total actually employed at present of less than 16,000.

Referring to wagons, Mr. Wilson pointed out that since the 1st January 1909 orders for only about 1,560 wagons had been placed in this country, while local works were equipped to turn over 1,500 wagons per annum. The 25% of wagon orders for State Railways that are placed in India represents an expenditure in India of 5% only of the money spent yearly by railways in India on wagons, against 95% in England.

The Hon'ble Mr. Clark said that his department were awaiting a home rate list to compare with the rates drawn up here. Until this was available his department had great difficulties in many cases in determining whether it was cheaper to import or to place orders locally.

Regarding the limitations of bridge work, the Hon. Mr. Clark said he understood that the present limit of 150 feet spans had been based on the opinion of an expert who had been sent to report on local workshops. This officer reported that he did not consider local engineering works were equipped to give the quality of material and workmanship necessary in larger spans.

Mr. Taylor stated that he was present when the late Mr. Cleaver inspected the workshops of his firm and that what fixed Mr. Cleaver's limit was the head room of the Girder shop he inspected. This method of determination, Mr. Taylor submitted, was obviously wrong as the largest Bridge shops in Britain did not build their large girders inside their shops but on an open space served by a travelling crane or gantry. The correct method of determining the limits of any shop was to find out the largest dimension that could be handled by the drills, riveters and cranes, as it could be demonstrated that shops capable of handling 60 ft. and 80 ft. plate girders in one piece could handle any of the component parts of articulated framed girders of larger spans.

The Hon. Mr. Clark suggested that the Association might apply for another inspection to be made of Local Engineering works in order to get this limitation altered, and undertook that on receipt of such an application, an inspection should be made without delay.

Mr. Taylor expressed the feeling of the members of the Association that their interests were not receiving the sympathy from Government that they thought might be extended to them.

The Hon'ble Member and the Hon'ble Mr. Enthoven both remarked that they could not admit this contention. They were bound, however, to be guided by the opinion of their Technical advisers. The Hon'ble Member promised to expedite the preparation of the home rate list, as soon as the necessary particulars as to home prices were received from the India Office.

This concluded the interview.

Extract from Proceedings of Committee, dated February 16th 1912.

Purchase of Government Stores in India.

It was mentioned in the proceedings of the last meeting that the Committee were addressing a further representation to the Hon. Member in Charge of the Department of Commerce and Industry and requesting an interview. A meeting took place on the 31st January and it was now decided to circulate copies of the report of the meeting for the information of the members of the Association.

It was also mentioned in the proceedings of the last meeting that the Committee were addressing the Right Hon. Baron Incheape, G.C.M.G. etc. on the subject of the purchase by railways of their requirements in India, and requesting the favour of an interview for a discussion of the question. In reply Lord Incheape regretted that he was unable to take the matter up as it was somewhat outside the scope of his present mission. He suggested that the Railway Board might be approached on the subject.

The Committee considered the suggestion but as they had already had an interview with the Hon. Mr. W. H. Clark it appeared to them that no good purpose would be served by approaching the Railway Board at present. The Committee next discussed the result of their interview with the Hon. Mr. Clark and it seemed to them that no good could be expected to come from the Association's representations until such time as the rate lists to which the Hon. Mr. Clark had referred, had been prepared, in order that some sort of comparison could be made between home and local prices. The Committee thought that it would be extremely useful, however, if the Association could be either furnished with copies of home indents or at any rate be given an opportunity of inspecting such at the office of the Department of Commerce and Industry, through which all home indents pass. The Committee would then be able to draw attention to specific cases in illustration of their contention that numbers of indents which are sent home could be executed as well and as cheaply, if not more cheaply, in this country.

It was decided to address the Hon. Member in regard to the matter.

Extract from Proceedings of Committee, dated March 8th 1912.

Purchase of Government Stores in India.

In the proceedings of the last meeting it was mentioned that a letter was to be addressed to the Hon'ble Member for the Department of Commerce and Industry, asking whether the Association could be furnished with copies of home indents, or be given an opportunity of inspecting such at the office of the Department. This had accordingly been done and the Secretary was directed, should no reply be forthcoming in the meantime, to send a reminder on the 18th instant.

Bridge Building.

At the meeting with the Hon. Member for the Department of Commerce and Industry, which took place on the 31st January 1912, reference was made by the Association's representatives to the limit of 150 feet spans for bridges built in India for Government. This limitation was imposed, it was pointed out to the Hon. Mr. Clark, on an incorrect estimate of the capabilities of the local works undertaking this class of work. The Hon. Mr. Clark suggested that

application might be made for another inspection of local engineering works in order to get the limitation altered and very kindly undertook that on receipt of such an application an inspection should be made without delay.

After discussing the matter the Committee decided to issue a circular to the members of the Association, drawing attention to the paragraph on this subject in the proceedings of the meeting above referred to, and suggesting that members wishing to take advantage of the offer should make an application to the Department of Commerce and Industry.

Extract from Proceedings of Committee, dated April 12th 1912.

Purchase of Government Stores in India.

In the proceedings of the last meeting reference was made to a letter which had been addressed to the Hon'ble Member for the Department of Commerce and Industry, asking if the Committee could be furnished with, or given an opportunity of inspecting, copies of home indents.

A letter dated 26th March had been received in reply, stating that the matter was under the consideration of the Government of India. The Secretary was directed to bring the papers up at the next meeting, for orders, should no further communication have been received from Government meanwhile.

The Committee were in receipt of a letter dated 23rd February from Sir Patrick Playfair in which he mentioned that he had been called upon to speak at a dinner of the London Chamber of Commerce on the subject of "India" and in doing so had taken the opportunity of directing attention to the benefit which the Government of India might confer on industrial works in India by a more liberal purchasing of Government Stores, which would in all probability develop industrial works and induce some British firms engaged in Indian trade to establish themselves in this country.

In thanking Sir Patrick Playfair for his kind letter and for his advocacy of the policy of a more liberal purchase by Government of their requirements in India, it was to be pointed out that the firms at present established in the country had the greatest possible difficulty in finding sufficient work to keep them going, and that there was no room for the development of other firms.

Extract from Proceedings of Committee, dated May 5th 1912.

Purchase of Government Stores in India.

In the proceedings of the last meeting, reference was made to a letter which had been addressed to the Department of Commerce and Industry requesting that the Association might be furnished with copies of home indents. The following is a copy of the reply which had been received in response thereto :—

No. 3207-4 dated Simla the 24th April 1912.

From—The SECRETARY to the Government of India, Dept. of Commerce
and Industry.

To—The SECRETARY, Engineering and Iron Trades' Association.

I am directed to acknowledge the receipt of your letter No 18 W. dated the 24th February 1912, forwarding a list of the members of your Association, and enquiring whether it would be possible to furnish the Association with copies of indents sent home for stores required for the public service.

2. In reply I am to say that the Government of India regret that they cannot undertake to supply your Association as a matter of course, with copies of all indents sent

home. At the same time, they recognise the advantage which it would be to the members of the Association to know the nature of the articles usually obtained from Europe on indent, and I am accordingly to enclose for their information a list of some of the principal articles indented for during the last three years. You are no doubt aware that it is open to all firms in India to approach the purchasing Departments of Government or the Local Governments concerned, and to furnish them with information as to the classes of goods they are prepared to supply and the prices they charge. It must however remain a question for decision by the officers concerned, taking into account considerations of price and quality, and bearing in mind the orders of Government on the subject, whether to give such goods a trial."

The letter had been previously circulated and was now further discussed. The Committee considered the reply a most unsatisfactory one and they decided that the matter should be brought up for discussion at the general meeting of the members of the Association to be held on 24th May. The articles named in the list were, for the most part, included in the catalogue of Indian manufactures which was published by the Director General of Commercial Intelligence in 1911, copies of which had been procured and forwarded to all members of the Association for information.

No. 50-W dated Calcutta, 22nd July 1912.

From—The SECRETARY, Indian Engineering Association.

To—The SECRETARY to the Government of India, Department of Commerce and Industry, Simla.

I am directed to acknowledge the receipt of your letter No. 3207-4, dated 24th April 1912, on the subject of the purchase of stores required for the public service.

2. The Committee desire me to express their thanks for the list accompanying your letter, of articles which have been indented for from Europe during the last three years. Many of these articles, it is noted, are contained in the Catalogue of Indian Manufactures which was published by the Director General of Commercial Intelligence last year. The value of the information would be greatly enhanced if the Association could be favoured with the quantities, as well as the final destination, of the items mentioned in the list, which have been indented for during, say, the last six months. Such information would enable Members of this Association to approach the various purchasing Departments of Government with specific offers to supply similar goods of Indian manufacture.

3. You remark that "it is open to all firms in India to approach the purchasing Departments of Government, or the local Governments concerned, and to furnish them with information as to the classes of goods they are prepared to supply, and the price they charge". You add, however, that "it must remain a question for decision by the officers concerned, taking into account considerations of price and quality, and bearing in mind the orders of Government on the subject, whether to give such goods a trial." As regards the first point the Committee can only reiterate what they have pointed out on several occasions, viz, that such information had been diligently placed before the Departments concerned, but with only very disappointing results, so far. A matter to which the Committee attach great importance, is the indication which, it seems to them, is contained in the latter sentence above quoted, that there exist certain private instructions of Government to purchasing Departments and indenting officers in regard to the placing of orders in this country, which the outside world knows nothing about. The Committee would respectfully ask for a clear definition of what is meant by the words "bearing in mind the orders of Government on the subject". The only orders of which this Association is aware, are the various Government of India Resolutions passed with a view to *encourage* local industries. There is a feeling that the failure of the Resolutions to effect their purpose is due to the existence of private orders which practically nullify the resolutions, and the words in your letter to which the Committee have drawn attention seem almost to confirm this.

4. It is rumoured that orders for a considerable number of spans of railway bridges, varying in size from 40 ft. to 150 ft. have been sent to the India Office between January and June of this year. If the rumour is correct the Committee would like to point out that the whole of these could have been made in this country at equally favourable rates and in quicker time than they could be imported from England. They would ask to be favoured with an explanation of the reason for this departure from the terms of the Government of India Resolution on the subject of bridge building.

5. Again, Members of the Association were recently asked to quote for points and crossings for one of the State Railways, and were subsequently informed that the orders had been sent home because the India Office rate was cheaper. The Committee submit that the Indian firms have not been fairly treated in this instance, as they would explain when the indent in question reaches the India Office it will form only part of a large enquiry for the same articles and it is only natural that the rate quoted for the larger quantity will be lower than the rate quoted by the Indian firms for what formed probably only a very small part of the order.

6. The Committee would invite attention to the method followed by the Calcutta Port Commissioners when it is considered desirable to ask for English tenders. Such tenders are compared with the tenders sent in by Indian firms on the same date as the English tenders were posted. It thus amounts to a simultaneous tender by Indian and home firms and these are considered together on their merits. The Committee submit that this is the only fair way of comparing prices and they respectfully desire to enter an emphatic protest against the system of judging quotations from Indian firms for small quantities of goods, against the prices quoted in England for large quantities. It necessarily follows the different results as regards prices must be obtained, these depending upon the quantity of any particular article ordered at one time ; for instance, the price for a few yards of fencing will not be the same as the price for several thousand yards, and so on. In these days what is known as "mass production" is an important factor in lowering labour and other charges, and thereby lowering the cost of the articles produced. Indian manufacturers only ask to be put on the same footing as their British competitors and the Committee trust that it will be found possible to introduce a system of simultaneous tenders for the full requirements of Indian State Railways. Considering the capital invested by the members of this Association in India and the amount of money which Indian firms contribute to the revenues of the Indian Railways and to Indian Finance generally, the Committee respectfully submit that when prices are about equal the preference should be given to the Indian firms.

No. 6610-4, dated Simla, the 31st August 1912.

From—The SECRETARY to the Government of India, Department of Commerce
and Industry.

To—The SECRETARY, Indian Engineering Association.

In continuation of the letter from this Department No. 5791-4,* dated the 26th July 1912, I am now directed to reply to your letter No. 50-W, dated the 22nd July 1912, on the subject of the purchase of stores required for the public service.

2. In paragraph 2 of your letter you ask to be furnished with information regarding the quantity and destination of the articles intended for within the last six months, and mentioned in the list which accompanied my letter of the 24th April last. The Government of India regret that they are not in a position to furnish this information. Your Association should address their request to the local Governments and purchasing departments concerned, who are in possession of the particulars required.

3. In paragraph 3 of your letter it is suggested that there are private instructions practically nullifying the published orders of Government on the subject of the purchase of articles for the public service. The Government of India are unable to understand on what grounds this suggestion has been made. The "Orders of Government" referred to in my letter of the 24th April are the published orders of the Government of India contained in their resolution No. 4941-4988-102, dated the 14th July 1909, and the rules attached to it ; and they afford no ground for this insinuation. I am to add that, as publicity has been given to this suggestion in a speech recently

delivered by the Chairman of your Association, the Government of India propose also to publish the present correspondence.

4. The fourth paragraph of your letter gives cover to a rumour that orders for a considerable number of spans of railway bridges, which could have been more satisfactorily procured in India, have recently been sent to the India Office ; and your Association ask for an explanation. The Government of India are not aware that spans for railway bridges have been improperly obtained from England contrary to the orders of Government contained in the rules, and your Association have not informed them of the grounds on which they base their allegation. In these circumstances the Government of India are unable to discuss the matter.

5. Finally, I am to say that the questions raised in paragraphs 5 and 6 of your letter were fully considered by the Government of India in communication with the Secretary of State for India on the Report of the Stores Committee. The Stores rules issued in 1909 are the result of those deliberations. Rule 10 of the rules prescribes the procedure to be followed in the comparison of prices, and the Government of India are unable to alter this procedure in the direction indicated in your letter. The Government of India recognise that difficulty has been felt hitherto in giving full effect to the policy laid down in the rules. This has been due in part to the absence of facilities for testing local manufactures of iron and steel. To provide these facilities superintendents of local manufactures have been appointed in Calcutta and Bombay to inspect and test iron and steel products ; and a complete chemical laboratory, in charge of a highly qualified metallurgical expert, with a chemical assistant, has been established at the Tata Iron and Steel Company work at Sakchi, on the Bengal Nagpur Railway, near Kalimati. There is, further, at Alipore a fully equipped laboratory where complete physical tests are undertaken under the supervision of the superintendent of local manufactures, Calcutta. The Government of India hope that these facilities will lead to an increase in local purchases in the future. It is obviously impossible, however, for the Government of India to insist on local purchase unless the local officers who make the purchases are amply satisfied that the articles are of the requisite quality as well as of a satisfactory price.

No. 6894-33 dated Simla, 12th September 1912.

From—The SECRETARY to the Government of India, Department of Commerce
and Industry,

To—The SECRETARY, Indian Engineering Association.

I am directed to forward for your information a copy of the Resolution in this Department No. 6847-6892-33, dated the 12th September 1912, and its enclosure, promulgating revised rules for the supply of articles for the public service.

2. I am to invite attention to clause (i) of Rule 10 from which it will be observed that, as suggested by a deputation of your Association at an interview with the Honourable Mr. Clark in February 1911, provision has now been made for the addition of interest to the other charges mentioned in the rule, which have to be taken into account in comparing Home with Indian prices.

No. 6847-6892-33.

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE AND INDUSTRY.

STORES.

Simla, the 12th September 1912.

RESOLUTION.

With the approval of the Secretary of State for India the Governor General in Council is pleased to direct that the rules for the supply of articles for the public service appended to this Resolution shall be substituted for the rules promulgated with the Resolution in this Department No. 4941-4988-102, dated the 14th July 1909, as amended from time to time.

ORDER—Ordered that this Resolution be communicated to all Departments of the Government of India, to all Local Governments and Administrations, to all Accountants General and Comptrollers (including the Comptroller and Auditor General), to all Heads of Departments subordinate to this Department, and to the Private and Military Secretaries to His Excellency the Viceroy.

ORDERED, also, that the Resolution be published in the *Gazette of India* for general information.

R. E. ENTHOVEN,

Secretary to the Government of India.

RULES FOR THE SUPPLY OF ARTICLES FOR THE PUBLIC SERVICE.

Subject to the provisions of the General Rules specified below, and to any instructions regarding specific articles which have been, or may be, issued by the Government of India from time to time (*e.g.*, those relating to the supply of stationery), the following are the rules relating to the supply of articles required for the public service :—

RULE 1.—*Articles manufactured in India from Indian materials.*

All articles which are produced in India in the form of raw material, or are manufactured in India from materials produced in India, should, by preference, be purchased locally, provided that the quality is sufficiently good for the purpose, and the price not unfavourable.

RULE 2.—*Articles manufactured in India from imported materials.*

All articles manufactured in India from imported materials should, by preference, be purchased in India, subject, however, to the following conditions :—

- (a) That a substantial part of the process of manufacture of the articles purchased has been performed in India.
- (b) That the price is as low as that at which articles of similar quality can be obtained through the India Office.
- (c) That the materials employed are subjected to such inspection and tests as may be prescribed by the Government of India.

RULE 3.—*Articles which are not manufactured in India.*

Articles which are not manufactured in India should be obtained by indent upon the Store Department of the India Office except in the following cases :—

- (a) When the articles are already in India at the time of order, and their price and quality are not unfavourable as compared with those at which similar articles could be obtained through the India Office, and the cost of the supply does not exceed the limits prescribed at the end of Rule 13.
- (b) In the case of important construction works let out on contract, articles not manufactured in India required for the construction of such works may be supplied by the contracting firm, subject to the following conditions :—
 - (i) That the firm is approved by the Government of India and is included in the list of firms so approved.
 - (ii) That the materials are subject to the current specifications and tests prescribed by the Government of India.

RULE 4.—Articles which may be purchased in India.

The following articles, whether manufactured or produced in India or not may be purchased in India, provided that the quality required is obtainable :—

- (a) Those of a perishable nature.
- (b) Explosives.
- (c) Block tin.
- (d) Wines and spirits and English bottled beer for the use of Government hospitals in India.
- (e) Kerosine oil.
- (f) Plant and materials for electric installations intended to take current from existing centres. The local purchase of electric power plant and lighting plant which involve the provision of generators and cables for distribution is not, however, permissible under this clause.
- (g) Australian timber.
- (h) Australian copper.
- (i) Italian marble.
- (j) Such other classes of articles as may from time to time be prescribed by the Government of India. All such cases should be reported to the Secretary of State for his information.

RULE 5.—Special purchases in India.

When serious inconvenience to the public service would be caused by waiting to obtain an article from England through the Director-General of Stores, or when, owing to the greater promptitude of supply, an economy can be effected by purchasing in India articles which, under the foregoing rules, should be obtained through the Store Department, the purchase may be made in India, subject to Rule 13, provided that the articles are already in India at the time of order ; but in such cases, if the value of the articles exceeds Rs. 750, the sanctioning officer should place on record the reasons which make the local purchase desirable. This record shall be available for the inspection of the Examiner of Accounts or the Supervising Officer when required.

RULE 6.—Inter-departmental purchases.

Nothing in the rules is to be deemed to prohibit the purchase of Stores of European manufacture by one Department or Railway from another.

RULE 7.—Method of obtaining Stores not purchased in India.

All articles which under the foregoing rules are not to be bought in India should be obtained by indent on the Store Department of the India Office, except any which the Secretary of State may have specially authorised the Government of India or its officers to purchase direct outside India. Such purchase is at present permissible in the case of the following articles :—

- (i) Seeds.
- (ii) Cinchona bark.
- (iii) Articles for experimental or research purposes required by officers approved by the Government of India from time to time. A list of the officers thus approved is given in Appendix A.

- (iv) Excise instruments and apparatus required by Provincial Excise Departments for experimental or research purposes.
- (v) China, glass, cutlery, plate, and crockery for the residences of Heads of Provinces.
- (vi) Australian timber.
- (vii) Australian lead.
- (viii) Such articles as Superintendents of Vaccine Depôts may require for the preparation of vaccine lymph (*e.g.*, lanoline and glycerine).

Note.—Payments for stores purchased under this rule should be made direct to the suppliers by the purchasing officers.

GENERAL RULES.

RULE 8.—*Forecast of Requirements.*

Every effort should be made to foresee requirements so that there may be ample time to send forward indents for such articles as should under the rules be obtained from the India Office. Persistent failure of any officer to make such efforts should be brought to notice by the Local Government or other authority, which may, at its discretion, cancel or reduce the powers of sanction entrusted to the officer at fault.

RULE 9.—*Time required to obtain Stores from England.*

It may be assumed that the time required from the transmission of an indent upon the Secretary of State to the receipt of the stores is :—

- Urgent telegraphic indents, not less than three months.
- Ordinary indents, six to ten months, according to the article demanded.
- For special stores, *e. g.*, large girders, rolling stock, &c., up to one year in ordinary times.

RULE 10.—*Method of comparing Prices.*

In all cases in which the selection of source of supply depends upon comparison of prices, the procedure to be adopted for such a comparison is as follows :—

- (i) A reference should be made to Home prices as shown in the Rate Lists, and freight should be added at the lowest rates paid by the India Office together with 13s. 4d. per 100l. for interest, 2s. 2d. per 100l. for insurance, and 3d. per ton for freight brokerage.
- (ii) In cases of important contracts, the prices ruling in the English market should be ascertained by telegraphic reference to the Director-General of Stores.
- (iii) In cases where the necessary information as to Home prices is not available from the Rate Lists, the purchase in India shall be subject to the condition that the price is not unfavourable.
- (iv) In order to arrive at the market value at an Indian port of the article imported from England the following charges shall be included :—
 - (a) Landing, wharfage, and port charges as shown in the Rate Lists.
 - (b) Customs duty, as shown in the Tariff to be applicable to the article in question, to be calculated on its cost *plus* the additional charges mentioned in the earlier part of this rule.
- (v) The cost of carriage to site from port or place of manufacture, as the case may be, shall be taken into account.

RULE 11.—*Tests.*

Any articles purchased in India which should be tested are liable to the specifications laid

down from time to time by competent authority, with the approval of the Secretary of State in Council, and should be required to pass the tests prescribed for such articles.

RULE 12.—Firms from which iron and steel may be bought in India.

Important iron and steel work, if purchased in India, should only be obtained from firms approved by the Local Government or Administration and entered in a Schedule as corrected from time to time by the Government of India. A list of approved firms is given in Appendix B.

RULE 13.—Financial limits on powers of Officers to make purchases in India.

In the case of purchases made under Rules 1, 2, and 4, an officer's powers of purchase extend to the ordinary limits to which he is empowered to enter into contracts : but in the case of purchases made in India under Rules 3 (a) and 5, the limits for expenditure on any one article or on any number of similar articles purchased at one time are as follows :—

(a) Civil Departments.

(i) Heads of Departments, Commissioners of Divisions, and other officers of or above the rank of Collector whom the Local Government may select	...	...	...	...	Rs. 250
(ii) Other officers authorised to incur expenditure	...	...	...	...	50
(iii) Controller of Printing, Stationery, and Stamps	...	...	...	...	1,000
(iv) Local Government or Administration :—					
1. In case of purchases made under Rule 3 (a)	...	...	...	...	3,000
2. In case of purchases made under Rule 5	...	...	...	...	Full powers.

The powers of a Local Government are also exercised by the following officers :—

Surveyor-General of India.

Agricultural Adviser to the Government of India and Director of the Agricultural Research Institute, Pusa.

Director-General of observatories.

Director-General of Telegraphs.

Political Resident, Persian Gulf.

(b) Public Works Department.

			For purchases made under Rule 3 (a). Rs.	For purchases made under Rule 5. Rs.
(i) Executive or Assistant Engineer holding charge of a Division	...	...	200	500
(ii) Superintending Engineer or Superintendent of Works	...	...	1,000	2,500
(iii) Local Government or Administration	...	...	3,000	Full powers.

(c) Railway Department.

(i) Executive or Assistant Engineer holding charge of a Division on a line under construction or survey	...	...	200	500
(ii) Engineer-in-Chief holding charge of a line under construction or survey	...	...	1,000	2,500
(iii) Manager of an open line	...	...	1,000	2,500
(iv) Railway Board	...	...	3,000	Full powers.

Note.—Managers of open lines may depute to their Engineers-in-Chief, Executive Engineers, or Assistant Engineers holding charge of a Division, such powers of purchase as they deem fit up to the limits specified for lines under construction, and to their Chief Storekeepers up to the limits specified for Executive Engineers.

(d) *Army Department.*

	For purchases made under Rule 3 (a)	For purchases made under Rule 5.
	Rs.	Rs.
(i) Director-General of Military Works ...	3,000	Full powers.
(ii) Divisional Commander ...	3,000	5,000
(iii) Officer Commanding an independent brigade ; Director-General of Ordnance ; Director, Royal Indian Marine ; Director- General, Indian Medical Service (for medical store depôts) ; Director, Army Clothing ; and Director-General, Army Remount Department ...	2,500	2,500
(iv) Officer Commanding a brigade, other than those included in (iii) ; Director of Ordnance Factories ; Director of Ordnance Inspection and Director of Ordnance Stores ...	1,000	1,000
(v) Superintendent, Army Clothing Factory ; Inspector, Submarine Defences ; Supply and Transport Officer on special duty in Kash- mir ; and Deputy Director, Royal Indian Marine ...	500	500
(vi) Chief of the Staff ; Adjutant-General in India ; Quartermaster-General in India ; Director, Medical Services, Army Head Quarters, India ; Military Secretary to His Excellency the Commander-in-Chief ; Mili- tary Accountant-General ; Controller of Mili- tary Accounts, Eastern Circle ; Controller of Military Supply Accounts ; Controller of Military Accounts, Northern Circle ; Con- troller of Military Accounts, Western Circle ; Deputy Controller of Military Accounts in independent charge, Secunderabad Division ; and Deputy Controller of Military Accounts in independent charge, Burma Division ...	250	250
(vii) Officer Commanding a station ; Superin- tendent, Army Remount Department ; Superintendent, Ordnance Factory ; Govern- ment Inspector of Army Boots, Cawnpore ; Assistant Directors of Ordnance Stores ; Inspectors (Ordnance Department), the Assistant Inspector in charge of General Stores and the Proof and Experimental Offi- cer, Balasore ; Medical Store-keeper ; Com- mandant, Indian Staff College ; and Divi- sional Supply Officer and Divisional Trans- port Officer ...	200	200
(viii) Officer Commanding a unit (including a hospital) ; Senior Medical Officer, Indian Medical Service of a station ; Recruiting		

	For purchases made under Rule 3 (a).	For purchases made under Rule 5.
	Rs.	Rs.
Staff Officer for Gurkhas at Gorakhpur ; Officers (Ordnance or Departmental) in charge of depôts ; Assistant Inspectors (Ordnance Department) with the exception of the Assistant Inspector in charge of General Stores ; Station Supply Officer ; and Chief Chemical Examiner 	20	20

Note.—These powers are subject to the rules of the budget system. No sanction may be given which will involve expenditure from the budget grant of any future year. The powers extend to each sanction, whether against Army, Military Works, or Marine funds.

In the case of Ordnance, Medical Store and Remount Departments, the Divisional Brigades and Station Commanders are not competent financial authorities.

LOCAL PURCHASE RULES.

APPENDIX A.

List of Officers referred to in Rule 7 (iii), who are authorised to obtain direct from manufacturers or dealers in England, America, Japan, or other foreign countries such articles as they may require for experimental or research purposes.

Superintendent, X-ray Institute.

Chemical Examiners.

Superintendents of Vaccine Depôts.

Principals of Medical Colleges.

Superintendents of Medical Schools.

Directors of Bacteriological, Pathological or Research Laboratories, including Officers in charge of Divisional and Brigade Laboratories.

Principal of Arts Colleges.

Principals of Technical and Industrial Institutes.

Director of Industrial and Technical Inquiries, Madras.

Honorary Director of Fisheries, Madras.

Sanitary Commissioner, Madras, as the principal working member of the Malaria Board.

Director, Madras Cinchona Department.

Principal of the Central Training College, Lahore.

Principal Bombay Veterinary College.

Officer in charge of the Experimental Sewage Installation at Poona.

Surveyor-General of India.

Inspector-General of Forests.

Director-General of Observatories.

Director of Botanical Survey.

Agricultural Adviser to the Government of India and Director, Agricultural Research Institute, Pusa,

Imperial Bacteriologist, Civil Veterinary Department.

Imperial Agricultural Chemist,

Imperial Mycologist.

Imperial Entomologist.

Provincial Directors of Agriculture

President of the Imperial Forest Research Institute.

Principal of the Imperial Forest College.

Director Geological Survey of India.

Railway Board.

Director of Industries, United Provinces.

APPENDIX B.

[List of Firms referred to in Rule 12.

In Bengal.

The Bengal Iron and Steel Company, Ltd., Barakar.
The Vulcan Iron Works, Ltd., of Calcutta.
Messrs. Burn & Co., Ltd. of Calcutta
Messrs. Jessop & Co., Ltd. of Calcutta.
Messrs. John King & Co., Ltd. of Calcutta.
Messrs. Ahmuty & Co., Ltd. of Calcutta.
Messrs. Martin & Co., of Calcutta.
Messrs. Kessory Lall Mukerjee & Co., of Calcutta.
Messrs. Heatly and Gresham, Ltd., of Calcutta.
Messrs. A. and J. Main & Co., Ltd. of Calcutta.
The Shalimar Works, Ltd.
Messrs. T. E. Thomson & Co., Ltd., of Calcutta.
Messrs. W. Leslie & Co., of Calcutta.
Messrs. Balmer Lawrie & Co., of Calcutta.

In the Bombay Presidency.

Messrs. G. Gahagan & Co., of Bombay.
Messrs. Richardson and Cruddas., of Bombay.
Messrs. Alcock, Ashdown & Co., of Bombay.
Messrs. Garlick & Co., of Bombay.
Messrs. Marsland Price & Co., of Bombay.
Messrs. Sorabji Shapurji & Co., of Bombay.
Messrs. T. Cosser & Co., of Karachi.
Messrs. McKenzie & Co., of Karachi.
Messrs. B. R. Herman & Co., of Karachi.
The Engineering Co., of Karachi.

In the Madras Presidency.

Messrs. Massey & Co., of Madras.
Messrs. Oakes & Co., Ltd. of Madras.
Arbuthnot's Industrials, Ltd., Reliance Foundry, of Madras.
Messrs. Mansfield and Sons, of Madras.

In Burma.

The Irrawaddy Flotilla Company, Ltd.
Messrs. Bulloch Brothers & Co., Ltd., Rangoon.
The Dunnedaw Engineering Works, Rangoon.
Messrs. Howarth, Erskine, Ltd., Singapore.
The Burma Engineering and Trading Co., Ltd., Rangoon.

In the United Provinces.

Messrs. T. Crowley & Co., Allahabad.
The Empire Engineering Co., Ltd., Cawnpore.
Lucknow Iron Works.

In the Punjab.

Messrs. N. D. Hari Ram and Brothers, Rawalpindi.

In Bihar and Orissa.

Messrs. Arthur Butler & Co., of Mozaffarpur.
The Tata Iron and Steel Co., Ltd., Sakchi.

Extract from Proceedings of Committee, dated September 27th 1912.

Local Purchase of Government Stores.

The first item for consideration under this heading was a letter of 31st August No. 6610-4 from the Secretary to the Government of India, Department of Commerce and Industry, in reply to the Committee's letter No. 50-W. of 22nd July 1912 on the above subject. It was stated, in the second paragraph of the letter, with reference to the Committee's request for information regarding the quantity and destination of the articles indented for within the last six months, that Government regretted they were not in a position to furnish the information. The Association was referred to the Local Governments and Purchasing Department concerned who were in possession of the particulars required. It was decided to express disappointment at the attitude taken up by Government and to point out that at the interview which the Chairman and Mr. Wilson had with the Hon'ble Mr. Clark they were given to understand that copies of all indents sent home passed through his office. The Committee were therefore unable to understand why Government were not in a position to give the information.

In the third paragraph of the letter it was stated, with reference to the Committee's suggestion that private instructions practically nullified the published orders of Government on the subject, that the Government were unable to understand on what grounds this suggestion had been made. The orders of Government were the published orders contained in their resolution No. 4941-4988-102, dated the 14th July 1909, and the rules attached to it, and they offered no ground for this insinuation. In reply to this, it was to be pointed out that Rule 4 paragraph (j), which authorised Indenting Officers to make purchases in India, was practically nullified by rule 8—which practically invites Purchasing Departments to indent on the India Office. Rule 4 (j) on the contrary merely authorises Indenting Officers to purchase in India such articles in addition to those specified in the rule, as may be prescribed from time to time by the Government. But no indication was given as to what these particular articles are and the members of the Association found that Local Officers had still but a hazy idea of what powers they possess under the revised rules, which it was thought was mainly due to the fact that Rule 8 remained unaltered although the conditions had radically changed. Local Officers and Purchasing Departments could not be expected to run the risks detailed in Rule 8 unless they had equally clear instructions on the subject of local purchase. In October 1908 the Government of India sanctioned the building of Railway bridges in India up to 150 ft. spans, yet no bridge of this span had ever been built here while many had been imported from England. Under Rule 2 this should have been impossible as the Rule clearly states that articles manufactured in India from imported materials should *by preference* be purchased in India. The majority of the members could not trace any increase of business due to the resolution of the 15th July 1909, and as rules 1 and 2 of the resolution distinctly stated that preference should be given to articles manufactured in India, the Committee, when previously considering the subject, could hardly avoid the conclusion that there must be other private instructions in conflict with the resolution. If, as Government seemed to suggest, that was not so, then it appeared to the Committee that the absence of increased business must have been brought about by Rule 8 having nullified the effect of the other rules which recommend that preference should be given to articles manufactured locally.

The meeting was here adjourned till the 4th October. In the meantime the Secretary was instructed to draw up a reply to the portions of the Government letter referred to above.

Extract from Proceedings of Committee, dated October 4th 1912.

Local Purchase of Government Stores.

The Committee proceeded to consider the remaining paragraphs of the letter of 31st August from the Government of India. At the last meeting they dealt with paragraphs 1/3 and framed their reply to these. The fourth paragraph dealt with the rumour referred to by the Committee that orders for a considerable number of spans of railway bridges which could have been procured in India had been sent to the India office. It was stated that the Government of India were not aware that spans for railway bridges had been improperly obtained from England contrary to the

orders of Government contained in the rules. And as the grounds on which the allegation was based were not stated the Government of India were unable to discuss the matter.

In regard to this the Committee noted that the allegation of spans of 150 and under having been ordered from home without local firms being asked to quote was not actually denied. If such was the case it went to show that paragraph 7 of the Resolution made in 1909 had not been observed by the Department concerned nor had rule 2 of the rules, which states that all articles manufactured in India from imported materials should by preference be purchased in India. The Committee then dealt with paragraph 5, the concluding paragraph of the letter, reading as follows :—

“5. Finally, I am to say that the questions raised in paragraphs 5 and 6 of your letter were fully considered by the Government of India in communication with the Secretary of State for India on the Report of the Stores Committee. The Stores rules issued in 1909 are the result of those deliberations. Rule 10 of the rules prescribes the procedure to be followed in the comparison of prices, and the Government of India are unable to alter this procedure in the direction indicated in your letter. The Government of India recognise that difficulty has been felt hitherto in giving full effect to the policy laid down in the rules. This has been due in part to the absence of facilities for testing local manufactures of iron and steel. To provide these facilities Superintendents of Local Manufactures have been appointed in Calcutta and Bombay to inspect and test iron and steel products ; and a complete chemical laboratory in charge of a highly qualified metallurgical expert, with a chemical assistant, has been established at the Tata Iron and Steel Company's works at Sakchi, on the Bengal Nagpur Railway, near Kalimati. There is further, at Alipore, a fully equipped laboratory where complete physical tests are undertaken under the supervision of the Superintendent of Local Manufactures, Calcutta. The Government of India hope that these facilities will lead to an increase in local purchases in the future. It is obviously impossible, however, for the Government of India to insist on local purchases unless the local officers who make the purchases are amply satisfied that the articles are of the requisite quality as well as of a satisfactory price.”

Paragraphs 5 and 6 of the Committee's letter of 2nd July referred to the method of dealing with the orders sent to the India office and put forward a suggestion for a system of simultaneous tenders in England and India. It appeared to the Committee that Rule 10 which prescribes the procedure to be followed by indenting officers in comparing prices was too complicated. The rule would only come into play if an indenting Officer wished to place orders in the country. If the orders were sent home the officer escaped the trouble of making a comparative statement and an inducement to send orders home was thereby held out.

As regards simultaneous tenders the Stores Committee of 1906 recommended that such should be called for. The Committee decided to request further consideration of the matter as the capacity of manufacturing firms in India had greatly improved since 1906. In regard to the concluding sentences of the above quoted paragraph of the Government letter the Committee felt sure that the members of the Association would use every endeavour to satisfy the requirements of local officers now that it was known that the responsibility for placing orders in the country really rested with them.

The Secretary submitted a draft reply dealing with the portion of the Government letter considered at the last meeting. This was approved with some alterations and the Secretary was now directed to prepare a complete draft and circulate it for approval.

No. 84-W., dated Calcutta, 12th October 1912.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Department of Commerce and Industry.

I am directed to acknowledge the receipt of your letter, No. 6610-4 dated 31st August 1912, on the subject of the purchase of stores required for the public service.

2. In their letter No. 50 W. dated 22nd July 1912, the Committee asked if they could be favoured with information as to the quantity and destination of articles indented for from Europe within the last six months. In answer to this enquiry you state that the Government of India are not in a position to give these particulars ; and you suggest that application should be made for them to the local Governments, and purchasing departments concerned. The Committee understood from the Hon'ble Mr. W. H. Clark, c.s.i., that copies of all the indents that are sent to the India Office pass through the Commerce and Industry Department. They naturally assumed therefore that these could be made available for their inspection ; and they have observed, with some disappointment, from your letter that your Department cannot assist them in this way. For, as you will understand, it will not be an easy matter for them to procure the information from the various local Governments and purchasing departments throughout the country.

3. With regard to your third paragraph, I am to say that there would appear to be some misapprehension on the subject of the orders issued in connection with the purchase of stores. There was no wish on the part of the Committee to make any insinuation against the Government of India. Nor did they suggest that the resolution, No. 4941-4988-102 of the 14th July 1909, and the rules attached to it, warrant the inference that secret orders exist. On the contrary they have always considered the resolution to be entirely favourable to the local manufacturers. Indeed it distinctly states that articles locally manufactured, or produced, are to be given the preference. But their difficulty was and still is that, although the resolution is from their point of view so satisfactory, no increase of business has resulted from it. This being the case they could only conclude that other orders, with which they were unacquainted, must have been issued ; and a remark in your letter, dated 24th April 1912, appeared to support that view. They now understand, however, that they were mistaken, and that there are no other orders in existence. Since the receipt of your last letter they have carefully scrutinised the rules, which were attached to the resolution of 14th July 1909, and which have been lately revised and re-published. Some of these rules certainly do not appear to be so favourable to the local manufacturer as at first sight they were assumed to be. And it may be that the favourable results which were anticipated from the resolution have been to some extent frustrated by the practical operation of the rules. The Committee accordingly contemplate making certain suggestions for the modification of the rules, and these they hope to be able to submit to your Department at an early date.

4. In your fourth paragraph you state, with reference to a remark in my previous letter, that "the Government of India are not aware that spans for railway bridges have been improperly "obtained from England contrary to the orders of Government contained in the rules." The Committee would venture to point out in this connection that they did not suggest that any spans had been improperly obtained. They simply asked to be favoured with an explanation as to why the spirit of the resolution had been so far departed from as to permit of the importation, from the United Kingdom, of spans from 40' to 150' that could be equally well procured in this country. Spans for railway bridges are clearly articles which, according to the terms of the resolution, and the provisions of rule 2, ought to be purchased in this country. But it is, the Committee believe, a fact that no spans of the latter dimensions have been built in India, since the issue of the resolution, although many have been imported from England. They do not wish to imply that any have been imported contrary to the rules. But they would be greatly indebted if they could be informed as to why it is that the preference which, by the resolution, was to be given to the Indian manufactures has been so far withheld as regards the larger spans for bridges.

5. Your statement that the Government of India are unable to consider the proposal for the introduction of a system of simultaneous tenders has been received with regret by the Committee. The procedure prescribed by rule 10 is extremely complicated. Moreover, the rule does not presumably come into operation at all if an indenting officer prefers to place his orders in the United Kingdom. It is only when he thinks of ordering in this country that he has to go to the trouble of making the comparative statement prescribed. In paragraph 9 of the resolution dated 14th July 1909 it was admitted that "the comparison of prices required by the rules will be attended with some difficulty"; and this has unquestionably proved to be the case. To the local manufacturer the great point is that indenting officers, by placing their orders in the United Kingdom, can escape the troublesome task of making up the complicated comparative statement required by the rule. And it is not surprising if they take advantage of the rule in this way, and no blame can be attached to them for doing so. The large purchasing departments, such as the State Railways, which are in a position to comply with the procedure prescribed by

rule 10, place a considerable portion of their work in this country. On the other hand the local officers of the Public Works Department, and Military Works Department, who are not in a position to comply with the procedure prescribed by the rule, place practically all their orders through the India Office. This fact clearly indicates that the rule is a handicap on local industries. In the circumstances the Committee venture, notwithstanding the decision of the Government of India, again to express their opinion that the question of introducing a system of simultaneous tenders is worthy of further consideration. It was recommended by the Stores Committee of 1906, as is apparent from paragraph 4 of the resolution dated 14th July 1909. The Stores Committee thought that it would meet the difficulties experienced in comparing prices; and there is no doubt that it would be by far the most satisfactory method of making the comparison. The capacity of the various manufacturing firms in India has been greatly increased since the time when the Stores Committee reported; and this is an additional reason why the system of simultaneous tenders should now be introduced.

6. From the concluding paragraph of your letter it may be inferred that the responsibility for placing orders in the country really rests with the local officers. The Committee do not take exception to this and it is certainly not their wish that articles should be purchased locally unless they are of a suitable quality, and are obtainable at satisfactory prices. They would, however, take the liberty of urging that the policy enunciated in the resolution of 14th July 1909 should be steadily persisted in by the Government of India. They do not suggest that it has been intentionally departed from, but they cannot overlook the important fact that the resolution has not resulted in a general increase of business. More than £3½ millions of capital is invested in this country in workshops and plant for the manufacture of steel and iron, of wagons, bridges, tanks, engines, hoisting machinery, iron and steel buildings, and similar articles. This is a very large sum, seeing that the manufacturing industries of India are still in the initial stage of development. It means that, if sufficient work were forthcoming, employment could be provided for between seventy and eighty thousand workmen, instead of for only about thirty-five thousand, as at present. And, now that adequate facilities for testing local manufactures of iron and steel have been provided, there would seem to be no sufficient reason why greater encouragement should not be given to the local manufacturers.

7. In conclusion I am to say that the Committee entirely agree with the Government of India as to the advisability of publishing the correspondence, as they feel that publicity is of advantage, both to the Government, and to the members of the Association.

Extract from Proceedings of Committee, dated October 30th 1912.

Revised Rules for the Local Purchase of Stores.

The Committee were in receipt of a letter dated 12th September from the Government of India, forwarding revised rules in the above connection.

The members of the Committee had gone carefully through the revised rules and their suggestions in regard to them had been circulated previous to the meeting. The following proposed alterations were discussed:—

RULE 4.—Articles which may be purchased in India.

It was decided to suggest that the word "should" be substituted for the word "may" in the heading and in line 2 of this rule.

RULE 8.—Forecast of requirements.

Every effort should be made to foresee requirements so that there may be ample time to send forward indents for such articles as should, under the rules, be obtained from the India Office. Persistent failure of any officer to make such efforts should be brought to notice by the Local Government or other authority, which may, at its discretion, cancel or reduce the powers of sanction entrusted to the officer at fault.

It seemed to the Committee that the first sentence of this rule could hardly be regarded as being other than an incentive to indenting officers to order their requirements through the India Office. To this extent the rule appeared to the Committee to be in conflict with the spirit of the resolution of 14th July 1909, the avowed object of which was to encourage the purchase of articles manufactured locally. It was decided to urge that for the first sentence of the rule the following should be substituted, *viz.* "Every effort should be made to fulfil all requirements locally in accordance with the provisions of the Resolution of the Department of Commerce and Industry No 4941-4988-102 dated 14th July 1909".

RULE 10.—Method of comparing prices.

In all cases in which the selection of source of supply depends upon comparison of prices, the procedure to be adopted for such a comparison is as follows :—

- (i) A reference should be made to Home Prices as shown in the Rate Lists, and freight should be added at the lowest rates paid by the India Office together with 13s 4d per £100 for interest, 2s 2d per £100 for insurance, and 3d per ton for freight brokerage.
- (ii) In cases of important contracts, the prices ruling in the English market should be ascertained by telegraphic reference to the Director General of Stores.
- (iii) In cases where the necessary information as to Home prices is not available from the Rate Lists, the purchase in India shall be subject to the condition that the price is not unfavourable.
- (iv) In order to arrive at the market value at an Indian port of the article imported from England, the following charges shall be included :—
 - (a) Landing, wharfage, and port charges as shown in the Rate Lists.
 - (b) Customs duty, as shown in the Tariff to be applicable to the article in question, to be calculated on its cost plus the additional charges mentioned in the earlier part of this rule.
- (v) The cost of carriage to site from port or place of manufacture, as the case may be shall be taken into account.

In connection with clause (i) it was decided to suggest that it should provide for a reference being made to the *latest quarterly rates list* supplied by the Director General of Commercial Intelligence which rates should be inclusive of landing charges, wharfage, port charges, insurance, Customs Duty, brokerage, and any other charges; the rates so ascertained to represent the cost f.o.r. at one of the principal ports of India, *viz.* Karachi, Bombay, Madras, and Calcutta. Copies of the quarterly lists to be supplied to the Indian Engineering Association, for the information of members.

Clause (ii) No amendment required.

Clause (iii) No amendment required.

Clause (iv) If the suggestions in connection with clause (i) were accepted, the particulars referred to in clause (iv) would be embodied in clause (i) hence clause (iv) would not be required.

Clause (v) No amendment required.

The Secretary was instructed to draft for approval a letter to the Government of India, in continuation of previous correspondence, soliciting consideration of the above suggestions which, the Committee were of opinion, would tend to make the rules more practicable in working.

Extract from Proceedings of Committee, dated December 10th 1912.

The Hon. Mr. W. H. Clark, c. s. i., Member of Council for the Department of Commerce and Industry, and the Hon. Mr. R. E. Enthoven, c. i. e., Secretary to the Department, were present by invitation.

In opening the proceedings the Chairman said that in their letter, dated 12th October, to the Commerce and Industry Department, the Committee had dealt with three important questions, namely.—

- (1) The need for information as to the quantity and destination of articles indented for from Europe during the previous six months ;
- (2) The introduction of a system of simultaneous tenders ; and
- (3) Local purchases generally.

With regard to the first question they were not aware what proportion of the work that could be done locally (as cheaply and as well as in England) was sent home. But when it was considered that every penny that could be retained in the country was a gain to its people, it would be recognised that all imports that could be manufactured locally militated against the well-being of one section of the industries which it was the province of the Department to foster. If the Association could be favoured with the quantities as well as the final destination of the articles imported, they would be enabled to approach the various purchasing Departments of Government with specific offers to supply similar goods of Indian manufacture.

With reference to the second question, Indian manufacturers only asked that they should be put on the same footing as their British competitors ; and they hoped that it would be possible to introduce a system of simultaneous tenders for the full requirements of the Indian State Railways. It was recommended by the Stores Committee of 1906 as a satisfactory method of meeting the difficulty in comparing prices. And the Association again expressed their opinion that the question of introducing the system was worthy of further consideration.

In commenting on the third point the Chairman observed that prospects had improved recently owing to the boom in trade generally. But a year ago, and for several years previously, the large engineering concerns were running with half empty shops, while rates were cut so low as to be unprofitable. He submitted that this state of affairs was largely avoidable, as it only required that the various resolutions and orders concerning the local purchase of Government requirements in India should be acted upon by the Departments concerned.

THE HON. MR. CLARK in reply said that he thought that it would perhaps be useful for him to meet the Committee, and to discuss the questions which had been referred to by the Chairman, and about which there had been considerable correspondence. The position of the Government of India was that they wanted Indian manufacturers to obtain as many of the Government orders as they possibly could. The Commerce and Industry Department existed in order to help forward the commerce and industries of the country ; and the Government were not pursuing anything in the nature of a Machiavellian policy. The whole question of the purchase of stores was, however, a very difficult one. The Government had always to remember that, in the interests of the tax-payer, it was their duty to buy their stores as cheaply as possible compatible with good quality. There were two sources of supply—the United Kingdom and India ; and the question was as to how to decide whether a particular article could be obtained more cheaply from the one source than from the other.

Mr. Clark went on to refer to the question of simultaneous tenders. This was, he said, a very reasonable proposition which had received the support of the Stores Committee of 1906. Before that time it had been under the consideration of the then Secretary of State for India—Lord Geo. Hamilton. But there was a great difficulty about putting it into practical operation. It would clearly have to be the duty of someone to open the tenders, and to decide upon them. If the Government of India were to decide it would be impossible for them to judge between the various firms in England. All that they would have to guide them would be the price. Moreover, it was unlikely that the Secretary of State would consent to any proposal that the Government of India should decide upon the tenders. And if the tenders were dealt with in England it did not seem to

him that the Indian manufacturer would have as good a chance as he now has of making his capabilities known. The Association had mentioned the system followed by the Calcutta Port Commissioners as a satisfactory example of the good working of simultaneous tenders. Presumably this example was cited on the assumption that the Government of India would decide upon the tenders. He doubted, however, if the Secretary of State would agree to such a proposal, and he believed that if a system of simultaneous tenders were instituted the tenders would be opened, and dealt with, in England. It would be extraordinarily difficult to work a system of simultaneous tenders with two authorities, one in England, and one in India. The difficulty would be to judge between the quality tendered in England, and the quality tendered in India.

MR. WILSON said that as regards price, there was no reason why the comparison should not be made by cable. But he agreed that the question of quality could not be decided by cable.

After some discussion on the question the HON. MR. CLARK went on to the request of the Association to be supplied with information as to the quantity and destination of articles indented for from Europe. The Department had stated that they could not give these particulars. He now explained that the chief ordering departments are the State Railways, and the Public Works Department. These Departments send copies of their indents to the Commerce and Industry Department by whom they are examined with the object of ascertaining whether any portion of the requirements can be fulfilled in India. When this examination is completed the indents are returned to the indenting department. It was literally true, therefore, that the Commerce and Industry Department cannot supply the particulars asked for. They could of course circularise the various local Governments, and other departments, but that would be a very heavy task. The Association would probably reply that although the information cannot be supplied with respect to the past, it might be given for the future. This was true, but he was not sure that the advantage to be derived from it would be in any way commensurate with the labour that would be involved. The number of articles that could not be purchased in India was enormous.

The question was then discussed by the Committee with Mr. Clark, who suggested that the Association should prepare and submit to the Commerce and Industry Department a list of articles that can be supplied by its members, and concerning which information as to the quantities ordered by Government from England was needed. The Department would then furnish the Association with particulars concerning the indents for those particular articles. A statement might be supplied by the Department half yearly, Mr. Clark thought, and it would show, in addition to the quantities, the destination of the various articles, that is to say, either the Presidencies, or the ports of importation.

MR. COCHRAN referred to the disadvantage under which Indian manufacturers laboured on account of the very short periods so frequently given them to supply iron and steel work. He said that if a new railway were being constructed orders would be placed with English manufacturers for delivery of iron and steel work within, say, about a year and half. Later on it would be found that additional supplies were needed quickly, and these orders were placed with the Indian manufacturer, who was expected to deliver very promptly. The Indian manufacturer was thus placed in a most disadvantageous position as compared with his competitor in the United Kingdom. But the fact that the articles supplied by him were accepted and used showed that they were quite as suitable as the imported articles.

THE HON'BLE MR. CLARK replied that it was very difficult for him to deal with cases of this description. The Commerce and Industry Department could not possibly over-ride the Indenting Officer as to whether the particular articles that he required ought, on account of quality, suitability etc., to be obtained from Europe rather than from India. They could only recommend; they could not order that particular requirements must be fulfilled in India.

The various modifications which the Association had suggested should be made in the revised rules published under the Department of Commerce and Industry Notification, No. 6847-6892-33 dated 12th September 1912 were then considered.

As regards rule 8 the HON'BLE MR. CLARK said that the intention of this rule was not what was stated by the Association. The rule was really intended to apply only to those articles that cannot be obtained in India. He admitted however, that the drafting was defective, and he added that he would have the rule re-drafted.

As regards rule 4 Mr. Clark agreed to the proposal of the Association that the word "should" be substituted for the word "may" in the heading of the rule and in line 2.

With reference to rule 10 Mr. Clark said that he thought that the Association was under a misapprehension as to the working of this rule. The Department were, however, replying officially to the Association's letters, and in their reply the question of this rule would be fully explained.

After some further discussion the meeting terminated.

Extract from Annual Report for the year ended 31st December 1912.

Purchase of Government Stores in India.

At the General Meeting of members held on the 24th May last, the Chairman gave a summary of the correspondence with Government, and of the Committee's interviews with the Hon'ble Mr. W. H. Clark, C.S.I., on this subject. At that time the Committee had under consideration a letter dated 24th April, from the Department of Commerce and Industry, stating that the Government of India regretted they were unable to supply the Association with copies of indents sent home. The Committee are pleased to be able to report that as a result of further correspondence it has been arranged that the Association shall prepare and forward to the Department a list of all articles imported or manufactured by the members of the Association, and the Department will compile from indents received, and forward to the Association half-yearly, lists showing the quantity and destination of all such stores indented for.

In connection with the question of home indents the Committee suggested for the consideration of Government that a system of simultaneous tenders to be placed in England and India might be adopted, with a view to introducing a satisfactory method of comparing prices. In dealing with this suggestion, the Government of India explained that effect could not be given to it, chiefly on the ground that, while it would no doubt result in an accurate comparison of the prices obtaining in Indian and home markets, it would make no provision for any comparison of quality. The Government of India were very doubtful whether any advantage would be gained by the adoption of the system, but they were consulting local Governments on the whole question of the working of the Stores Rules, with a view to subsequently addressing the Secretary of State on the subject, and the point would be further considered in this connection.

The Association was favoured by the Government of India with copy of a resolution No. 6847—6892—33 dated 12th September 1912 promulgating revised rules for the supply of articles for the public service. In their letter forwarding the resolution the Government of India pointed out that, as suggested by the deputation from the Association at an interview with the Hon'ble Mr. Clark in February 1911, provision had been made for the addition of interest to the other charges which should be taken into account in comparing home prices with Indian prices.

The Committee went very carefully through the rules and submitted certain suggestions to Government for consideration. In the first place they drew attention to the desirability of the rules being framed in strict accord with the resolution of 14th July 1909, the object of which was to encourage Purchasing Departments and indenting officers to fulfil their requirements in this country. Rule 8, it appeared to the Committee, could hardly be said to assist in bringing about this object, and they suggested an alteration in its wording. Rule 10, the Committee pointed out, also acted as a handicap on local industries, in that it was calculated to

encourage the purchase of stores in the United Kingdom. Comparison of prices, the Committee urged, should be made as simple as possible for the officers concerned, and they suggested therefore that the quarterly rate lists to be issued by the Director-General of Commercial Intelligence should include all charges such as freight, insurance, import duty, wharfage, landing charges, etc., in short, that the rates should represent the cost f. o. r. at one of the four principal Indian ports, *viz.*, Karachi, Bombay, Madras or Calcutta.

A further slight, but nevertheless important amendment, was suggested in connection with rule 4, headed—"Articles which may be purchased in India." The Committee pointed out that according to paragraph 7 of the resolution of 14th July 1909 the Government of India wished to ensure "that no article should be indented for from the Stores Department when a similar indigenous article could be obtained of a satisfactory quality and at a reasonable price." This being the avowed policy of Government, the Committee submitted that the word "should" ought clearly to be substituted for the word "may" in the heading of the rule and in line 2. It seemed to the Committee that merely to give permission to Purchasing Departments and Indenting Officers to fulfil their requirements in this country could not be considered as a sufficient compliance with the terms of the resolution, more especially as paragraph 11 clearly states that the Governor-General in Council "desires to impress on all concerned that the policy of Government is to *encourage* the purchase of articles locally manufactured or produced."

It was explained by Government that the intention was that rule 8 should only apply to the case of articles which should, under the rules, be obtained from the India Office, and this point would be made more clear. The Committee's recommendation that the word "should" be substituted for the word "may" in rule 4 was accepted.

With reference to the suggestion for the simplification of rule 10, a copy of the form in which Government proposed that the rate lists should be prepared in the office of the Director-General of Commercial Intelligence, was forwarded for inspection. It was pointed out that in this form the greater part of the calculations would be made by the Director-General of Commercial Intelligence himself, and that indenting officers should have no difficulty in effecting a comparison of prices on the basis of the lists. It was intended that copies of the lists should be made public, and the Director-General of Commercial Intelligence would be instructed to supply the Association with copies as soon as they were available.

The Committee consider that the Association has every reason to be satisfied with the very sympathetic manner in which the various points have been dealt with. In thanking the Government of India for the consideration given to the matter, the Committee suggested that much good might result were the attention of Indenting Officers and Departments drawn to paragraph 11 of the resolution of 14th July 1909, and particularly to the following passage, *viz.*, "Indenting Officers should also be required to explain in their indents their reasons for including "in the demand on the India Office, any article which is available of Indian manufacture."

No. 287-4., dated Simla, the 15th January 1913.

From—The SECRETARY to the Government of India, Department of Commerce and Industry,

To—The SECRETARY, Indian Engineering Association.

I am directed to invite a reference to the correspondence ending with my letter No. C-15, dated the 4th December 1912, on the subject of the rules for the purchase of stores required for the public services in India.

2. The Government of India have considered the request made in the 2nd paragraph of your letter No. 84-W., dated the 15th October 1912, that copies of all indents sent home should be supplied to the Association. They regret that, as already stated in their letter of the 24th April 1912, they cannot undertake to supply your Association with copies of every indent. The number of such indents passing through their hands is naturally very large, and copies of all such indents containing much information of no value to the Association, since many of them relate to articles

which are not procurable in India, could only be prepared at the cost of much time and labour. The Government of India understand that your Association are only interested in particular classes of stores, and that information regarding indents for such stores would meet their requirements. If, therefore, your Association will specify the nature of the stores in which they are interested, the Government of India are prepared to compile from indents received, and to forward to you, six-monthly, lists shewing the quantities and destinations of such stores indented for.

3. In the 4th paragraph of your letter, the Committee of your Association express the belief that no spans for railway bridges above 40 feet in length have been built in India although many have been imported from England, and they ask why the preference which was to be accorded under paragraph 11 of the Resolution dated the 14th July 1909, to Indian manufacturers has been withheld as regards the larger spans for bridges. In reply I am desired to point out that, although it is the express policy of Government to encourage local purchases by indenting officers, all such purchases are controlled by the principle laid down in the same Resolution, that Government stores must, in the interests of economy and efficiency, be purchased in the best market ; that is to say, in markets in which the articles required can be procured at the lowest price compatible with good quality. The Government of India have, on more than one occasion, drawn the attention of indenting officers to the fact that the larger spans for bridges are available in India, and in particular, the Managers of all State Railways were informed last July that Messrs. Burn & Co. and Messrs. Jessop & Co. are capable of manufacturing girder spans up to 350 and 200 feet in length, respectively. If, in spite of this announcement and of the fact that these spans can be obtained very much more quickly in India than from England, the indents of the local officers agree in indicating a preference for the English article, the Government of India are reluctantly compelled to infer that the transactions would have been unfavourable, either in respect to quality or price, had the orders been placed in India. I am at the same time to invite the attention of your Association to the fact that the agency for testing and inspecting stores made in India has recently been improved, with the express intention that the suitability of such stores for Government purposes may be readily established. The Government of India trust that good results may be obtained, in the interest of Indian manufacturers, from the work of this agency.

4. In paragraph 5 of your letter, your Association have suggested that a system of simultaneous tenders, to be placed in England and India, should be adopted with a view to introduce a satisfactory method of comparing prices. The merits of this system have already been fully considered on the advice of the Stores Committee, and it has been decided that effect cannot be given to it, chiefly on the ground that, while it would no doubt result in an accurate comparison of the prices obtaining in Indian and home markets, it would make no provision for any comparison of quality. In the Director-General of Stores, the Government of India have an expert authority who has first-hand knowledge of the capacity of English firms and who can discriminate between the relative value of their tenders. This task would be beyond the capacity of the indenting officers in India, whose experience is naturally limited to dealings with Indian firms. On the other hand, local officers are in a position to decide, on a comparison of the prices prevailing in India and England and on their experience of the relative quality of the articles previously obtained from both markets, in which market tenders should be called for ; and the Government of India are very doubtful whether any advantage would be gained by the adoption of the system which your Association recommend. They are, however, consulting local Governments on the whole question of the working of the Stores Rules with a view to subsequently addressing the Secretary of State on the subject, and they will give the point further consideration in this connection.

5. In continuation of your letter of the 12th October last, the suggestions contained in your letter of the 6th November for amendments to the Stores Rules have been received. The first suggestion of your Association is that rule 8 should be altered with a view to emphasize the instructions to indenting officers, for the local purchase of stores required for the public services. It is the intention of the Government of India that this rule should only apply to the case of articles which should, under the rules, be obtained through the India Office, and they have no objection to amending it with a view to make this point more clear. They have decided therefore to add to the existing heading of the rule the words "which should under the rules be

“complied with by indent on the India Office.” The first sentence of the rule will also be altered to read as follows :—

“All requirements should be fulfilled locally in accordance with the provisions of the “Resolution No. 4941-4988-101, dated the 14th July 1909, provided that quality and “price are not unfavourable and provided that such purchase does not violate any of “the instructions contained in these rules. In cases, however, in which stores have to “be obtained through the India Office, every effort should be made to foresee “requirements so that the indents may be despatched in ample time.”

With regard to your second recommendation, they agree to substitute “should” for “may” in rule 4.

Finally, with reference to the proposed simplification of rule 10, I am desired to enclose a copy* of the form in which it is proposed that the Rate Lists should be prepared in the Office of the Director-General of Commercial Intelligence. From this form, it will be observed that the greater part of the calculation will be made by the Director-General of Commercial Intelligence himself, and that indenting officers should have no difficulty in effecting a comparison of prices on the basis of the lists. They may be relied upon to utilise the lists placed at their disposal by the Director-General of Commercial Intelligence, and no special instructions on this point appear to be necessary. It is intended that copies of the lists should be made public and the Director-General of Commercial Intelligence will be instructed to supply your Association with copies as soon as they are available.

Extract from Proceedings of Committee, dated January 24th 1913.

Local Purchase of Government Stores.

The Committee were in receipt of a letter from the Department of Commerce and Industry No. 287-4, dated the 15th January, in further reference to the points discussed with the Hon'ble Mr. W. H. Clark, C.S.I., and the Hon'ble Mr. R. E. Enthoven, C.I.E. at the meeting of 18th December.

The letter confirmed what was stated by the Hon'ble Mr. Clark in connection with home indents, *viz*, that while the Department could not undertake to supply the Association with copies of every indent they would be prepared to furnish the Association half yearly, with information regarding indents for such articles as members of the Association were able to supply. The Association was requested to furnish a list of the stores etc. in which the members are interested.

The Association's suggestion for a system of simultaneous tenders to be placed in England and India was dealt with at some length, and the difficulties in the way of adopting such a scheme were explained. The Government of India, it was stated, were very doubtful whether any advantage would be gained by the adoption of the system, but they were consulting local Governments on the whole question of the working of the stores rules with a view to subsequently addressing the Secretary of State on the subject, and the point would be given further consideration in this connection.

In regard to the Committee's suggestions for the amendment of the stores rules, it was explained that the intention of Government was that rule 8 should only apply to the case of articles which should, under the rules, be obtained from the India Office and this point would be made more clear. The Association's suggestion was that this rule should be altered with a view to emphasise the instructions to indenting officers for the local purchase of stores. The Committee's recommendation that the word “should” be substituted for the word “may” in rule 4 was accepted.

With reference to the Committee's suggestion for the simplification of rule 10, a copy of the form in which Government proposed that the rate lists should be prepared in the office of the Director General of Commercial Intelligence, was forwarded with the letter. It was pointed out that in this form the greater part of the calculations would be made by the Director General of Commercial Intelligence himself, and that indenting officers should have no difficulty in effecting a comparison of prices on the basis of the lists. Indenting officers could be relied upon to use the

latest lists placed at their disposal by the Director General of Commercial Intelligence, and no special instructions on this point seemed to be necessary. It was intended that copies of the lists should be made public and the Director General of Commercial Intelligence would be instructed to supply the Association with copies as soon as they were available.

The Secretary was directed to acknowledge the receipt of the letter with the Committee's best thanks, noting the position in regard to the various points touched upon. Copies of the letter were to be forwarded to all members of the Association, for their information, with a request that they should furnish alphabetical lists of the articles which they were in a position to supply. From these lists a complete list would be made up and forwarded to the Department of Commerce and Industry.

No. 11-I. E., dated Calcutta, the 1st February 1913.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Department of Commerce and Industry.

I am directed to acknowledge the receipt of your letter No. 287-4 dated the 15th January 1913, in further reference to the rules for the purchase of stores required for the public service in India.

2. The Committee note with much satisfaction that the Government of India is prepared to furnish, half-yearly, information regarding indents for articles which can be supplied by members of the Association. A list of such articles will be prepared and forwarded for the information of Government in due course.

3. Your remarks in connection with orders for railway bridges have been noted, as also have your remarks in connection with the Association's suggestion for simultaneous tenders. It is noted that the Government of India will give the matter further consideration in connection with a communication which they will be addressing later on to the Secretary of State on the question of the working of the stores rules.

4. The Committee also note the position as regards their suggestions for the amendment of the stores rules, and are pleased to note that the question of calculations, in connection with the rate lists, will be simplified for indenting officers by most of the calculations being made by the Director-General of Commercial Intelligence. It is noted with satisfaction that copies of the rate lists, as published, will be forwarded to the Association.

5. In conclusion, I am directed to express the Committee's best thanks, on behalf of the members of the Association, for the very sympathetic manner in which their various suggestions have been dealt with. The Committee trust that the procedure now to be adopted will result in a greater degree of attention being given by indenting departments and officers to the fact that in very many cases their requirements can be filled in this country as cheaply and as well as from home and certainly a great deal more quickly. In this connection the Committee respectfully beg to suggest that much good might result were the attention of indenting departments and officers drawn to paragraph 11 of the resolution of 14th July 1909, and particularly to the following passage :—"Indenting officers should also be required to explain in their indents their reasons for including in the demand on the India Office any article which is available of "Indian manufacture."

Extract from Proceedings of Committee, dated May 9th 1913.

Local Purchase of Government Stores.

In their circular No. 9-I.E. of 30th January, the Committee asked members to furnish them with a complete list, arranged alphabetically, of all the articles either imported or manufactured by them, which they were in a position to supply.

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The replies received from members in response to this circular were handed over by the Committee to Mr. H. E. Skinner, of Messrs. Jessop & Co. Ltd., with a request that he should draw up a list for submission to the Department of Commerce and Industry.

Mr. Skinner placed a draft list before the Committee for approval. The Committee considered the list to be in order, and the Secretary was instructed to have it printed and sent in to Government. A cordial vote of thanks was given to Mr. Skinner for his trouble in this connection.

No. 48-I. E., dated Calcutta, the 2nd June 1913.

From—The SECRETARY, Indian Engineering Association.

To—The SECRETARY to the Government of India, Department of Commerce and Industry.

With reference to paragraph 2 of my letter No. 11-I. E. of 1st February 1913, in reply to paragraph 2 of your letter No. 287 A. dated the 15th January 1913, I have the honour to submit twelve copies of an alphabetical list of machinery and stores imported and/or manufactured by the members of this Association.

INDIAN ENGINEERING ASSOCIATION.

Alphabetical List of Machinery and Stores imported and/or manufactured by Members of the Indian Engineering Association.

			Imported.	Manufactured.
A.				
Accessories, House Wiring			I	.....
Aerated Water Machines			I	.....
Aerial Ropeways			I	M
Agricultural Machinery of sorts			I	M
Air Compressors and Fittings... ..			I	M
Aluminoferric			I	M
Alumina Sulphate			I	M
Anchors, etc. ... ..			.....	M
Angles, Iron and Steel			I	.....
Anti-friction Metals, Hoyt's & "Glacier"			I	.....
Anvils			I	M
Asbestos and I. R. Packing			I	.....
Asphalte			I	.....
Augers			I	.....
Axes, Felling			I	.....
„ Pick, (<i>see</i> "Pick Axes") ... ..			.....	.....
Axles, Wheel			I	M
B.				
Baling Presses, Hand			I	M
„ „ Hydraulic			I	M
Ballast Rakes (<i>see</i> "Rakes") ... ..			.....	.....
Band Sawing Machines			I	.....
„ Saw Blades ... ..			.....	.....
Barges, Boats, etc. ... ..			.....	M
Barrows and Trucks			I	M
Baths and Lavatory Fittings			I	.....
Beams, Mild Steel			I	.....
Bellows and Forges			I	M
Bells of sorts			I	M
Belting of sorts			I	.....
Belt Fasteners			I	.....
„ Guides ... ..			.....	M
Benches and Garden Seats ... ..			.....	M
Benches, Vice			I	M
Bending Machines, Metal and Pipe			I	.....
Bins, Dust and Rubbish			I	M
Blacking, Moulder's			I	.....
Black Lead powder			I	.....
Blast Fans (<i>see</i> "Fans") ... ..			.....	.....
„ Standards, Cocks, etc. ... ..			.....	M
Blasting Tools (<i>see</i> "Tools") ... ..			.....	.....
Blacksmith's Tools (<i>see</i> "Tools") ... ..			.....	.....
Blocks, pulley (<i>see</i> "Pulley Blocks") ... ..			.....	.....
„ Plummer			I	M
Blockettes, Disinfecting			I	.....
Blowers, Root's, large and small			I	.....
Boats and Ship Building and Repairing ... ..			.....	M
Boot and Shoe machinery			I	.....

SERVANTS OF INDIA SOCIETY'S
BRANCH LIBRARY
BOMBAY

B.—*concl'd.*

Imported. Manufactured.

BOILERS, STEAM, OF FOLLOWING TYPES.—

Cochrane's Multitubular	I	.....
Cornish	I	M
Lancashire	I	.....
Launch	I	.....
Loco Multitubular	I	.....
Marine	I	.....
Vertical	I	.....
Boiler Mountings and Steam Fittings	I	M
„ Plates, Mild Steel	I	.....
„ Tubes (<i>see</i> "Tubes") ... ..	.....	.....
„ Maker or Rivetter's Tools (<i>see</i> "Tools") ... ..	.....	M
„ Composition	I	M
Bolts and Nuts of sorts	I	M
Boring Machine for Coal, Rocks, etc.	I	.....
„ „ for Prospecting	I	M
„ „ Wood	I	.....
„ „ Railway Sleeper	I	M
„ Tools (<i>see</i> "Tools") ... ..	.....	.....
„ Tubes (<i>see</i> "Pipes") ... ..	.....	.....
Boshes, Water, Tue Irons ... ..	.....	M
Bottle Filling Machines	I	.....
Brake Blocks ... ..	.....	M
Brass Bolts	I	M
„ Pipes (<i>see</i> "Pipes") ... ..	.....	.....
„ Sheets	I	.....
„ Wire	I	.....
Brick Making Machines	I	M
Bridges, Girders, Jetties, etc. ... ..	.....	M
Brushes, Brouer, Tube, Paint, etc.	I	.....
Buckets, Galvanized Iron	I	M
„ Pump ... ..	.....	M
Buildings, Steel and Iron of sorts ... ..	.....	M
Bullock Gear ... ..	.....	M
Buoys ... ..	.....	M

C

Cables and Wires, Electric	I	.....
Cages, Pit ... ..	.....	M
Caisson's ... ..	.....	M
Cans, Oil, Water, etc.	I	M
Capstans ... ..	.....	M
Carbolacene, Walker's Disinfecting	I	.....
Carbons of sorts „	I	.....
Carpentry Work, all kinds ... ..	.....	M
Carpenter's Tools (<i>see</i> "Tools") ... ..	.....	.....
Carriages, Railway ... ..	.....	M
Carts, Night soil, etc. ... ..	.....	M
„ Street watering ... ..	.....	M
Cash Chest (<i>see</i> "Chest") ... ..	.....	.....
Cast Steel (<i>see</i> "Steel") ... ..	.....	.....
Castings of sorts ... ..	.....	M
Cement, Portland	I	.....
„ Metallic	I	.....
Cement Testers	I	.....
Centrifugals (<i>see</i> "Sugar") ... ..	.....	.....
Chaff Cutters, Hand and Power	I	.....

C.—Concl'd.		Imported.	Manufactured.
Chains of sorts		I	.....
Chests, Travelling, Cash, Phipp's Patent ... ..		.....	M
„ Treasure, Wrought Iron ... ..		.....	M
Chimneys, Iron and Steel ... ..		.....	M
Chucks, Lathe, Drill, etc.		I	.....
Cigarettee Machinery		I	.....
Clips "Windle" Patent, for Corrugated Roofing ... ..		.....	M
Club Houses and Pavilions ... ..		.....	M
Coal Cutters and Rock Drills		I	.....
„ Loading Plant, Mechanical ... ..		.....	M
„ Tubs, Iron ... ..		.....	M
Cocks and Valves of sorts		I	M
Cold Storage (<i>see</i> "Ice") ... ..		.....	.....
Collapsible Gates (<i>see</i> "Gates") ... ..		.....	.....
Colliery machinery and Railway materials		I	M
Colours, Paints, etc.		I	M
Columns, Steel and C.I. ... ..		.....	M
Concrete Mixing Machines		I	.....
Condensing Apparatus		I	.....
Conservancy Requisites		I	M
Copper Clips and Nails		I	.....
„ Ingots		I	.....
„ Pipes (<i>see</i> "Pipes") ... ..		.....	.....
„ Rods		I	.....
„ Sheets		I	.....
„ Tapes		I	.....
„ Tiles		I	.....
„ Wire		I	.....
Corn Crushers of sorts		I	.....
„ Dressing and Winnowing Machines		I	.....
Corrugated Iron Drain Pipes (<i>see</i> "Pipes") ... ..		.....	.....
„ „ Fencing (<i>see</i> "Fencing") ... ..		.....	.....
„ „ Roofing (<i>see</i> "Roofing") ... ..		.....	.....
„ „ Sheets		I	.....
„ „ Window Frames		I	M
„ „ Sliding Doors ... ..		.....	M
„ „ Culverts ... ..		.....	M
„ Steel Pale Fencing (<i>see</i> "Fencing") ... ..		.....	.....
Cotton Gin		I	.....
Counters, Engine and Machine		I	.....
Couplings for Hose and Shafting		I	M
Crab Winches, Hoisting		I	M
CRANES OF TYPES AS FOLLOWS.—			
Hand		I	M
Hydraulic		I	M
Steam		I	M
Crossings (<i>see</i> "Railway") ... ..		.....	.....
Crucibles, Salamander		I	.....
Crushers, Ore (<i>see</i> "Ore Crushers") ... ..		.....	.....
Crushing Mills (<i>see</i> "Corn Crushers") ... ..		.....	.....
Culverts (<i>see</i> "Drain Pipes") ... ..		.....	.....

D.

"Delta" Metal		I	.....
Derricks, Steel ... ..		.....	M
Detaching Hooks (<i>see</i> "Safety Hooks") ... ..		.....	.....
Diamond Drills for Prospecting		I	.....

D.—concl'd.				Imported.	Manufactured.
Disinfecting Fluid, Walker's	...	...	I	.....
Disintegrators	...	...	I	.....
Distilling Plant	...	...	I	.....
Diving Apparatus	...	...	I	.....
Dog Chucks (<i>see</i> "Chucks")	...	...	.....	.....
„ Spikes	...	...	I	M
Donaldson's Oil Mills (<i>see</i> "Oil Mills")	...	...	.....	.....
„ Ejectors (<i>see</i> "Ejectors")	...	...	.....	.....
Doors, Strong Room	...	...	.....	M
Drain Pipes (<i>see</i> "Pipes")	...	...	.....	.....
Dredgers	...	...	I	M
DRILLING MACHINES FOR METAL AS FOLLOWS.—					
Bench Type, Hand Driven	...	...	I	.....
„ „ Belt	...	...	I	.....
Pillar	...	...	I	.....
Radial	...	...	I	.....
Treadle	...	...	I	.....
Sensitive	...	...	I	.....
High Speed	...	...	I	.....
Pneumatic	...	...	I	.....
Driving Gears, Horse and Bullock	...	...	I	M
Drying Machines (<i>see</i> "Sugar")	...	...	.....	.....
Dust Bins	...	...	.....	M
Dynamos, Electric	...	...	I	.....
E.					
Ejectors, Donaldson's Patent	...	...	.....	M
Electrical Machinery, etc.	...	...	I	M
Emery Tool Grinding Machine	...	...	I	.....
„ Powder, Cloth, etc.	...	...	I	.....
„ Wheels	...	...	I	.....
ENGINES, STEAM, OF FOLLOWING TYPES.—					
Fixed, Horizontal and Vertical	...	...	I	M
Fire	...	...	I	M
Launch	...	...	I	M
Locomotive	...	...	I	.....
Marine	...	...	I	.....
Pumping	...	...	I	M
Portable	...	...	I	.....
Semi Portable	...	...	I	.....
Winding and Hauling	...	...	I	M
Engines, Oil and Gas	...	...	I	.....
„ Motor, Fire	...	...	I	.....
Exhaust Heads, Steam,	...	...	I	.....
Expanded Metal	...	...	I	.....
„ Cup Lath, Crittall's	...	...	I	.....
F.					
Fans, Blast	...	...	I	M
„ Hand power, Mine	...	...	I	M
„ Electric	...	...	I	.....
Fencing, Corrugated, Pale	...	...	I	M
„ „ Sheet	...	...	I	M
„ Light Garden	...	...	I	M
Fencing Wires of sorts	...	...	I	M
Figures and Letters, Iron and Steel	...	...	I	M
Files and Rasps, Nicholson's	...	...	I	.....

F.—concl'd.		Imported.	Manufactured.
Filters, Oil (<i>see</i> "Oil Filters")	...	.....	.....
„ Water, Paterson's	...	I	M
Filtration Water, Paterson's	...	I	M
Fire Bricks	...	I	M
„ Clay	...	I	M
„ Engines, Steam, Motor and Hand	...	I	M
„ Appliances Sundry	...	I	.....
Fish Plates (<i>see</i> "Railway")	...	.....	.....
Fittings, Steam	...	I	M
„ Gas and Water	...	I	M
Flexible Metallic Tubing	...	I	M
Flooring Plates	...	I	M
Flour Mills of sorts and Machinery	...	I	M
Foot Valves	...	I	M
Forges and Bellows	...	I	M
Foundry Requisites	...	I	M
Fountains, Water, of sorts	...	I	M
Fuses, Electric	...	I	.....

G

Garden Chairs and Benches	...	.....	M
Garden Rollers	...	.....	M
Gas Engines (<i>see</i> "Engines")	...	.....	.....
„ Holders	...	.....	M
„ Pipes and Flanges	...	I	.....
Gate Pillars (<i>see</i> "Pillars")	...	.....	.....
Gates, Collapsible	...	I	.....
Gates and Railings, Cast and W. Iron	...	I	M
Gauges, Hydraulic	...	I	.....
„ Steam Pressure	...	I	.....
„ Vacuum	...	I	.....
„ Water	...	I	M
„ Wire (<i>see</i> "Wire Gauge")	...	.....	.....
Gears, Horse and Bullock	...	I	M
Generators and Motors, Electric	...	I	.....
"Ghani" Oil Mills	...	.....	M
Girders, Rolled Steel	...	I	.....
Girders, Steel Plate, etc	...	.....	M
"Glacier" Anti-friction Metal	...	I	.....
Glass, Window	...	I	.....
Godowns, Factory, for Jute, etc.	...	.....	M
Grabs, Single Chain	...	I	M
Grease, Calypsol	...	I	.....
Grinding Machines (<i>see</i> "Emery")	...	.....	.....
„ Mills, Corn	...	I	.....
„ „ Flour	...	I	.....
„ „ Askham's Patent	...	I	.....
„ „ (<i>see</i> "Disintegrators")	...	.....	.....
„ „ Paint	...	I	.....
Grindstones, Newcastle	...	I	.....
Guide Pulleys for Wire Rope	...	I	M
Guides, Belt	...	.....	M
Gutterings of sorts	...	I	M

H

Hack Saws	...	I	.....
Hammers, hand, of sorts	...	I	M

H—concl'd.			Imported.	Manufactured.
Hammers, Pneumatic Power ...	...	...	I	.....
„ Steam ...	...	...	I	.....
Hanger Brackets, C. I. ...	...	...	.....	M
Hangers, Swivel and other... ..	...	...	.....	M
Hauling Engines (<i>see</i> “Engines”)	...	...	.....	.....
Haulage Rollers, Steel ...	...	...	I	.....
Hay Presses ...	...	...	I	M
Hearths, Smith's ...	...	...	.....	M
Hides, Hydraulic and Pump ...	...	...	I	.....
Hinges of sorts ...	...	...	I	M
Hoisting Crab Winches ...	...	...	I	M
Hoists and Lifts for goods and passengers	...	...	I	M
Hooks, Safety (<i>see</i> “Safety Hooks”)	...	...	.....	.....
Hoop Iron ...	...	...	I	.....
Horse and Bullock Gears ...	...	...	I	M
Hose Fittings ...	...	...	I	M
„ Canvas ...	...	...	I	.....
„ India Rubber ...	...	...	I	.....
„ Metallic ...	...	...	I	.....
Hydrants, Street ...	...	...	.....	M
I				
Ice Making and Cold Storage Plant ...	...	...	I	.....
India Rubber and Asbestos Packing ...	...	...	I	.....
India Rubber Sheets ...	...	...	I	.....
Indicators, Steam Engine ...	...	...	I	.....
Indigo Machinery and Tools ...	...	...	.....	M
Induction Instruments ...	...	...	I	.....
Injectors, Steam, of sorts ...	...	...	I	.....
Iron Work ...	...	...	.....	M
Iron, Flats, Rounds, Hoops, Squares, etc. ...	...	...	I	.....
J				
Jacks, Hydraulic of sorts ...	...	...	I	.....
„ Screw „ ...	...	...	I	.....
Jetties, Bridges, Girders, etc. ...	...	...	.....	M
Jeweller's Polishing Machinery ...	...	...	I	.....
„ Lathe ...	...	...	I	.....
„ Rollers ...	...	...	I	.....
Jig Pulley, Brake ...	...	...	I	M
Jim Crows (<i>see</i> “Rail Bender”)	...	...	I	M
Joists, Rolled Steel, British Makers	...	...	I	.....
K				
Kibbles ...	...	...	.....	M
Kodalies ...	...	...	I	.....
L				
Ladles, Foundry and other ...	...	...	.....	M
Lamps and Lighting, Electric ...	...	...	I	.....
Lamp Posts, Cast Iron ...	...	...	.....	M
Lamps, Hand, Lever Lid ...	...	...	I	.....
„ Hurricane, Hink's ...	...	...	I	.....
„ Bracing ...	...	...	I	.....
„ Acetylene Gas ...	...	...	I	.....
„ Safety, Mining ...	...	...	I	.....
„ Industrial ...	...	...	I	.....
Landing Stages, Jetties, etc. ...	...	...	.....	M

L—concl.		Imported.	Manufactured.
Lathes of sorts for metal work	...	I	.....
„ for wood work	...	I	.....
Latrines, Railway Station Type	...	.....	M
Launches, Motor and Steam	...	I	M
Lavatory Fittings,	...	I	.....
Lead Ingots	...	I	.....
„ Pig	...	I	.....
„ Pipes (<i>see</i> "Pipes")	...	.....	.....
„ Sheets	...	I	.....
„ Wire	...	I	.....
„ Wool	...	I	.....
Lead, Paint, Colours, etc.	...	I	.....
Letters and Figures, Steel and Iron	...	I	M
Levels, Spirit and Engineer's	...	I	.....
Lifts and Hoists for goods and passengers	...	I	M
Light Railway Materials	...	I	.....
Lightning Arresters	...	I	.....
„ Conductors	...	I	M
Locks of sorts	...	I	.....
Locomotives for Light Railways	...	I	.....
Looms, Hand and Foot and power	...	I	M
Lorries, Road	...	I	M
Lubricant Solid	...	I	.....
„ Stauffer's	...	I	.....
Lubricators of sorts	...	I	.....

M

Machine Tools of sorts	...	I	.....
Measuring Chains	...	I	M
Metals of sorts in bars, etc.	...	I	.....
Metal working Machinery of sorts	...	I	.....
Meters, Water	...	I	.....
„ Electric, of sorts	...	I	.....
Mill Columns for Shafting	...	.....	M
Mill Gearing	...	.....	M
Milling Machines for metal	...	I	.....
Mining Steel (<i>see</i> "Steel")	...	.....	.....
Mortar Mills	...	I	M
Mortising Machine, Wood	...	I	.....
Motor Fire Engine (<i>see</i> "Engine")	...	.....	.....
„ Launch (<i>see</i> "Launch")	...	.....	.....
„ Road Roller (<i>see</i> "Road Roller")	...	.....	.....
„ Trolley (<i>see</i> "Trolley")	...	.....	.....
„ Vehicles	...	I	.....
Motors, Electric	...	I	.....
Moulding Machine, Wood	...	I	.....
Moulder's Blacking (<i>see</i> "Blacking")	...	.....	.....
„ Tools	...	I	M
Muntz Metal	...	I	.....

N

Nails, Copper	...	I	.....
„ Iron of sorts	...	I	.....
Nail Pullers	...	I	.....
Night-soil Carts	...	.....	M
Nozzles, Copper	...	I	M
Nuts, Bolts, etc.	...	I	M

				Imported.	Manufactured.
O					
Oil, Lubricating	...	...	...	I	.....
„ Linseed	...	...	...	I	.....
Oil Cans	...	...	...	I	.....
„ Engines (<i>see</i> “Engines”)	...	...	...	.....	.....
„ Filters	...	...	...	I	.....
Oil Mills and Presses	...	...	...	I	M
Ore Crushers	...	...	...	I	.....
Ozonair Apparatus	...	...	...	I	.....
P					
Packing and Jointing Materials	...	...	...	I	.....
Paint Mills	...	...	...	I	.....
Paints, Colours, etc.	...	...	...	I	.....
Paterson Filters and Water Purification Plant, etc.	...	...	...	I	M
Pavilions and Club Houses	...	...	...	I	M
Phosphor Bronze Ingots, etc.	...	...	...	I	.....
Pick Axes	...	...	...	I	M
Picks, Miners’	...	...	...	I	M
„ Quarry	...	...	...	I	M
Piers...	...	...	...	.....	M
Pile Drivers	...	...	...	.....	M
„ Screws	...	...	...	.....	M
Piling, Steel	...	...	...	I	.....
Pillars, Gate, C. I.	...	...	...	.....	M
Pins, Iron, Split	...	...	...	I	M
Pipes, Brass	...	...	...	I	.....
„ C. I.	...	...	...	I	M
„ Copper	...	...	...	I	.....
„ Corrugated Drain	...	...	...	.....	M
„ Gas	...	...	...	I	.....
„ Hydrant Stand	...	...	...	.....	M
„ Lap Welded Boring	...	...	...	I	.....
„ „ „ Flanged	...	...	...	I	.....
„ Lead	...	...	...	I	.....
„ Rain Water	...	...	...	I	M
„ Socket and Spigot	...	...	...	I	M
„ Steam	...	...	...	I	.....
Pipe Wrenches	...	...	...	I	M
Pit Cages and Keeps	...	...	...	.....	M
„ Head Gear	...	...	...	.....	M
„ „ Pulleys	...	...	...	.....	M
Pitch, Stockholm and Coal	...	...	...	I	.....
Plane Irons	...	...	...	I	M
Planing Machines, Wood	...	...	...	I	.....
„ „ Metal	...	...	...	I	.....
Plate Lifting Clamp.	...	...	...	I	.....
Plate-layer’s Tools (<i>see</i> “Tools”)	...	...	...	.....	.....
Plates and Sheets, Iron and Steel	...	...	...	I	.....
Ploughs of sorts	...	...	...	I	M
Plummer Blocks...	...	...	...	I	M
Plumbago, Moulder’s	...	...	...	I	.....
Plumbobs, Mason and Engineers	...	...	...	I	M
Points and Crossings, Railway	...	...	...	I	M
Polishing Machines, (<i>see</i> “Jewellers”)	...	...	...	.....	.....
Pontoon Bridges, Jetties, etc.	...	...	...	.....	M
Presses, Brick and Tile	...	...	...	I	.....
„ Baling, of sorts	...	...	...	I	M
„ Oil	...	...	...	I	M

P—concl'd.				Imported.	Manufactured.
Pressure Gauges...	...	...	...	I	.....
„ Pump, Hydraulic	...	...	.....	.....	M
Prop Pullers, Pit ...	...	...	...	I	.....
Prospecting Tools, etc., (<i>see</i> “Tools”)	...	...	.....	.....	.....
Pug Mills	...	...	...	I	M
Pulley Blocks of sorts	...	...	...	I	M
Pulleys’ C.I., of sorts	...	...	.....	.....	M
„ Guide Rope	...	...	.....	.....	M
„ Pat. Jig	...	...	...	I	M
„ Pit Head (<i>see</i> “Pit Head”)	...	...	.....	.....	.....
„ Wrought Iron of sorts	...	...	...	I	M
„ “Initiandum” Split	...	...	...	I	.....
PUMPS AND PUMPING MACHINERY.—					
Air Pump for Diving	...	...	...	I	.....
Belt Driven	...	...	...	I	M
Boiler Feed	...	...	...	I	M
„ Test ...	...	...	.....	.....	M
Bullock Power Driven	...	...	...	I	M
Electrically Driven	...	...	...	I	M
Fire Pumps and Fire Engines	...	...	...	I	M
Hand Driven	...	...	...	I	M
Hot Air	...	...	...	I	.....
Hydraulic Press	...	...	...	I	M
Mine and Sinking	...	...	...	I	M
Motor Driven	...	...	...	I	M
Oil Engine Driven	...	...	...	I	M
Spray	...	...	...	I	.....
Steam	...	...	...	I	M
Tube Well	...	...	...	I	M
Well	...	...	...	I	M
Wind Mill	...	...	...	I	M
Pump Buckets and Leather	...	...	...	I	M
Punching and Shearing Machine	...	...	...	I	M
Punching Bears	...	...	...	I	.....
Paukha Wheels of sorts	...	...	...	I	M
Q					
Quarry Tools	...	...	...	I	M
„ Hammers	...	...	...	I	M
R					
Racks, Iron for Record	...	...	.....	.....	M
Rail Benders	...	...	...	I	M
„ Press, Plate-layer’s	...	...	...	I	M
„ Sawing Machine	...	...	...	I	.....
Railings and Gates of sorts	...	...	...	I	M
Rails and sleepers of sorts	...	...	...	I	.....
Railway Beaters	...	...	...	I	.....
„ Carriage Fittings	...	...	...	I	.....
„ Motor Trolleys (<i>see</i> “Trolleys”)	...	...	.....	.....	.....
„ Rolling Stock	...	...	...	I	M
Rakes, Ballast	...	...	...	I	.....
Ramps for Rerailing	...	...	...	I	.....
Ratchet Braces	...	...	...	I	.....
Record Racks	...	...	.....	.....	M
Refuse Carts	...	...	.....	.....	M
Reservoirs	...	...	.....	.....	M

R—concl'd.				Imported.	Manufactured
Rheostats, field	...	...	...	I	.....
Rice Hullers and Millers	...	...	...	I	M
Ridge Capping	...	...	...	I	M
Rimers	...	...	...	I	M
Rivets and Washers of sorts	...	...	...	I	M
Riveter's Tools	...	...	...	I	M
Road Roller, Bullock	...	...	...	.....	M
" " Petrol	...	...	...	I	.....
" " Steam	...	...	...	I	.....
Road Sweeping Machine	...	...	...	I	.....
Rock Drills and Coal Cutters	...	...	...	I	.....
Roof Trusses	...	...	...	.....	M
Roofing, Corrugated Iron	...	...	...	.....	M
Ropes (<i>see</i> "Wire Ropes")	...	...	...	.....	.....
Ropeways, Aerial	...	...	...	I	M
Round Bars, Iron, and Steel	...	...	...	I	.....
S					
Safes, Fire and Thief proof	...	...	...	I	M
Safety Detaching Hooks	...	...	...	I	.....
" Mining Lamps, (<i>see</i> "Lamps")	...	...	...	.....	.....
Sanitary Fittings	...	...	...	I	.....
Saw Mill Machinery	...	...	...	I	M
" Sharpening Machine	...	...	...	I	M
Sawing Machines for Metal	...	...	...	I	M
" " " Wood	...	...	...	I	M
Saws, Circular, of sorts	...	...	...	I	.....
" Hand	...	...	...	I	.....
" Hack (<i>see</i> "Hack Saw")	...	...	...	.....	.....
Screwing and Nut Tapping Machine	...	...	...	I	.....
Screws of sorts	...	...	...	I	M
Screw Piles	...	...	...	.....	M
Shackles D	...	...	...	I	M
Shafting and Fittings	...	...	...	I	M
" Cold Rolled	...	...	...	I	.....
Shaping Machines	...	...	...	I	.....
Shearing	...	...	...	I	.....
Sheds, Iron, for grains, etc.	...	...	...	.....	M
Sheets, Corrugated (<i>see</i> "Corrugated Iron")	...	...	...	.....	.....
" Plates	...	...	...	I	.....
Ship Building and Repairing	...	...	...	.....	M
Shovels of sorts	...	...	...	I	M
Shutters, Kinnear Patent	...	...	...	I	.....
Signal Bridges, Railway	...	...	...	.....	M
" Posts	...	...	...	.....	M
Skips, Coal Loading	...	...	...	.....	M
" Concreting	...	...	...	.....	M
Sky Lights, Galvanised Corrugated	...	...	...	I	M
Sliding Doors	...	...	...	.....	M
Slotting Machines for Metal	...	...	...	I	.....
Sluice Valves	...	...	...	I	M
Smiths' Hearths (<i>see</i> "Hearths")	...	...	...	.....	.....
" Tools (<i>see</i> "Tools")	...	...	...	.....	.....
Soap Making Plant	...	...	...	I	.....
Soda Water Machines	...	...	...	I	.....
"Soorky" Mills	...	...	...	.....	M
Solder	...	...	...	.....	M
Soldering fluid and tools	...	...	...	I	M

<i>S—concluded.</i>	Imported.	Manufactured.
Spanners of sorts	I	M
Speed Counters of sorts	I	.....
Spelter	I	.....
Spikes (<i>see</i> "Dog Spikes")	.....	.....
Spilt Pins or Cotters	I	M
Spray Pumps	I	.....
Spring Steel	I	.....
Springs, Bearing	I	M
Squares, Smiths and Engineer's	I	M
Square Bars, Iron and Steel	I	.....
Staircases, Iron, of Sorts	.....	M
Stands, Hydrant	.....	M
Steam Fittings, etc.	I	M
" Hammers	I	.....
" Traps of sorts	I	.....
Steel, Cast, Tool,	I	.....
" Iron, Metals, etc.	I	.....
" Mining	I	.....
" Spring (<i>see</i> "Spring Steel")	.....	.....
" Piling (<i>see</i> "Piling")	.....	.....
" Yards Weighing	I	M
Sterilizer, Water, (<i>see</i> "Water")	.....	.....
Stocks, Taps and Dies	I	M
Stone Breakers of Types	I	.....
" Preservative Solignum	.....	M
Straight Edges	.....	M
Street Water Posts	.....	M
" Watering Carts (<i>see</i> "Carts")	.....	.....
" Hydrants (<i>see</i> "Hydrants")	.....	.....
Strong Room Door	.....	M
Structural Iron and Steel work	.....	M
Sugar Machinery of sorts	I	M
" Drying Machine, Centrifugal	I	.....
" Cane Crusher	I	M
Surface Boxes	I	M
Swage Blocks	.....	M
Sweeping Machine, Road	I	.....
Switches	.....	M
Swivel Bearings, etc.	.....	M
T		
Tap Wrenches	I	M
Tanks, Galvanised Iron	I	M
" Oil Storage	.....	M
" Water, Steel, on Tower	.....	M
" " Wrought Iron	I	M
Tapes, Measuring	I	.....
Tea Factory or Godown	.....	M
Tea Machinery, Tea Lead, Garden Implements, etc.	.....	M
Tees, Iron and Steel	I	.....
Thrashing Machines	I	M
Tile Pressing Machine	I	.....
Tin, Block	I	.....
" Pipes	I	.....
" Sheets	I	.....
Tipping Wagons (<i>see</i> "Wagons")	.....	.....
Tipplers	.....	M
Tobacco and Cigarette Machines	I	.....

T—concl'd.				Imported.	Manufactured.
Tool Boxes, Carpenter's	...	...	...	I	M
Tool Steel (<i>see</i> "Steel")	...	...	...	.....	.....
Tools, Blasting	...	...	...	I	M
" Boiler maker's	...	...	...	I	M
" Boring	...	...	...	I	M
" Carpenter's	...	...	...	I	M
" Cooper Smith's	...	...	...	I	M
" Engineer's	...	...	...	I	M
" Foundry	...	...	...	I	M
Tools, Machine, of sorts	...	...	...	I	M
" Moulder's	...	...	...	I	M
" Platelayer's	...	...	...	I	M
" Prospecting	...	...	...	I	M
" Quarry	...	...	...	I	M
" Riveter's	...	...	...	I	M
" Smith's	...	...	...	I	M
" Tinman's	...	...	...	I	M
Transformers, Electric	...	...	...	I	.....
Traps (<i>see</i> Steam Traps)	...	...	...	.....	.....
Travelling Cash Chest, Patent.	...	...	...	.....	M
Treasure Chests, Wrought Iron	...	...	...	.....	M
Trolleys, Heavy Material	...	...	...	.....	M
Trolleys, Inspector's Light	...	...	...	.....	M
" Railway Motor	...	...	...	I	M
Trough Plates	...	...	...	I	M
Trucks and Barrows of sorts	...	...	...	I	M
Tube Expanders	...	...	...	I	.....
Tube Wells and Accessories	...	...	...	I	M
Tubes, Boiler and Hydraulic	...	...	...	I	.....
Tubes, Copper and Brass	...	...	...	I	.....
Tubing, Flexible Metallic	...	...	...	I	.....
Tubs, Coal	...	...	...	I	M
Tub Controllers, automatic	...	...	...	I	.....
Tub Greasers, Patent	...	...	...	I	.....
Tub stops	...	...	...	I	.....
Tue Irons, etc.	...	...	...	.....	M
Turntables, Railway	...	...	...	I	M
Turpentine Oil	...	...	...	I	.....
Trucks, Iron, hand	...	...	...	I	M
Twist Drills of sorts	...	...	...	I	.....
Tyres, Motor, Pirelli	...	...	...	I	.....
" Wheel, Iron	...	...	...	.....	M
V					
Vacuum Gauges	...	...	...	I	.....
Valves and Cocks of sorts	...	...	...	I	M
Varnishes of sorts	...	...	...	I	.....
Vehicles, Motor (<i>see</i> "Motor Vehicles")	...	...	...	.....	.....
Ventilators, Archimedean	...	...	...	I	M
Vices of sorts	...	...	...	I	M
Vice Benches	...	...	...	I	M
W					
Waggons, Railway goods	...	...	...	.....	M
" Tipping	...	...	...	.....	M
Washers, Rivets, etc.	...	...	...	I	M
Water Filters and Filtration (<i>see</i> "Filters")	...	...	...	.....	.....
" Fittings and Pipes	...	...	...	I	M

W—concl.				Imported.	Manufactured.
Water Wheels & Turbine	...	...	...	I	.....
„ Softening, etc.	...	...	...	I	M
„ Stand Pipes	...	...	...	.....	M
„ Sterilizer...	...	...	...	I	.....
„ Tanks (<i>see</i> “Tanks”)	...	...	...	.....	.....
„ Taps	...	...	...	I	.....
Watering Carts	...	...	...	.....	M
Wedges, Steel	...	...	...	I	M
Weigh Bridges of sorts	...	...	...	I	.....
Weighing Machines of sorts	...	...	...	I	.....
Weigh Beams and Scales	...	...	...	I	M
Weights, Measuring	...	...	...	I	M
Well Curbs	...	...	...	.....	M
Wells, Water, Tube	...	...	...	I	M
Wheels and Axles, C.I. and Steel	...	...	...	I	M
„ (<i>see</i> “Punkha Wheels”)	...	...	...	.....	.....
Wheel Barrows	...	...	...	I	M
Whistles, Steam	...	...	...	I	.....
Winches, Crab	...	...	...	I	M
„ Steam	...	...	...	.....	M
Wind Mill Pump (<i>see</i> “Pumps”)	...	...	...	.....	.....
Wind Ties, Galvanised	...	...	...	I	.....
Winding Engines, (<i>see</i> “Engines”)	...	...	...	.....	.....
Winnowing Machiue	...	...	...	I	.....
Wires, Iron, Steel, etc.	...	...	...	I	.....
Wires and Cables, Electric	...	...	...	I	.....
Wires, Barbed	...	...	...	I	.....
„ Fencing	...	...	...	I	.....
Wire Fencing (<i>see</i> Fencing)	...	...	...	.....	.....
„ Gauges	...	...	...	I	.....
„ Gauze	...	...	...	I	.....
„ Netting	...	...	...	I	.....
„ Ropes	...	...	...	I	.....
Wood Working Machinery	...	...	...	I	M
„ Preservative Solignum	...	...	...	.....	M
Wrenches of sorts	...	...	...	I	M
Y					
Yachts	...	...	...	.....	M
Z					
Zinc Paint	...	...	...	I	.....
„ Sheets	...	...	...	I	.....

No. 57-I. E., dated Calcutta, the 11th June 1913.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Department of Commerce and Industry.

I am directed to refer to the correspondence, resting with my letter No. 48-I. E. dated 2nd June 1913, on the subject of the rules for the purchase of stores required for the public service in India.

2. In their letter No. 96-W. dated 6th November 1912, the Committee drew attention to clause 8 of the revised rules which were published under your notification No. 6847-6892-33 dated 12th September 1912. They said that they could not regard the first sentence of the rules as "being other than a command to indenting officers to order articles through the India Office." They accordingly recommended the modification of the rule. In your letter, dated 15th January 1913, you intimated that Government had agreed to modify the rules so as to emphasize the instructions to indenting officers for local purchases.

3. The Committee have lately had before them the Comptroller and Auditor-General's Appropriation Report for the year 1911-12. In paragraph 17 of this document the following remarks are made with reference to the purchase of stores for railways, namely :—

"In his despatch No. 1 Financial (Stores), dated 21st April 1911, the Secretary of State "pointed out that resort to local purchase on the plea of urgency was of frequent "occurrence, and in some departments of Government rather the rule than the "exception and requested that the attention of the purchasing Departments might "be drawn to the importance of :—

"(i) forecasting with accuracy their annual requirements, when preparing their "indents in order to avoid the necessity for local purchases; and

"(ii) taking sufficient advantage of the existing facilities for obtaining supplies by "telegraphic indent on the India Office.

"In this connection the Accountant-General for Railways gives as follows the total "purchase of imported stores made in India on the score of urgency, and the extra "cost to Government involved thereby in respect of the three State-worked lines and "the lower Ganges bridge during 1911-12 :—

	Total local purchases. Rs.	Extra cost to Government. Rs.
"Oudh and Rohilkhand Railway	85,343	8,533
"Eastern Bengal State Railway	1,71,500	20,565
"North-Western Railway	4,18,104	27,550
"Lower Ganges Bridge	2,25,000	3,119
Total	8,99,947	59,767

"The above figures are approximate, as the English rates on which the calculations have "been based, are subject to constant fluctuations. The Accountant-General considers, "however, that the amount fairly represents the loss occasioned by purchases in India. "The matter is brought to notice as it may be possible by better forecasting of "requirements and the timely transmission of indents on England, to minimise the "necessity for local purchases and the consequent loss entailed thereby."

4. It would appear from the foregoing that, so far as the India Office is concerned, rule 8 is understood in the sense in which the Committee read it. Similarly, the Comptroller-General is of opinion that local purchases should be minimised, and that requirements should be so forecasted as to permit of the "timely transmission of indents on England." The Committee take the liberty of

suggesting the attention of the Comptroller-General should be drawn to rule 8 as it has been now revised by your Department. They trust also that the India Office will withdraw, or have already withdrawn, their instructions that the annual requirements of indenting departments should be so forecasted as to "avoid the necessity for local purchases." Orders of this description seem to the Committee to be directly antagonistic to the whole spirit of the resolution dated 14th July 1909, and to be in conflict with the rules framed under the resolution.

5. The Committee are not in a position to comment on the figures, which are given by the Comptroller and Auditor-General, of the additional cost incurred by the local purchases which he enumerates. But these are admittedly approximate only, and too much importance ought not, therefore, to be attached to them. Moreover it must not be forgotten that the amount in question has been expended in this country, in wages to Indian workmen, etc., and that it has helped to develop Indian industries.

6. In another part of the same paragraph (No. 17) the Comptroller-General states that "a vast amount of capital is locked up in stores which involves loss of interest, as well as waste by deterioration, and the necessity for writing down values and selling large quantities of stores at reduced prices, etc." With reference to this, the Committee desire to point out that firms in India would hold much better and larger stocks if they were only given the chance of getting more orders and a quicker turn-over, thus obviating the necessity of Government locking up capital in this connection.

Letter No. 69-I. E. dated Calcutta, 18th July 1913.

From—The SECRETARY, Indian Engineering Association.

To—The SECRETARY to the Government of India, Department of Commerce and Industry.

I have the honour to acknowledge the receipt of your telegram of 1st instant, reading as follows :—

"Your letter number 60 I. E. of sixteenth Honourable Member has no objection to publication of your letter number 57 I. E. of eleventh. We hope however to issue revised rules regarding purchase of stores in a few days and will at same time reply to letter of eleventh ; in these circumstances your Association will probably prefer to postpone publication till correspondence is complete."

2. The contents of the telegram were discussed by the Committee at their meeting held on Friday last, the 11th instant, when it was decided to await the further communication and the revised rules referred to, before publishing the additional correspondence on the subject of the local purchase of Government stores.

No. 5823-48, dated Simla, the 24th July 1913.

From—The SECRETARY to the Government of India, Department of Commerce and Industry,

To—The SECRETARY, Indian Engineering Association.

I am directed to invite a reference to the correspondence ending with your letter No. 69-I. E., dated the 18th instant, on the subject of the proposed revision of rule number 8 of the Rules for the purchase of Government stores.

2. The revised rules are now ready for publication, and I am to enclose a copy, which shows underlined in red ink the alterations now made. Special attention is invited to the amendments to rules 4 and 8.

3. With reference to the 3rd paragraph of your letter of the 11th ultimo, I am to state that there is nothing in the Appropriation Report of the Comptroller and Auditor-General to show that he has misunderstood rule 8 or has overlooked its limitations. The figures which he gives in paragraph 17 of his report for 1911-12 merely show the additional expenditure involved in purchasing in India certain stores which under the rules should have been obtained through the India Office. Rule 8 applies only to stores which under the rules have to be obtained by indent on the India Office. Exception to these rules is allowed in cases of special urgency, and the passage in the Comptroller-General's report to which you refer merely calls attention to the extent to which advantage has been taken of this exception. I am to point out that no alteration has been made in the substance of the rule, but in compliance with the request made by your Association the Government of India have, in issuing a revised edition of the rules, taken the opportunity to alter its wording so as to make its meaning free from all doubt.

4. I am to add that the Government of India have no objection to the proposal that the present correspondence should be published.

No. 5829—5876—11.

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE AND INDUSTRY.

STORES.

Simla, the 24th July 1913.

RESOLUTION.

The Governor-General in Council is pleased to direct that the rules for the supply of articles for the public service appended to this Resolution shall be substituted for the rules promulgated with the Resolution in this Department No. 6847-6892-33, dated the 12th September 1912.

ORDER—Ordered that this Resolution be communicated to all Departments of the Government of India, to all Local Governments and Administrations, to the Comptroller and Auditor-General, to all Accountants-General and Comptrollers, to all Heads of Departments subordinate to this Department, and to the Private and Military Secretaries to His Excellency the Viceroy.

ORDERED, also, that the Resolution be published in the *Gazette of India* for general information.

J. F. GRUNING,

Offg. Secretary to the Government of India.

RULES FOR THE SUPPLY OF ARTICLES FOR THE PUBLIC SERVICE.

Subject to the provisions of the General Rules specified below, and to any instructions regarding specific articles which have been, or may be, issued by the Government of India from time to time (*e.g.*, those relating to the supply of stationery), the following are the rules relating to the supply of articles required for the public service. *These rules supersede all previous orders which are not explicitly continued.*

RULE 1.—ARTICLES MANUFACTURED IN INDIA FROM INDIAN MATERIALS.

All articles which are produced in India in the form of raw material, or are manufactured in India from materials produced in India, should, by preference, be purchased locally, provided that the quality is sufficiently good for the purpose, and the price not unfavourable.

RULE 2.—ARTICLES MANUFACTURED IN INDIA FROM IMPORTED MATERIALS.

All articles manufactured in India from imported materials should, by preference, be purchased in India, subject, however, to the following conditions :—

- (a) That a substantial part of the process of manufacture of the articles purchased has been performed in India.
- (b) That the price is as low as that at which articles of similar quality can be obtained through the India Office.
- (c) That the materials employed are subjected to such inspection and tests as may be prescribed by the Government of India.

NOTE.—The term “a substantial part of the process of manufacture” in clause (a) means that a substantial part of the preparation of the finished article must be performed in India, whether from raw materials or from component parts obtained in a finished state from other sources.

RULE 3.—ARTICLES WHICH ARE NOT MANUFACTURED IN INDIA.

Articles which are not manufactured in India should be obtained by indent upon the Store Department of the India Office, except in the following cases :—

- (a) When the articles are already in India at the time of order, and their price and quality are not unfavourable as compared with those at which similar articles could be obtained through the India Office, and the cost of the supply does not exceed the limits prescribed at the end of Rule 13.
- (b) In the case of important construction works let out on contract, articles not manufactured in India required for the construction of such works may be supplied by the contracting firm subject to the following conditions :—
 - (i) That the firm is approved by the Government of India and is included in the list of firms so approved—*vide Schedule B, Appendix 30, P. W. D. Code, Volume III.*
 - (ii) That the materials are subject to the current specifications and tests prescribed by the Government of the India.

NOTE.—Articles of clothing and equipment of European manufacture required for the Burma Police Department may be procured for the present without the intervention of the India Office.

RULE 4.—ARTICLES which should BE PURCHASED IN INDIA.

The following articles, whether manufactured or produced in India or not, *should* be purchased in India, provided that *they comply with the current specifications, are of the requisite quality, and can be obtained at a not unfavourable price.*

- (a) Those of a perishable nature.
- (b) Explosives.
- (c) Block tin.
- (d) Wines and spirits and English bottled beer for the use of Government hospitals in India.
- (e) Kerosine oil.
- (f) Plant and material for electric installations intended to take current from existing centres ; and small electrical power and lighting plants of not more than 25 kilowatt capacity, which involve the provision of generators and cables for distribution, provided they comply with the current specifications and tests prescribed by the Store Department of the India Office.

- (g) Australian timber.
- (h) Australian copper.
- (i) Italian marble.
- (j) *British Columbian timber.*
- (k) *Plant and materials for small gas installations the cost of which does not exceed Rs. 15,000.*
- (l) Such other classes of articles as may from time to time be prescribed by the Government of India. All such cases should be reported to the Secretary of State for his information.

RULE 5.—SPECIAL PURCHASES IN INDIA.

When serious inconvenience to the public service would be caused by waiting to obtain an article from England through the Director-General of Stores, or when, owing to the greater promptitude of supply, an economy can be effected by purchasing in India articles which, under the foregoing rules, should be obtained through the Store Department, the purchase may be made in India, subject to Rule 13, provided that the articles are already in India at the time of order ; but in such cases, if the value of the articles exceeds Rs. 750, the sanctioning officer should place on record the reasons which make the local purchase desirable. This record shall be available for the inspection of the Examiner of Accounts or the Supervising Officer when required.

RULE 6.—INTER-DEPARTMENTAL PURCHASES.

Nothing in the rules is to be deemed to prohibit the purchase of store of European manufacture by one Department of a Railway from another.

RULE 7.—METHOD OF OBTAINING STORES NOT PURCHASED IN INDIA.

All articles which under the forgoing rules are not to be bought in India should be obtained by indent on the Store Department of the India Office, except any which the Secretary of State may have specially authorised the Government of India or its officers to purchase direct outside India. Such purchase is at present permissible in the case of the following articles :—

- (i) Seeds.
- (ii) Cinchona bark.
- (iii) Articles for experimental or research purposes required by officers approved by the Government of India from time to time. A list of the officers thus approved is given in Appendix A.
- (iv) Excise instruments and apparatus required by Provincial Excise Departments for experimental or research purposes.
- (v) *China, glass, cutlery, plate, crockery and perishable fabrics, including linen, for residences which are furnished by Government.*
- (vi) Australian timber.
- (vii) Australian lead.
- (viii) Such articles as Superintendents of Vaccine Depôts may require for the preparation of vaccine lymph (*e.g.*, lanoline and glycerine)
- (ix) *Chemicals and scientific apparatus of small value required by Government schools and colleges, which do not require careful inspection and testing.*
- (x) *Articles required for Viceregal residences in special and urgent cases.*

Note.—Payments for stores purchased under this rule should be made direct to the suppliers by the purchasing officers.

GENERAL RULES.

RULE 8.—FORECAST OF REQUIREMENTS *which should under the rules be complied with by indent on the India Office.*

All requirements should be fulfilled locally in accordance with the provisions of the Resolution No. 4941-4988-102, dated the 14th July 1909, provided that quality and price are not unfavourable and provided that such purchase does not violate any of the instructions contained in these rules. In cases, however, in which stores have to be obtained through the India Office, every effort should be made to foresee requirements so that the indents may be despatched in ample time. Persistent failure of any officer to make such efforts should be brought to notice by the local Government or other authority, which may, at its discretion, cancel or reduce the powers of sanction entrusted to the officer at fault.

RULE 9.—TIME REQUIRED TO OBTAIN STORES FROM ENGLAND.

It may be assumed that the time required from the transmission of an indent upon the Secretary of State to the receipt of the stores is :—

Urgent telegraphic indents, not less than three months.

Ordinary indents, six to ten months, according to the article demanded.

For special stores *e. g.*, large girders, rolling-stock &c., up to one year in ordinary times.

NOTE.—When ordinary stock articles conforming to well-recognised standards are required within a shorter period than three months, and the purchase has, under the rules, to be made through the India Office, the indenting officer shall, if he desires that the procedure indicated in the Resolution in the Department of Commerce and Industry No. 6822-6869-37, dated the 13th September 1911, be adopted, state the fact clearly in his telegraphic indent.

RULE 10.—METHOD OF COMPARING PRICES.

In all cases in which the selection of source of supply depends upon comparison of prices, the procedure to be adopted for such a comparison is as follows :—

- (i) A reference should be made to Home prices as shown in the Rate Lists, and freight should be added at the lowest rates paid by the India Office together with 13s. 4d. per 100l. for interest, 2s. 2d. per 100l. for insurance, and 3d. per ton freight brokerage.
- (ii) In cases of important contracts, the prices ruling in the English market should be ascertained by telegraphic reference to the Director-General of Stores.
- (iii) In cases where the necessary information as to Home prices is not available from the Rate Lists, the purchase in India shall be subject to the condition that the price is not unfavourable.
- (iv) In order to arrive at the market value at an Indian port of the article imported from England the following charges shall be included :—
 - (a) Landing, wharfage, and port charges as shown in the Rate Lists.
 - (b) Customs duty, as shown in the Tariff to be applicable to the article in question, to be calculated on its cost plus the additional charges mentioned in the earlier part of this rule.
- (v) The cost of carriage to site from port or place of manufacture, as the case may be, shall be taken into account.

RULE 11.—TESTS.

Any articles purchased in India which should be tested are liable to the specifications laid down from time to time by competent authority, with the approval of the Secretary of State in Council, and should be required to pass the tests prescribed for such articles.

RULE 12.—FIRMS FROM WHICH IRON AND STEEL MAY BE BOUGHT IN INDIA.

Important iron and steel work, if purchased in India, should only be obtained from firms approved by the local Government or Administration and entered in a Schedule as corrected from time to time by the Government of India. A list of approved firms is given in Appendix B.

NOTE.—By "important iron or steel work" are meant articles of iron or steel, which form important components of the project in hand ; e.g., bridge girders and roof trusses, built up in the firm's workshops and supplied, ready for erection, in such sections as may be convenient, and rolled steel beams, rails or other sections cut to length or otherwise prepared at the firm's workshops to suit the indenting officer's requirements. The intention of the rule is to ensure that parts, the accurate preparation of which is essential to the security of a project, shall be obtained only from firms which possess workshops and appliances capable of turning out work of the desired standard. The raw materials used may be either imported or of Indian manufacture, subject to the usual specifications.

RULE 13.—FINANCIAL LIMITS ON POWERS OF OFFICERS TO MAKE PURCHASES IN INDIA.

In the case of purchases made under Rules 1, 2, and 4 an officer's powers of purchase extend to the ordinary limits to which he is empowered to enter into contracts ; but in the case of purchases made in India under Rules 3 (a) and 5, the limits for expenditure on any one article or on any number of similar articles purchased at one time are as follows :—

(a) CIVIL DEPARTMENTS.

	Rs.
(i) Heads of Departments, Commissioners of Divisions, and other officers of or above the rank of Collector whom the local Government may select	250
(ii) Other officers authorised to incur expenditure	50
(iii) Controller of printing, Stationery and Stamps	1,000
(iv) Local Government or Administration :—	
1. In case of purchases made under Rule 3 (a)	3,000
2. In case of purchases made under Rule 5	Full powers.

The powers of a local Government are also exercised by the following officers :—

Surveyor-General of India.

Agricultural Adviser to the Government of India and Director of the Agricultural Research Institute, Pusa.

Director-General of Observatories.

Director-General, Posts and Telegraphs.

Political Resident, Persian Gulf.

Superintendent of Port Blair.

(b) PUBLIC WORKS DEPARTMENT.

	Rs.	Rs.
(i) Executive or Assistant Engineer holding charge of a Division ...	200	500
(ii) Superintending Engineer or Superintendent of Works ...	1,000	2,500
(iii) Local Government or Administration	3,000	Full powers.

(c) RAILWAY DEPARTMENT.

(i) Executive or Assistant Engineer holding charge of a Division on a line under construction or survey	200	500
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	For purchases made under Rule 3 (a)	For purchases made under Rule 5.
	Rs.	Rs.
(ii) Engineer-in-Chief holding charge of a line under construction or survey	1,000	2,500
(iii) <i>Agent</i> of an open line	1,000	2,500
(iv) Railway Board	3,000	Full powers.

NOTE.—*Agents* of open lines may delegate to their Engineers-in-Chief, Executive Engineers, or Assistant Engineers holding charge of a Division, such powers of purchase as they deem fit up to the limits specified for lines under construction, and to their Chief Storekeepers up to the limits specified for Executive Engineers.

(d) ARMY DEPARTMENT.

(i) Director-General of Military Works	3,000	Full powers.
(ii) Divisional Commander	3,000	5,000
(iii) Officer Commanding an independent brigade ; Director-General of Ordnance* ; Director, Royal Indian Marine ; Director-General, Indian Medical Service (for medical store depots) ; Director, Army Clothing ; and Director-General Army Remount Department	2,500	2,500
(iv) Officer Commanding a Brigade, other than those included in (iii) ; Director of Ordnance Factories ; Director of Ordnance Inspection and Director of Ordnance Stores	1,000	1,000
(v) Superintendent, Army Clothing Factory ; Supply and Transport Officer on special duty in Kashmir ; and Deputy-Director, Royal Indian Marine	500	500
(vi) Chief of the <i>General Staff</i> ; Adjutant-General in India ; Quartermaster-General in India ; Director, Medical Services, Army Head Quarters, India ; Military Secretary to His Excellency the Commander-in-Chief ; Military Accountant-General ; Controller of Military Accounts, Eastern Circle ; Controller of Military Supply Accounts ; Controller of Military Accounts, Northern Circle ; Controller of Military Accounts, Western Circle ; Deputy-Controller of Military Accounts in independent charge, Secunderabad Division ; and Deputy-Controller of Military Accounts in independent charge, Burma Division	250	250
(vii) Officer Commanding a station ; Superintendent, Army Remount Department ; Superintendent, Ordnance Factory ; Government Inspector of Army Boots, Cawnpore ; Assistant Directors of Ordnance Stores ; Inspectors (Ordnance Department), the Assistant Inspector in charge of General Stores and the Proof and Experimental Officer, Balasore ; Medical Storekeeper ; Commandant, Indian Staff College ; and Divisional Supply Officer and Divisional Transport Officer... ..	200	200

* The Director-General of Ordnance has full powers of local purchase under Rule 5 in cases where the purchases are required to meet urgent field service requirements or to replace issues from mobilization reserves for the equipment of troops suddenly ordered on field service.

	For purchases made under Rule 3 (a)	For purchases made under Rule 5.
	Rs.	Rs.
(viii) Officer Commanding a unit (including a hospital); Senior Medical Officer, Indian Medical Service, of a station; Recruiting Staff Officer for Gurkhas at Gorakhpur; Officers (Ordnance or Departmental) in charge of depôts; Assistant Inspectors (Ordnance Department) with the exception of the Assistant Inspector in charge of General Stores; Station Supply Officer; and Chief Chemical Examiner ...	... 20	. 20

Note.—These powers are subject to the rules of the budget system. No sanction may be given which will involve expenditure from the budget grant of any future year. The powers extend to each sanction, whether against Army, Military Works, or Marine funds.

In the case of the Ordnance, Medical Store and Remount Departments, the Divisional Brigades and Station Commanders are not competent financial authorities.

Rule 14.—Power to sanction departures from the rules.

The Government of India have power to sanction departures from the rules in cases in which such departure is absolutely unavoidable, subject to a report to the Secretary of State if the expenditure exceeds Rs. 10,000:

LOCAL PURCHASE RULES.

Appendix A.

List of Officers referred to in Rule 7 (iii), who are authorised to obtain direct from manufacturers or dealers in England, America, Japan, or other foreign countries such articles as they may require for experimental or research purposes :—

Superintendent, X-ray Institute.
 Chemical Examiners.
 Superintendents of Vaccine Depôts.
 Principals of Medical Colleges.
 Superintendents of Medical Schools.
 Directors of Bacteriological, Pathological or Research Laboratories, including Officers in charge of Divisional and Brigade Laboratories.
 Principals of Arts Colleges.
 Principals of Technical and Industrial Institutes.
Directors of Industries.
Directors of Fisheries.
Sanitary Commissioners.
 Director, Madras Cinchona Department.
Principals of Training Colleges.
Principal of Veterinary Colleges.
 Officer in charge of the Experimental Sewage Installation at Poona.
 Surveyor-General of India.
 Inspector-General of Forests.
 Director-General of Observatories.
 Director of Botanical Survey.
 Agricultural Adviser to the Government of India and Director, Agricultural Research Institute, Pusa.
 Imperial Bacteriologist, Civil Veterinary Department.
 Imperial Agricultural Chemist.

Imperial Mycologist.
Imperial Entomologist.
Directors of Agriculture.
President of the Imperial Forest Research Institute.
Principal of the Imperial Forest College.
Director, Geological Survey of India.
Railway Board.
Directors of Public Instruction.

Appendix B.

List of Firms referred to in Rule 12.

IN BENGAL.

The Bengal Iron and Steel Company, Ltd., Barakar.
The Vulcan Iron Works, Ltd., of Calcutta.
Messrs. Burn & Co., Ltd, of Calcutta.
 „ Jessop & Co., Ltd, of Calcutta.
 „ John King & Co., Ltd, of Calcutta.
 „ Ahmuty & Co., Ltd, of Calcutta.
 „ Martin & Co., of Calcutta.
 „ Kessory Lall Mukerjee & Co., of Calcutta.
 „ Heatley and Gresham, Ltd., of Calcutta.
 „ A. and J. Main & Co., of Calcutta.
The Shalimar Works Ltd., of *Calcutta and Chittagong.*
Messrs. T. E. Thomson & Co., Ltd., of Calcutta.
 „ W. Leslie & Co., of Calcutta.
 „ Balmer Lawrie & Co., of Calcutta.

IN THE BOMBAY PRESIDENCY.

Messrs. G. Gahagan & Co., of Bombay.
 „ Richardson and Cruddas of Bombay.
 „ Alcock, Ashdown & Co., of Bombay.
 „ Garlick & Co., of Bombay.
 „ Marsland Price & Co., of Bombay.
 „ Sorabji Shapurji & Co., of Bombay.
 „ *H. I. Dixon & Co., of Bombay.*
 „ T. Cosser & Co., Ltd, of Karachi.
 „ McKenzie & Co., of Karachi.
 „ B. R. Herman & Co., of Karachi.
The Engineering Co., of Karachi.

IN THE MADRAS PRESIDENCY.

Messrs. Massey & Co., Ltd, of Madras.
 „ Oakes & Co., Ltd, of Madras.
Arbuthnot's Industrials, Ltd., Reliance Foundry, of Madras.
Messrs. Mansfield and Sons, of Madras.

IN BURMA.

The Irrawaddy Flotilla Co., Ltd.
Messrs. Bullock Brothers & Co., Ltd., Rangoon.
The Dunnedaw Engineering Works, Rangoon.
Messrs. Howarth, Erskine, Ltd., Singapore.
The Burmah Engineering and Trading Co., Ltd., Rangoon.

IN THE UNITED PROVINCES.

Messrs. T. Crowley & Co., Allahabad.
The Empire Engineering Co., Ltd., Cawnpore.
Lucknow Iron Works.

IN THE PUNJAB.

Messrs. N. D. Hari Ram and Brothers, Rawalpindi.

IN BIHAR AND ORISSA.

Messrs. Arthur Butler & Co., of Mozaffarpur.
The Tata Iron and Steel Co., Ltd., Sakchi.

NOTE.—Apart from the operation of Rules 3 (b) and 12, the selection of firms for the supply of stores, materials and Machinery in general, whether of Indian or of other manufacture, is not restricted to the lists of firms contained in this appendix and in Schedule B of appendix 30, Public Works Department Code, Volume III. The purchase of materials and machinery in all circumstances other than those to which Rules 3 (b) and 12 apply, is governed by the remaining rules and, subject to these rules and to the necessary specifications, they may be purchased from any firm supplying stores of a suitable quality.

No. 81-I.E., dated Calcutta, the 20th August 1913.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Department of Commerce and Industry.

I am directed by the Committee to acknowledge the receipt of your letter No. 5823-48, dated Simla, the 24th July 1913, together with a copy of the revised rules for the purchase of Government stores.

2. The Committee note the alterations which have been made in the rules, which they consider satisfactory. If the rules as now altered are adhered to both in the spirit as well as in the letter, the Committee think there will be no cause for complaint by the members of this Association.

No. 6974-14, dated Simla, the 27th August 1913.

From—The SECRETARY to the Government of India, Department of Commerce and Industry,

To—The SECRETARY, Indian Engineering Association.

In continuation of the letter from this Department No. 4625-14, dated the 11th June 1913, I am directed to state that some difficulties have been experienced in making the necessary clerical arrangements for the preparation of the statements promised in the second paragraph of Mr. Euthoven's letter No. 287-4, dated the 15th January 1913. I am to say, however, that arrangements have now been made and that since the 1st July this Department has been compiling the required statements from the indents submitted to it by local Governments and from those passed on for scrutiny by other Departments of the Government of India. Indents of the latter class received during the previous months of this year have already been returned to the Departments concerned, and it is therefore impossible to give you now the information required in respect of them. The statements will cover indents scrutinised during the remaining six months of the current year and will give information of the nature and quantity of stores indented for, and of the local Government, or Department of the Government of India, on whose account the indents were submitted to the India Office.

2. With reference to the list enclosed with your letter No. 48-I.E., dated the 2nd June 1913, I am directed to point out that articles which are shown as imported into, but not as manufactured in, India must in any case, under the Store Rules, be obtained by indent upon the India Office. The Government of India therefore, doubt whether any useful object would be served by supplying you with lists of such articles, since they could not without violation of the rules have been purchased in this country ; and they are inclined to think that the requirements of your Association will be adequately met if the statement is confined to the articles marked M. on your list.

No. 87-I.E., dated Calcutta, the 18th September 1913.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Department of Commerce and Industry.

I am directed by the Committee to acknowledge the receipt of your letter, No. 6974-14 of 27th August, from which the Committee are pleased to note that, since the 1st July, the Department has been compiling the statistics promised in Mr. Enthoven's letter No. 287-4 of 15th January last.

2. The Committee, however, note with much regret that the Government of India now propose to modify their original promise, made in Mr. Enthoven's letter above referred to, and to supply the Association with particulars only of the articles marked "M" on the Association's list, forwarded under cover of my letter No. 48-I.E. of 2nd June. They desire to point out that no restriction was made in Mr. Enthoven's letter with regard to imported stores. Nor do the Committee agree with the statement that articles imported into India must in any case, under the stores rules, be obtained by indent upon the India Office. They understand that under the present rules [Rule 3 (a)], when articles which are not manufactured in India (that is to say, imported articles) are already in India at the time of order, and their price and quality are not unfavourable as compared with those at which similar articles could be obtained from the India Office, and the cost of the supply does not exceed certain prescribed limits, such articles are to be purchased locally. In the circumstances, I am directed respectfully to solicit that the original promise of Government should be adhered to, and that information should be furnished to the Association regarding every indent for articles—whether locally manufactured or imported—in which members are interested, and which were detailed in the Association's list already referred to.

No. 8893-148, dated Simla, the 22nd October 1913.

From—The SECRETARY to the Government of India, Department of Commerce and Industry,

To—The SECRETARY, Indian Engineering Association.

In continuation of the letter from this Department No. 7909-14, dated the 23rd September 1913, I am directed to reply to your letter No. 87-I.E., dated the 18th *idem*, requesting that the original promise of Government may be adhered to, and that information may be furnished regarding every indent for articles—whether locally manufactured or imported—in which members of the Association are interested.

2. I am to invite attention to paragraph 2 of your letter No. 50-W, dated the 22nd July 1912, in which it was stated that information regarding the quantities and destinations of articles which have been indented for from Europe was required to "enable members of the Association to approach the various purchasing Departments of Government with specific offers to supply "similar goods of Indian manufacture." In the circumstances, the Government of India are unable to admit that any modification of their promise would be involved in supplying the Association with particulars of only such articles as can be locally manufactured. As, however,

imported articles may, under certain conditions, be purchased in India, they have decided to extend the scope of the six-monthly lists so as to include stores imported by members of the Association.

3. I am to add that information in respect of the latter class of stores will be extracted from indents scrutinised since the 1st October 1913. Indents received before that date from other Departments of the Government of India have been returned to the Departments concerned.

No. 96-I.E, dated Calcutta, the 25th November 1913.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Department of Commerce
and Industry.

I am directed to acknowledge, with the Committee's best thanks, the receipt of your letter, No. 8893-148, dated 22nd October 1913, and to say that the Committee note with much satisfaction that the Government of India have decided to extend the scope of the six-monthly lists so as to include stores imported by members of the Association.

Extract from Annual Report for the year ended 31st December 1913.

Purchase of Government Stores in India.—In the last annual report mention was made of suggestions which the Committee had submitted to the Government of India in connection with the revised rules for the supply of articles for the public service. It was also mentioned that members were being asked to submit lists of the articles which they were in a position to supply. From these lists a complete alphabetical list was drawn up and submitted to the Department of Commerce and Industry, and the Committee are pleased to say that after some correspondence Government agreed to furnish a half-yearly statement of home indents for all the articles contained in the list. The first statement, *viz.* that for the period from 1st July to 31st December 1913, has been received, and copies have been forwarded to all members of the Association, for information. The point of interest, in connection with these home indents for articles which could be obtained in India, is to know whether local firms have been given an opportunity to quote for them. The Committee addressed an enquiry to the Department of Commerce and Industry on this point and were referred to the local Governments and Departments concerned. The Committee are following the matter up. Unless Indian firms are given an opportunity to submit quotations, and these are seriously considered by the Departments concerned, it follows that the Government of India's rules are not being observed. It will be the Committee's constant care to see that the rules are observed, as far as it is possible for them to do so.

Further correspondence took place with the Government of India in connection with the rules referred to above, and printed copies of this, together with the rules as finally amended, were circulated to all members of the Association in August last. As the Committee have intimated to Government, they consider the rules as altered are satisfactory; and if they are adhered to in the spirit, as well as in the letter, there should be no cause for complaint by the members of the Association.

Extract from Proceedings of Committee, dated 13th February 1914.

Local Purchase of Government Stores.

The Association had received from the Department of Commerce and Industry, copies of the first half-yearly list, containing information regarding indents for stores in which the members of the Association were interested.

In thanking Government for the list in question, the Committee asked for information as to whether enquiries for the articles named in the list were sent to all members of the Association, prior to the indents being sent home. In reply, it was suggested that all enquiries in connection with the list should be addressed to the local Governments and Departments mentioned therein.

It was decided to address an enquiry to the several local Governments and Departments accordingly.

Extract from Proceedings of Committee dated 26th May 1914.

Local Purchase of Government Stores.

In the proceedings of the meeting held on 13th February last it was stated, in connection with the half-yearly list of Home indents, furnished by the Department of Commerce and Industry, that enquiries were being addressed to the Local Governments and Departments as to whether quotations for the articles named in the list were called for from members of the Association, prior to the indents being sent home.

The Committee had before them a letter from the Government of Bihar and Orissa No. 5770 F. dated 21st May, in which it was stated that Government had no reason to suppose that the rule in connection with local purchases was being lost sight of by their officers. Government, however, would be glad to have any specific instances in which the articles named in the list, so far as the Province of Bihar and Orissa was concerned, could have been obtained in India at as favourable a price and quality as those obtained through the India office.

In the course of the discussion which took place regarding the matter the Committee referred to the list of home indents. They noted that the indents which had been sent home on behalf of the Government of Bihar and Orissa included a number of miscellaneous articles of small value which could have been purchased from any of the local firms. But to enable the Committee to make any comparison as to prices it was necessary that they should have the rate lists which the Government of India promised should be furnished to the Association, on their preparation by the Director General of Commercial Intelligence.

It was decided to send a reminder about the matter to the Department of Commerce and Industry, and, in the meantime, further consideration of the point raised by the Government of Bihar and Orissa was postponed.

Extract from Proceedings of Committee dated June 19th 1914.

Local Purchase of Government Stores.

The Committee were in receipt of a letter from the Government of India on this subject, No. 4136 dated 26th May.

The letter stated that enquiries had been made of local officers of the Public Works and Railway Departments with a view to ascertain whether they had experienced any special difficulties in obtaining information from Engineering firms established in India. It had been pointed out to Government that the catalogues of stores etc., issued by Engineering firms were defective in two important respects. In the first place very few firms indicate which of the stores are wholly or partially manufactured in India, and which are imported from abroad; and in the second place none of the catalogues apparently show which of the imported stores were regularly maintained in stock.

The Government of India stated that the enquiry had been undertaken solely in the interests of firms in this country with a view to ascertain the nature of the chief difficulties experienced by indenting officers in placing their orders locally, and whether those difficulties could be removed. It was suggested that the Association might consider it advisable to place the information before the members of the Association and to invite their attention to the advantage of showing clearly

in their catalogues full information regarding stores wholly or partially manufactured in India, and in the case of stores imported from abroad, which of those catalogued were regularly maintained in stock.

It was decided to circulate copies of the Government of India letter to all members of the Association for their information with a recommendation that the suggestions contained in it should be carried out as far as possible.

In thanking the Government of India for their courtesy in the matter it was to be stated that the suggestions would be placed before the members of the Association. At the same time it was decided to enquire whether it would not be possible for officers to issue tenders for their requirements in the same way as railways do.

Extract from Proceedings of Committee, dated August 5th 1914.

Local Purchase of Government Stores—Rate Lists.

In the proceedings of previous meetings mention has been made of the quarterly rate lists which the Association had been informed by the Department of Commerce and Industry, were under preparation.

Since the last meeting the Committee had received a copy of the rate list for the quarter October-December 1913 and a copy of the list for the quarter January-March 1914. These had been considered in circulation and it was now decided to apply for further copies. On receipt of these the members of the Committee would examine the question further with a view to drawing up a comparative statement.

Extract from Proceedings of Committee, dated September 1st 1914.

MR. W. H. EVERETT, Superintendent of Industries, Bengal, was present by invitation.

Mr. Everett explained that the list of Government Stores procurable or manufactured in India, which was published a few years ago as a result of the enquiry carried out by the Stores Commission, was about to be revised and re-published, and in this connection certain suggestions and remarks had been made by various Government Officers, to whom the matter had been referred for their views. In some cases doubt had been expressed whether certain of the articles mentioned in the list could be manufactured in India and if so whether they could be manufactured at as favourable a rate as similar articles could be procured from home. Mr. Everett had been deputed by Government to make enquiries in regard to such articles.

The articles in question were principally requirements for railways, and ranged from Bridge spans to component parts of rolling stock. In nearly all cases the Committee affirmed that not only could the articles be manufactured in India, but at equally favourable rates, as Home supplies.

As regards rates the Committee pointed out to Mr. Everett that it was most essential, in making any comparison of rates, to bear in mind that quotations were largely governed by the quantities ordered. As the Committee had pressed upon the attention of Government, time after time, it was unfair to compare a quotation for a small order given in this country with home quotations for yearly requirements of a particular article. The Committee maintained that if quotations were called for in India for similar requirements, it would be found that the rates would compare very favourably with the home rates. The Committee considered that too much stress could not be laid on this fact. The great drawback always had been that comparisons were not made on an equitable basis.

The Committee pointed out that the best way for heads of Departments to gain an insight into what actually could be done in India would be to make an inspection of the various works. Such visits to their works would be greatly welcomed by all the members of the Association as

they would tend to bring the Departments and the manufacturers into closer touch, leading to a better understanding of the capabilities of the engineering concerns on the one hand, and of the requirements of the Government Departments on the other. The attention of the Hon'ble Member for Commerce and Industry would be drawn to this.

Mr. Everett thanked the Committee for the assistance which they had given him, and the meeting closed.

Extract from Proceedings of Committee, dated October 16th 1914.

Local Purchase of Government Requirements.

On the 24th September, the Committee addressed the Department of Commerce and Industry in reference to quotations which had been called for in India for the construction of certain of the shore spans for the Lower Ganges Bridge, delivery of which could not be obtained owing to the war. The shore spans, it was understood, were originally ordered from a firm in Luxemburg.

The Committee submitted that the fact that quotations had been called for in India afforded conclusive evidence that the responsible authorities considered that the work could be satisfactorily carried out. Had tenders been called for in India in the first instance, and found to compare unfavourably with tenders from Europe, there would have been less ground for complaint, but Indian bridge builders, so far as the Committee were aware, were never given an opportunity to submit tenders, and the Committee entered a respectful protest against this ignoring of the capabilities of engineering firms in India.

The Committee had also before them a letter dated 7th September from the Government of India, Department of Commerce and Industry, in reference to the Association's suggestions, put forward in previous communications, that local officers should be required to call for tenders before deciding whether to place their orders in England or in India. The Government of India pointed out that there was no rule prohibiting local officers from following this procedure if they chose to do so, but Government were not willing to issue any orders necessitating that tenders should always be invited in India before an order was placed at home, partly because they were unwilling to fetter the discretion of the indenting officers in the matter, and partly because rigid adherence to orders of this kind would frequently involve serious delays. Attention was drawn to the Government of India's suggestion for the giving of fuller information in catalogues and to the assistance rendered to the trade by the publication of the lists of stores indented for from home.

After discussion, the Secretary was directed to re-circulate the letter for further consideration. It was decided to approach the Hon'ble Mr. W.H. Clark, Member of Council for the Department of Commerce and Industry, who would shortly be paying a visit to Calcutta, with a view to his arranging for an interview with the Committee for the discussion of questions in connection with the purchase of Government requirements in this country.

Indian Engineering Association.

ROYAL EXCHANGE BUILDING,

Calcutta, 28th October 1914.

A SPECIAL MEETING of the COMMITTEE was held at noon this day to meet the HON'BLE Mr. W. H. CLARK, C.M.G., C.S.I., Member of Council for the Department of Commerce and Industry, for the discussion of questions connected with the local purchase of Government stores.

Present:—

MR. FRANK CARTER, *Chairman,*
„ MILLAR M. KING,
„ JOHN TAYLOR,
„ G. O. THEOBALD,
„ T. WILSON,

The HON'BLE MR. W. H. CLARK.

A note (see pages 89/91) of the points for discussion had been circulated previous to the meeting.

Home Indents.

THE CHAIRMAN remarked that the point which the Committee of the Association wished mainly to bring to the notice of Government was that the improvement in the position which it was hoped would result from the amendment of the stores rules had not taken place. They felt, therefore, that Government might, if possible, give more active support by drawing the attention of local Governments and other large Indenting Departments such as the Army Department and the Railway Board, to the desirability of encouraging local manufactures as far as possible.

The HON'BLE MR. CLARK, in reply, referred to the statement of their case which the Association had put in before the meeting. He pointed out that no possible good could accrue from the constant repetition of these charges against Government of not acting up to their promises in the matter of obtaining stores from local industries. These charges were quite unjustified. Government had given, and were giving, their active support and encouragement to Indian Industries. Recently, being impressed with the comparatively slow growth in the amount of orders placed in India, he had caused an enquiry on the subject to be addressed to Local Governments, and had had the whole question most carefully investigated. The Association's statement said that no advantage had accrued to local industry from the issue of the Rules of 1909. He pointed out, however, that indenting officers had formerly to make out a case, if they wished to place orders in this country, but that under the new rules the position now was that indenting officers had to make their case if they did not place orders locally. The change was one which must have been beneficial to local enterprise.

It was pointed out that notwithstanding this the published lists of home indents showed that a great deal of work was sent home which could well be executed in this country.

The HON'BLE MR. CLARK observed that it would be extremely hard to avoid this in all cases.

Continuing, the HON. MR. CLARK read extracts from letters from various local Governments, in response to the enquiries made by the Government of India as to why the percentage of goods ordered in India did not show a larger increase. The local administrations had been asked to explain why greater progress in this direction was not being made. The replies showed that a great deal of attention had been devoted to the subject and that the local Governments were anxious to utilise local products whenever they could.

Simultaneous Tenders.

The question of the Association's suggestion for calling for simultaneous tenders was then brought up.

The HON'BLE MR. CLARK said that the Secretary of State would not agree to this. It had been before him more than once and it would be useless to reopen the question. As had been pointed out by Government, while it would no doubt result in an accurate comparison of the prices obtaining in Indian and home markets, it would make no provision for any comparison of qualities.

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The Stores Rules.

Attention was then drawn to rule No. 8 of the stores rules, reading as follows :—

“All requirements should be fulfilled locally in accordance with the provisions of the Resolution No. 4941-4988-102, dated the 14th July 1909, provided that “quality and price are not unfavourable, and provided that such purchase does not “violate any of the instructions contained in these rules. In cases, however, in which “stores have to be obtained through the India Office every effort should be made to “foresee requirements so that the indents may be despatched in ample time. “Persistent failure of any officer to make such efforts should be brought to notice “by the local Government or other authority, which may, at its discretion, cancel “or reduce the powers of sanction entrusted to the officer at fault”.

It was suggested by a member of the Committee that, in practice, the last sentence of this rule might act as an incentive to prepare home indents. While there was this incentive to the preparing of home indents there was no corresponding incentive as regards local indents.

The HON'BLE MR. CLARK said that he could not see the force of this contention. The sentence objected to merely enforced the obvious requirement that in the case of stores which in any event had to be obtained through the India Office, every care should be taken to see that the indents were despatched in ample time. The object of the rule was simply to secure that goods should be received in proper time, having in view the period which must necessarily elapse between the time of ordering and the time of obtaining them from the United Kingdom.

Attention was drawn to a case in which the Tata Iron and Steel Company's rolled steel beams had been objected to in a certain tender as the specification called for British steel. This case was cited as illustrating the prejudice existing in some quarters against Indian manufactures.

The HON'BLE MR. CLARK said that *prima facie* this should not have occurred. Government had their own testing officers at the Company's works, and if the steel passed the required tests he saw no reason for objecting to it. He requested that particulars of the case should be forwarded to him and it would be looked into. He added that if particulars of specific cases involving any hardship were brought to the notice of the Department they would be enquired into.

MR. WILSON said that much stress was apparently laid on the provisions about cheapness in buying. He was inclined to think that the cheap buying of the India Office Stores Department was more apparent than real. There were many strong reasons for a more liberal policy as far as India was concerned. The sending of money out of the country that could profitably be used in it must, he thought, result in a final loss to the country's prosperity. He contended that every rupee spent in the country strengthened the position of the manufacturing industries, whereas the sending of money out of the country was a loss to them. Even assuming that the purchase of goods at the present time meant in some instances an increase in the cost of 5% or even 10% over that of the imported articles, it did not follow that the cheaper purchase was a benefit to the country, as it meant a curtailment of work here. India, he pointed out, had a vast growing population that had to be provided for, and unless rapid progress was made with its industries the time would come when the harm done by importing articles which could and should be made locally, would be found to be irreparable. The cry in England at the present time was that all orders that could possibly be given out, should be given, in order to keep the works going. He thought that the same argument applied to India with equal force.

The HON'BLE MR. CLARK said that Mr. Wilson's views no doubt represented a policy which would be approved in some quarters, but it was not the policy of His Majesty's Government. For

Government to buy goods locally in order to assist local industries, although they were more expensive than the same goods if purchased from the United Kingdom, would be in effect a system of subsidising local industries at the expense of the State. It has been clearly laid down by the Secretary of State in all discussions on these matters that while every opportunity was to be given to local industries to compete, purchases were not to be made locally unless the goods purchased were of as good quality and as cheap as if brought from the United Kingdom. MR. CLARK pointed out that during the course of the war manufacturers would probably in point of fact, get a considerable amount of protection as there would probably be a considerable falling off in the supplies from the United Kingdom.

Catalogues and Quotations.

The HON'BLE MR. CLARK then drew attention to the desirability of catalogues giving fuller information regarding prices, etc. this being a matter to which the Government of India had already drawn attention.

It was pointed out that the difficulty here was due to market fluctuations. It was only necessary, however, for an indenting officer to ask for a quotation and the fullest information would be supplied. Attention was drawn in this connection to the disadvantage to which Indian manufacturers were subject, owing to quotations from them for small quantities of a certain article being compared with the home price for large supplies of the same article, all indents sent home from all parts of India being "pooled" by the India office. It was urged that the only way to place the Indian manufacturer on an equal footing would be to call for tenders here before the orders went home.

The HON'BLE MR. CLARK said that Government had put this matter forward but the Secretary of State could not see his way to accept the proposal.

The Rate Lists.

The HON'BLE MR. CLARK referred to a new edition of the list of rates for certain classes of stores, which was being prepared, and this he thought would prove very useful. It would be ready for issue shortly. He produced an advance copy for inspection.

MR. THEOBALD pointed out that the list did not contain a column showing the proportionate expenditure on account of the India office charges.

The HON'BLE MR. CLARK said they had no particulars of these.

MR. THEOBALD also pointed out that articles supplied from home were paid for on shipment, whereas in the case of articles supplied here bills were generally not submitted for perhaps two months, the result being that the Government of India lost say three months interest on their money.

In reply to a suggestion that a special officer might be appointed to deal with indents in India, in the same way as indents are dealt at the India Office by the Consulting Engineers, the HON'BLE MR. CLARK said that a certain number of indents would in any case have to be sent home, and two separate establishments were open to obvious objections.

Sara Bridge Tenders.

The next matter touched upon was that of the tenders recently called for in India for the construction of certain shore spans for the Sara bridge. The Association had recently addressed the Government of India pointing out that the fact that tenders were being called for in this country afforded evidence that the responsible officials were satisfied that the work could be satisfactorily carried out, yet bridge builders in this country had never been given an opportunity of quoting for the work before the order was placed in Europe.

The HON'BLE MR. CLARK said that the facts in this connection were that the contract had been given to a foreign firm who quoted prices 25 per cent lower than those of British firms at home. It did not seem likely that Indian firms would be able to quote lower prices than these. He pointed out also that this was a work of a peculiarly important and in some respects novel

character, and it was not unnatural that in such matters the Engineers should prefer to use European materials of known high quality.

Railway Wagons:

The last question dealt with was that of the construction of railway wagons. It was pointed out that nothing like a fair share of the wagons required by the State Railways was given out in India. The Company worked lines were much more liberal with their orders, not only as regards wagons, but other descriptions of work, including bridges, whereas the tendency on the part of the State worked lines was to send all orders home. It was suggested that as the requirements of the State worked railways in wagons could be forecasted with a reasonable degree of accuracy it might be arranged that a certain number of wagons should be allotted to Indian firms yearly without any danger of there being an over-supply. This would keep the works steadily employed. Having only fitful orders to deal with it was often difficult to keep the expensive plant and the expensive trained staffs employed. The staffs particularly had to be kept together as if they were partially dispersed owing to absence of work it would be a matter of impossibility to collect them together at short notice to meet any emergency. At the present moment wagon builders were fairly busy, but their principal customers were the Company worked lines, not the State Railways.

The HON'BLE MR. CLARK said that it was the policy of Government to maintain their wagon supplies as steadily as possible. The Association must, however, recognise that the year immediately ahead of them was one of an entirely exceptional character. With a great war in progress it was inevitable that Government should have to reduce their Capital programme, but he assured the Committee that this certainly would not be done to a greater extent than was absolutely necessary. In conclusion MR. CLARK assured the Committee that government were giving their close attention to the whole question of stores supplies. In the past, he thought that there had undoubtedly been a prejudice on the part of indenting officers in favour of obtaining their requirements from home. But this prejudice, he thought, was being gradually overcome with the assistance being given by the local Governments, whose attention had been drawn to the matter by the Government of India. It would probably take some time to completely overcome all obstacles, and remove old prejudices; but he believed that a steady improvement would gradually become manifest. As he had before pointed out, he would be glad to have examined any individual cases submitted to him, in which there was reason for thinking that local products had been improperly refused by the officers concerned.

This concluded the discussion and the Committee tendered their cordial thanks to the HON. MR. CLARK for his courtesy in attending the meeting.

Note of points for discussion with HON'BLE MR. W. H. CLARK at meeting on 28th October, 1914.

On 18th December 1912—the HON'BLE MR. CLARK informed the Committee—

1. The position of the Government of India was that they wanted Indian Manufacturers to obtain as many of the Government orders as they possibly could.

2. The Commerce and Industry Department existed in order to help forward the Commerce and Industry of the country, and Government were not pursuing anything of a *Machiavellian* policy.

3. Government had always to remember the interests of taxpayers; it was their duty to buy stores as cheaply as possible compatible with good quality.

There were two sources of supply viz :—the United Kingdom, and India, and the question was as to how to decide whether a particular article could be obtained more cheaply from the one or the other.

Regarding Item I—The position of the Government of India at the present time is this :—They have published certain Resolutions, particularly that of 14th July 1909, from which great

results were expected, but these Resolutions have proved barren of any assistance to this Association, because Government, having passed such Resolutions then stand aside and give no active support or encouragement to have them carried into effect. We contend that the Government of India should not be neutral, but should be actively in favour of local industries and manufactures.

Regarding Item 2—The HON'BLE MEMBER and his Department have, it appears, also remained neutral, whereas according to the HON'BLE MEMBER'S own words he and his Department exist solely to help forward the Commerce and Industries of this country.

The characteristic phrase adopted in Commerce and Industry Department letter No. 3207-4 of 24th April 1912 has been repeated in the latest letter to our Association and it is as follows :—

“It is open to all firms in India to approach the Purchasing Departments of Governments concerned, and to furnish them with information as to the classes of goods they are prepared to supply, and the price they charge.”

It is obvious that every firm in India, before it could obtain a foothold, knew all about the said Purchasing Departments and all the firms forming our Association have from their inception sent business letters, price lists, and catalogues, in season and out of season, to all the Purchasing Departments above referred to.

The statement coming from a Department which, it is said, exists in order to help forward Commerce and Industries such as ours, indicates how far the practice has fallen short of the precept.

Regarding Item 3—

We cannot trace any system whereby the Government of India buy their stores as cheaply as possible, compatible with good quality.

The latest six monthly list of indents sent Home contains large numbers of articles which could have been made by members of our Association who were not asked to quote before these indents were sent Home. How is it possible to say that the Home article is better and cheaper when our members do not get an opportunity to quote ?

Is it not a fact that the Commerce and Industry Department have no say in the distribution of these indents but “are guided by their Technical Advisers” who are the Indenting Officers themselves ? The Railway Board have appointed an officer to buy coal for their Railways and we believe he buys it on his own judgment and not upon that of Indenting Officers.

We contend that there ought to be a highly experienced and qualified official in the office of the Commerce and Industry Department who would be capable of judging what indents could be supplied locally—such an official could be found in one of the Stores Committee which prepared the report upon which the Resolution of 14th July 1909 was based.

Notwithstanding all promises to the contrary it is the experience of the members of our Association that up-to-date we can trace no benefits from these Resolutions of Government and our several businesses have increased in volume on account of the general development of the Country as a whole.

To illustrate another injustice, we refer to a specific case where our members were asked to quote for the supply of certain shore spans of the Lower Ganges Bridge which had gone astray on their voyage from Antwerp to Calcutta.

These spans had been made by a firm in Luxemburg and several of our members in Calcutta who could easily have made these spans had not been asked to quote originally.

This is the result of schemes being sent Home to Government Consulting Engineers who have told our members that after such schemes are sent Home they understand the Government of India do not wish Indian firms to manufacture any part of them, consequently Continental firms are given work which ought in justice to be given our members, who pay large sums in taxes to the Government of India.

We consider that the Consulting Engineers to the Government of India should be resident in India, and that Indian firms should be asked to quote for all work they are capable of manufacturing, in all schemes drawn up by the Government Consulting Engineers. Such quotations could then be compared with Home quotations.

On the subject of wagon building we have the following suggestions to make :—

The English technical press has been advocating no cessation of indents for rolling stock from India and the Colonies during the war, in order to keep English rolling stock works employed.

We beg to point out that our members have only the Indian market, whereas the home firms have a world wide market to keep them busy, and they will be the first to benefit from the next trade boom predicted by Mr. Lloyd George.

In such an industry it is of the greatest importance to have a continuity of orders to prevent great dislocation of labour (which has to be specially trained) and to keep the special tools and appliances employed.

Several of our members are now in the position of having a highly trained and efficient staff of officials and skilled labour, and if any break in continuity occurs it would take years of endeavour before the dislocation could be rectified.

We consider that the Railway Board ought to be able to put forward a yearly programme for wagons to be built in India and thus avoid the panic orders which were sent home in 1907-1908. No one can accurately foresee the requirements of State Railway rolling stock, but it would be perfectly safe to budget a minimum building programme of 1,000 wagons per year which could be increased in abnormally busy years.

No. 99-I. E., dated Calcutta, 3rd November 1914.

From—The SECRETARY, Indian Engineering Association.

To—The HON. MR. W. H. CLARK, C.M.G., C.S.I.

I am sending you, for favour of approval, a note of the proceedings of the meeting with the Engineering Association Committee on the 28th October. It is, of course, open to you to make such corrections as you may wish.

The return of the note, at your early convenience, will much oblige.

Dated Delhi, 6th November 1914.

From—The HON. MR. W. H. CLARK, C.M.G., C.S.I.

To—The SECRETARY, Indian Engineering Association.

I return herewith, with a good many corrections, the note of the proceedings of the meeting with the Engineering Association's Committee. Will you kindly send me six copies when it is printed up? As regards the slip inserted at "A", I have thought it right to record my comments on the statement put in by the Engineering Association, because I presume that the statement will be printed in their proceedings. I thought its tone and wording were objectionable (though no doubt this was unintentional) and I commented upon it, as you will remember, somewhat frankly at the meeting of the Committee. If, however, the Committee are not going to record the statement, my comments on it could also be removed.

Extract from Proceedings of Committee dated December 6th 1914.

Local Purchase of Government Stores.

In the proceedings of the meeting held on the 16th October last, it was mentioned that the Hon'ble Mr. W.H. Clark, C.M.G., C.S.I., Member of Council for the Department of Commerce and Industry, was being asked to meet the Committee for the discussion of questions in connection with the stores rules. A meeting was arranged and it took place on the 28th October.

A note of the proceedings of the meeting had been forwarded to the Hon'ble Mr. Clark for approval, and had been returned by him with certain corrections. The Hon'ble Mr. Clark raised the question as to whether the note which was sent to him previous to the meeting, and which formed the basis of the discussion thereat, would be issued along with the proceedings : if not, certain remarks which the Hon'ble Mr. Clark made in reference to it at the meeting might be omitted, but if the note were printed he wished the remarks to be included in the proceedings.

The Committee discussed the point and decided that the note should be issued with the proceedings. The Hon'ble Mr. Clark's remarks regarding the note would therefore be included.

Before issuing the proceedings of the meeting a reference was to be made to the Hon'ble Mr. Clark regarding a correction made by him in connection with the discussion regarding rule No 8 of the stores rules.

No. 108-I. E., dated Calcutta, 10th December 1914.

From—The SECRETARY, Indian Engineering Association.

To—The HON. Mr. W. H. CLARK, C.M.G., C.S.I.

I have to thank you for your letter dated 6th November and the proceedings of the meeting with the Committee which accompanied it. I now send you, for final approval, a proof of these proceedings, and I have attached your corrected copy to the proof for reference.

The Committee have discussed the question of publishing the note which was submitted at the meeting. They think that it should be issued, together with your comments upon it, to members only. They much regret that you should have considered it to be in some respects objectionable, and they have asked me to assure you that they had no wish to say anything to which exception could be taken.

They would like to suggest for your consideration that the following sentence should be added to your remarks on rule 8, namely, "It might however, be a point for consideration "whether the sentence in question could not be dispensed with." In correcting the proceedings you have deleted this point, but the Committee hope that you will have no objection to reinserting it.

Dated Delhi, 14th December 1914.

From—The HON. MR. W. H. CLARK, C.M.G., C.S.I.

To—The SECRETARY, Indian Engineering Association.

With reference to your letter of the 10th instant, I return herewith the proof of the report of the meeting which I held recently with the Committee of the Indian Engineering Association, together with the original typewritten copy. I have no further corrections to make in the printed proof.

As regards my remarks on rule 8, I am afraid I cannot add the words suggested in the last paragraph of your letter. I do not think that I can have used them at the meeting and they do not represent my views in regard to this rule. As I explained to the meeting, the rule merely provides that in cases where goods have to be obtained through the India Office,

proper notice should be given to the India Office, and the sentence objected to provides that any officer who persistently neglects to foresee his requirements and to give proper notice should be brought to book. This is clearly a reasonable provision, and I could not commit myself to saying that its omission might be considered. As regards the second paragraph of your letter, I need hardly say that I have no objection to the issue of the note to members and to the retention in the report of my comments thereon. The note was worded in such a way as to appear to imply that Government in this matter of the purchase of stores was not acting in complete good faith. It was to this that I took exception, but I need hardly say that I entirely accept the Committee's assurance that they had no desire in framing the note to convey any impression of an objectionable nature.

Please, in due course, supply me with copies of the report as printed.

No. 3—I. E., dated Calcutta, the 8th January 1915.

From—The SECRETARY, Indian Engineering Association.

To—The HON. MR. W. H. CLARK, C.M.G., C.S.I.

I have to acknowledge, with thanks, the receipt of your letter of 14th December and of the proof copy of the proceedings of the meeting of 28th October last, accompanying it. The Committee note your remarks regarding the addition suggested by them to the note of the discussion in connection with rule 8 of the stores rules.

I am sending you six copies of the proceedings of the meeting. Further copies may be had should you require them.

Extract from Annual Report for the year ended 31st December 1914.

Local Purchase of Government Stores.—This question has had the attentive consideration of the Committee throughout the year. In the last annual report it was mentioned that the Committee were inviting the attention of the various local Governments, and Indenting Departments of the Government of India, including the Railway Board and the Public Works and Military Departments, to the list of home indents which had just been published by the Department of Commerce and Industry, and to the revised rules for the supply of articles for the public services, and enquiring whether local firms had been afforded an opportunity of tendering for the articles noted in the list. The replies to the enquiries afforded evidence that the rules were receiving attention. In some cases the Committee were informed that special instructions had been issued to officers, in order to ensure that local firms shall be given an opportunity of tendering for requirements, before the submission of indents on the Director General of Stores.

The Committee were pleased to be afforded an opportunity for a further discussion with the Hon. Mr. W. H. Clark, C.M.G., C.S.I., Member of Council for the Department of Commerce and Industry, who very courteously complied with their request for an interview. A report of the meeting, which took place on the 28th October last, has been issued to members, and it will have been noted that the question of the working of the stores rules was fully considered. The Committee attach great importance to such meetings as much more can be achieved in this way than through the medium of correspondence.

At the meeting with the Hon. Mr. Clark, it was pointed out that in consequence of the expected slackness in trade owing to the war, stress was being laid at home on the necessity of giving out all orders that could possibly be given, in order to keep the works going. This argument, the Committee considered, applied with even greater force to India, for while the home manufacturers had a world wide market for their productions, manufacturers in this country had only the local requirements to depend upon. The marked falling off in orders, since the

outbreak of the war, was being severely felt and the Committee regarded the outlook with some misgivings. As far as their own particular works were concerned, a decided shortage of work was being experienced, necessitating reductions in establishments, with the prospect of further reductions in the near future. As this, of course, meant a corresponding amount of distress amongst the workers, the Committee felt that the attention of Government should be drawn to the urgent necessity of as much work as possible being retained in the country, in order to keep the works going and to guard against unemployment as far as possible. The Committee asked all members of the Association to state how far their works were affected or were likely to be affected as regards the falling off of orders, and consequent reductions in establishments. The replies received in response to the circular showed that slackness of work was wide-spread and that large reductions in establishments had in most cases been found necessary. The Committee have drawn up and submitted to the Government of India a statement showing concisely the position of the Industry. They have strongly urged that expenditure under the forthcoming budget, on such requirements in connection with Railways and Public Works as can be produced in this country, should be curtailed as little as possible, and that stringent orders should be issued in order to ensure that all such work should be confined to India. The Government of India can do much in this way towards relieving the position and the Committee trust that their representations will meet with a large measure of success.

No. 11-I. E. Calcutta, 3rd February 1915.

From—The SECRETARY, Indian Engineering Association.

To—The SECRETARY to the Government of India, Department of Commerce and Industry, Delhi.

The Committee of the Indian Engineering Association desire to bring to the notice of the Government of India the unsatisfactory state of trade as regards the Indian Engineering Industry.

2. During the past few months there has been a very considerable falling off in orders. As existing contracts have been completed there has been little or no new work to take their place and the necessary consequence has been a reduction in establishments. This being the case as regards the works with which the individual members of the Committee are connected, the question arose as to whether works in other parts of India were similarly affected. The Committee accordingly issued a circular to all members of the Association, asking how far their works were affected, or were likely to be affected, as regards reductions of establishment owing to decrease of orders. The replies received in response to this enquiry show that the slackness of trade is wide-spread. A summary of the replies is appended hereto for the information of Government. In the case of one establishment alone, it will be seen that the reductions which have been made, and those in prospect, mean a loss in wages of over Rs. 76,000 per month. The Committee feel that comment on these figures is superfluous; their significance as an indication of the distress entailed on the workers through the loss of this large sum monthly, in wages, is plain and unmistakable.

3. In these circumstances the Committee consider it to be their duty to approach Government, with a view to enlist their sympathy and assistance in the critical position in which the industry is at present placed. The Committee respectfully urge that expenditure, under the forth-coming Budget, on such requirements in connection with railways and public works as can be produced in this country, should be curtailed as little as possible, in order to keep the works going and to provide against unemployment, as far as possible. And the Committee would further ask that stringent orders be issued by Government in order to ensure that all such work shall be confined to India. The Committee feel that without this the sanctioning of expenditure will be of little avail in helping to tide over the present trouble. They cannot too strongly urge upon Government the need for insisting upon this point, as upon it depends the question as to whether such expenditure as is sanctioned is to provide employment for the workers in this country, or is to go to home manufacturers, as has been so largely the case for years past. Rule No. 8 of the revised rules for the purchase of stores for the public services, has so far not fulfilled the expectations to which it gave rise. It is the view of the members of the Association generally, that it

has had no appreciable effect on local indents. In the opinion of the Committee, the most scathing indictment against the working of the stores rules in general, and of rule 8 in particular, is furnished by the latest published list of Home Indents viz. that for the six months January-June 1914, a volume which extends to 290 pages and in which instances of orders sent home which could have been executed in India are very numerous. The stores rules as they now stand leave little to be desired: it is the apparent want of recognition, by the Departments and officials concerned of the spirit of the rules and of the purpose of the Government of India in framing them, viz. the encouragement of the local industry, of which the Association has so greatly to complain. If the rules were interpreted in practice, in the spirit in which they have been framed, the present position of the industry would have been, the Committee venture to think, very different.

4. At an interview which the Committee had with the Hon'ble Mr. W. H. Clark in October last, reference was made to the strong demand at home, on the outbreak of the war, that all orders that could possibly be given out *should* be given, in order to keep the various works going. The same argument, appears to the Committee, applies to India, and with, even greater force. The home manufacturer has the whole world as a market for his productions, but the Indian manufacturer has only local requirements to depend upon. As was pointed out to the Hon. Mr. Clark, every order sent home means a curtailment of work in this country: India has a vast growing population which has to be provided for, and unless rapid progress is made with its industries the time will come when the harm done by importing articles, which can be made equally well in this country, will be found to be irreparable. The withdrawal of money from the country, that can be profitably used in it, must inevitably result in a loss to the country's prosperity. While every rupee spent in the country strengthens the position of the manufacturing industries, the placing of orders out of the country is a distinct source of weakness to them.

5. In conclusion the Committee would solicit the early and attentive consideration of Government to this appeal. As has been indicated above the Government of India undoubtedly can do much towards relieving the situation, and the Committee trust that their representation will meet with a favourable response.

No. 22-I.E., dated Calcutta, 8th March 1915.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Department of Commerce and Industry, Delhi.

I am directed by the Committee of the Indian Engineering Association to invite attention to their letter No. 11 I.E. dated 3rd February 1915, regarding the position of the engineering industry in India, and to request the favour of a reply as early as possible. I am to say that the position has grown distinctly worse since the letter was written, and the Association is very anxious to have an expression of the views of the Government of India on the suggestions put forward for their consideration.

No. 2549-13., dated Simla, 17th March 1915.

From—The UNDER-SECRETARY to the Government of India, Department of Commerce and Industry,

To—The SECRETARY to the Indian Engineering Association.

In reply to your letter, No. 22-I.E. dated the 8th instant, I am directed to say that your representation regarding the position of the engineering industry in India is engaging the attention of the Government of India, and that orders will be issued as soon as possible.

Dated Howrah, 12th April 1915.

From—JOHN TAYLOR, ESQ., Messrs. Burn & Co., Ltd., Howrah Ironworks,

To—The SECRETARY, Indian Engineering Association.

I enclose a paper containing my views on the subject of the Local Purchase of Government Stores in India.

It appears to me that in recent years we have lost sight of the sole object of our Association i.e., to do collectively what it would be prejudicial to do singly. Each of our members can privately do its best to obtain more orders, but I contend this is not the duty of our Association.

I maintain that the policy of private treaty with the member for Commerce has been an entire failure and has simply kept back progress for a number of years,

I therefore appeal to the Committee to adopt an entire reversal of our present policy and utilize the technical and daily press to the limit to assist our cause.

Local Purchase of Government Stores in India.

The Engineering Trade of India has been developed under the stimulus of hostile conditions—by rebuffs, discouragement, penalties, unfriendly criticism, and prejudice against locally made articles—hence those firms which have survived are of a sturdy stock and capable of holding their own with any foreign or British competitor, provided they get a fair field and no favour.

The workman of twenty years ago had no experience in working to rigid specifications and accurate measurements and we have had to train a new generation to meet modern conditions, to use up-to-date tools, and to turn out a finished article in all respects as good in workmanship as the imported article made by men bred from many generations of skilled artisans.

We have now arrived at the stage when we have the necessary modern equipment, the skilled labour and experienced supervision, only to find that we cannot keep our shops going and have had to disband large numbers of our workmen.

Up to date we have never had a member for Commerce and Industry who has striven to associate himself with or sympathise with the aims and ambitions of our industry.

The official who holds this very important position should not be neutral, but should on the contrary do his utmost to further the expansion of our own and other Indian industries. Owing to the perfunctory and lukewarm manner in which our legitimate complaints are treated the impression remains that all eyes are turned towards the India Office, and no one dare do anything without permission from that quarter.

The prime cause, however, of the failure of the Government of India's resolutions on local purchase is political, and is to be found in the lobbies of the House of Commons at Westminster. That this is not my opinion only is proved by the fact that I was told by an official friend that we could only get a move on by having questions asked in the House of Lords by an *ex* Viceroy as all other avenues were barred by all sorts of vested interests.

It seems that the Government of India and the India office can only be moved by political pressure, and it should be the object of all members in this Association to discover how such pressure can be brought to bear successfully and if there ever was a time in the history of this country that called for special sympathetic treatment by the British Government and an acknowledgement of the many sacrifices made by this country, its industries, and its individuals it is the present.

Next in order of importance is the human element. Up to date placing work locally has caused more trouble and inconvenience, and more work, to indenting officers than work placed with the India Office.

When, say, a Chief Store-keeper sends an Indent home to the India Office—he has no further worry, everyone is content to wait until it arrives and accepts it on its arrival, however late, as a passed and finished indent and there is no trouble to any one concerned.

Take a similar indent placed in this country. The Chief Store-keeper from the time he places the indent gets worried daily regarding its completion, and has to reply to endless queries on the subject. After the indent has been supplied it is subjected to all sorts of criticism, and is seldom accepted as a passed and finished indent.

Engineering contractors in the country have up to date been treated with about the same consideration as domestic servants, and are censured and fined on the slightest provocation under circumstances which would not be tolerated for a moment in England.

When the Home indent is for the Engineering Department it is inspected in all stages of manufacture by the India Office Inspection Staff and no one out here knows of any of the troubles and difficulties involved in the course of its manufacture, although we know that such troubles and difficulties exist just as much in England as in India.

When a similar indent is placed in this country a clause is usually inserted in the contract to the effect that the indent has to be to the satisfaction of the Chief Engineer after it has been finally passed by the Superintendent of Local Inspection Staff and is a great handicap on manufacturers, who have sometimes to face rejected work 1,200 miles away from their base.

In this country when any trifling difficulty or defect in workmanship arises it is usually known through all grades up to and including the Chairman of the Railway Board.

When similar defects arise at home it is confined to the Inspection Staff concerned, thus preventing all bother and correspondence with Indenting Officers.

The solution of this second difficulty is to raise the status of the Superintendent of Local Manufactures and his staff so that all work passed by his department will be taken without any further criticism, as in the case of the India Office.

The latter part of Rule 8—is very objectionable, and must be responsible for a large amount of work being sent out of the country. Your Committee have already brought this to the notice of the member for Commerce, but he has refused to delete it or add a similar clause to the rules for articles to be purchased in India.

The clause objected to reads as follows :—

“ Persistent failure of any officer to make such efforts should be brought to the notice of the Local Government or other authority which may at its discretion cancel or reduce the powers of sanction entrusted to the officer at fault ”

We should insist upon this clause being deleted from the rules.

Another clause which militates against local purchase is the present system of each local Government's Indenting Officers sending their indents direct to the India Office. The result is (as is well known) that a large percentage of indents which cannot be supplied by British firms are by the India Office instructions placed elsewhere, *and anywhere rather than in India*. It is impossible to imagine any treatment more unjust than that.

The office of the member for Commerce and Industry only receives duplicate copies of the indents after they have already been sent Home. From the lists sent us every half year by the member for Commerce it appears that large numbers of articles which could be supplied locally are still sent Home to the India Office, and when we protest we are told to lay our grievance before the local Government or Department concerned. This cannot prevent mistakes from happening again. The only real remedy is to send all indents in the first place to the Commerce and Industry Office and have these indents scrutinised by a competent officer *before* they go home, say by the Chief Superintendent of Local Manufactures, who would be in a position from his knowledge of the capacities of the engineering works in India to indicate what should be done in the country. Another benefit from this centralization of all indents would be that lower rates would be quoted than for many smaller indents.

The member for Commerce and Industry was indignant because he thought that the note we presented to him for discussion on 28th October 1914, charged Government with not acting up to their promises, but how can Government possibly fulfil their promises, which he says they are anxious to keep, without some equivalent arrangements to those proposed.

From the date of our first meeting with Mr. Clark, we have asked for a competent official to be in his office to scrutinise all indents *before* they went out of this country. It would certainly entail more work for some one and might cause a trivial delay in indents which had to go home eventually, but the economic gain to this country should be given precedence over such details.

The writer has personally seen India office indents of the simplest character such as grey cast iron brake blocks, which could have been made by any member of our Association, in British workshops, and he contends that the filling up of British workshops with this simple class of engineering requirements not only does us a grave injustice but prevents British workshops from taking up the more intricate class of engineering against German and American competition.

Another cause which prevents work being placed locally is the ignorance of indenting officers of the capabilities of the engineering works in this country. This could be rectified to a great extent by sending all indents to one centre as suggested above, but something more is required and Government might easily arrange special leave for engineers who desired to visit local engineering works, or yearly official visits might be arranged as is done at present by the Institution of Permanent Way Inspectors in India.

I contend that the average engineer in the mofussil has no idea of the capabilities of the engineering works in India, and from past experience I consider that advertising and catalogues are not sufficient to give him that feeling of personal trust which a visit to our workshops would induce.

In conclusion I consider that nothing is to be gained by keeping our agitation for more work, private, but I feel sure that if we called in the aid of the technical press and commercial papers like "Capital" and "Commerce" we would receive a great deal more consideration.

We have got a splendid case, but so long as we agree to be kept muzzled, we will always get the crumbs. We should make a bold stand in the same way as the Indian Mining Association who get all they require by publicity methods.

I cannot discover any inducement to outsiders coming into competition when we are asking for more work and can show we seldom have enough work to keep our shops in full swing. In my opinion the time has arrived when we must use exceptional methods if we would have any advance made.

I suggest that each Chamber of Commerce in India should instruct its member on the Imperial Council to take up our case, and that pressure should also be applied to the Secretary of State in the House of Lords.

I also suggest that a pamphlet should be printed containing all printed matter on the subject of Local Purchase. This pamphlet should be issued to all our members and to the press, and all Local Governments as representing our case for placing more work in this country. If the Committee approve of my views I am prepared to compile the pamphlet with the aid of our Secretary.

An excerpt from "Capital" of 25th February 1915 is also enclosed for information.

I shall be glad to have definite replies from members of Committee before the end of this month.

Extract, page 450, from "Capital," dated 25th February 1915.

The industrial development of India is a matter of Imperial importance not only because India will never rest content with its present dependence on agriculture but also because its backwardness and poverty are sources of Imperial weakness. The richer and stronger India becomes the more trade it will do with the British Isles; the character of the trade will undergo

a gradual change and simultaneously the value and volume will increase, much that is now imported should be manufactured in the country and the wealth so produced will lead to new demands. The fallacy which undoubtedly to some extent prevails in England that it is to England's interest to encourage the export of raw produce from India in exchange for manufactured goods must be squashed, and the real interests of both countries brought prominently before the public. How best this can be done is a matter for grave consideration. Slowly it may come about by the gradual flux of ideas which follows economic movements but it is impossible that such important issues should be left to the lapse of time and it is necessary that an active policy should be framed with the object of accelerating the change.

* * * * *

The industrial condition of India requires expert investigation and as the interests at stake are of importance to the whole empire we think the subject is worthy of the attention of a Royal Commission. The opinions of such a body would carry weight and there would be some prospect of their recommendations being given effect to. It is quite certain that a Government of India Commission would be regarded as biassed, and its conclusions would not be accepted both in India and England. Already the war has wrought vast changes in our mental attitude, and at its conclusion the happy-go-lucky methods of the past will have to be scrapped in favour of a well considered national policy which should be steadily pursued. Half measures and tentative measures have been tried during the last twenty years, and there is large accumulation of experience which needs to be examined and the results clearly set forth.

* * * * *

We have reports and inquiries and industrial surveys by the dozen, public bodies have expressed their opinions and the Government of India and local Governments have issued neatly worded resolutions but the real issues have seldom been fairly faced. What we want now is a broad and statesmanlike view of the situation in which the interests of India will receive the consideration, that is due to them. This cannot be done by any individual or by any local commission. Even now to reverse the *laissez-faire* attitude adopted by his predecessor in the past, a Secretary of State for India will need support, such as seems to us can only be furnished by the deliberately expressed opinions of a competent body of experts and statesmen after they have carefully studied the Indian industrial question in all its bearings.

* * * * *

The objections to a Royal Commission are obvious. It is certainly a costly method of proceeding, and it is bound to exhibit the weakness due to its composite character, but under a Parliamentary system of Government no other course seems likely to bring into sufficient prominence the necessity for energetic action to develop the resources of this country.

No. 57-I. E., dated Calcutta, the 8th May 1915.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Department of Commerce and Industry, Simla.

I am directed by the Committee of the Indian Engineering Association to refer to your letter No. 2549—13, dated 17th March 1915, and to request that they may be favoured with the communication therein promised, as early as possible. The position brought to the notice of Government has in no way improved, and the Association is anxiously awaiting the orders of Government on its representation.

No. 6483—13, dated Simla, the 13th May 1915.

From—The UNDER-SECRETARY to the Government of India, Department of Commerce and Industry,

To—The SECRETARY, Indian Engineering Association, Calcutta.

In reply to your letter No. 57-I. E., dated the 8th instant, I am directed to say that the orders of the Government of India on your representation regarding the position of the engineering industry in India will issue when the replies to an enquiry on the subject which has been addressed to certain local Governments have been received.

Dated Howrah, 3rd August 1915.

From—JOHN TAYLOR, ESQ., MESSRS. BURN & CO., LD., Howrah Ironworks,

To—The SECRETARY, Indian Engineering Association, Calcutta.

I enclose copies of letter No. 12113—20, dated 22nd July 1915, from the Department of Commerce and Industry and Burn & Co.'s reply of 27th July 1915.

This subject was brought before Sir W. Clark at our meeting of 28th October 1914, and is of great importance to our Association.

No. 12113—20, dated Simla, the 22nd July 1915.

From—The UNDER-SECRETARY to the Government of India, Department of Commerce and Industry,

To—MESSRS. BURN & CO., LD., Howrah.

I am directed to invite a reference to the correspondence ending with the letter in this Department No. 12468-66, dated the 5th November 1914, on the subject of the purchase of articles capable of being manufactured in this country.

2. I am to say that the Government of India have caused enquiries to be made, with special reference to the instance you quote, of the rejection of Tata steel for the Garrah bridge contract. It transpires that the Executive Engineer, Sitapur Division, required that British standard steel alone should be used in the execution of the contract. The Government of India have never insisted that local officers must utilise Indian steel in all cases, but only that the advantages of Indian sources of supply shall invariably be considered in deciding in what market orders shall be placed. Had your firm informed the Executive Engineer, before making up the curbs, that they proposed to use Tata steel angles, it would have been possible for him to ask you to have these tested at the Tata works, the only place where facilities exist for this purpose, whereas in order to get the angles tested after the curbs had been made up, it would have been necessary to send the curbs to the Government Inspectors at Sakchi; and the delay and expense involved would obviously have rendered this procedure impracticable. The Government of India consider, therefore, that the Executive Engineer was under the circumstances justified in rejecting curbs containing Tata steel angles.

No. 3155-P. H., dated Howrah, 27th July 1915.

From—MESSRS. BURN & CO., LD.,

To—The UNDER-SECRETARY to the Government of India, Department of Commerce and Industries, Simla.

Your no 12113—20 of 22nd July 1915, on the subject of Tata Steel for Garrah Bridge Contract.

The exact wording of para 3 of the specification for these curbs reads as follows:—

“All steel used in the construction shall conform to the British Standard and shall be free from flaws”.

We submit this is entirely different from what was said later on to have been required, viz., “British Standard Steel”.

We knew that Tata steel was guaranteed by the Metallurgical Inspector to conform to the British standard specification, and we hold we were perfectly justified in supplying this steel according to the terms of the specification.

It was after the Engineer saw we had used Tata steel that he told us in his letter of 17th October 1913 he wanted “British Standard” steel as he had no means of testing Tata steel.

Although he had no means of testing the steel we think you have been misled when you say that “the only place where facilities exist for this purpose are at Sakchi at the Tata Works”.

We beg to inform you that we have facilities for testing steel both chemically and physically, and these facilities exist at the E.I.R. Workshops at Jamalpur and at the Superintendent of Local Manufactures' Laboratory at Alipore, Calcutta.

There would have been no necessity to have sent the curbs to Sakchi; all that was necessary was to cut out samples from different curbs and send them to the Laboratory at Alipore to be tested.

We have no financial interest in the Tata Iron and Steel Company, but we knew that in using their steel we were using material conforming in every respect to the British Standard Specification.

We would also point out that in all specifications for State Railway work the phrase "Tata or British" has been in use since September 1912 and it seems reasonable to assume that what is good enough for State Railway work is good enough for P. W. D. work.

In conclusion we must say we are greatly surprised at the attitude of the Government of India in this case, which, we consider, does not agree with their various resolutions for the encouragement of local industries.

No. 97-I, E., dated Calcutta, the 13th September 1915.

From—The SECRETARY, Indian Engineering Association, **SERVANTS OF INDIA SOCIETY'S
BRANCH LIBRARY
BOMBAY**
To—The SECRETARY to the Railway Board, Simla,

I am directed by the Committee of the Indian Engineering Association to refer to the report of the Committee on Indian Railway Finance and Administration, dated 5th March 1908.

2. At page 14, para 17, of the report, particulars are given of the expenditure on Indian Railways for ten years. Following this statement it is remarked—"If our recommendation is adopted 100 millions will be spent on railway development in eight years and, as finality is still a long way off, it will probably be deemed advisable to consider the whole question afresh before the expiry of the time mentioned".

3. Assuming that the year 1908-09 may be taken as the first of the eight years referred to above, and that the year 1915-16 will be the last, the Committee find that in the period of seven years the expenditure has been 67½ millions, instead of ⅔ths of 100 millions or 87½ millions sterling—a deficit of 20 millions sterling.

4. The Committee are aware that the present is not a favourable time to present their views on this subject, but the necessity of the members of the Association compels them to do so. Munition work is of no assistance to bridge shops, wagon shops, shipyards and general structural shops, the machinery in such shops being of no use for shell work.

5. The Committee appeal to the Railway Board to assist the Indian engineering industry over the present very serious crisis by allowing more expenditure on railways. It would be essential that any additional expenditure sanctioned by the Board should be specifically allotted for work to be given out locally.

6. In order that the Board may be made completely acquainted with the situation in its various details, I am to say that a deputation from the Committee of the Association would be glad to meet the Board at Simla if they would kindly fix an appointment for an early date.

No. 16057—13, dated the Simla, 19th October 1915.

From—The SECRETARY to the Government of India, Department of Commerce and Industry,

To—The SECRETARY, Indian Engineering Association, Calcutta.

In continuation of my letter No. 6483—13, dated the 13th May 1915, I am now directed to reply to your letter No. 11-I, E., dated the 3rd February 1915, in which the Committee of your Association draw attention to the depression prevailing in the engineering industry in India,

and urge that expenditure, under the forthcoming budget, on such requirements in connection with railways and public works, as can be produced in India, should be curtailed as little as possible, and that the Government of India should take steps to ensure that all such work shall be confined to India.

2. In the first place I am to express the regret of the Government of India that delay has occurred in replying to your representation. This, as indicated in my letter of the 13th May, has been due to the necessity for making enquiries from Local Governments and, to a still greater extent, to the frequent changes that the war has brought about in the policy of Government and in other matters affecting the engineering industry.

3. You refer in your letter to the strong demand at home, on the outbreak of war, that all orders, that could possibly be given out, *should* be placed in order to keep the various works occupied and you say that it appears to your Committee that the same argument applies in India with even greater force.

4. The Government of India fully appreciate the importance of keeping local industries employed. They have already taken steps to secure that orders shall be placed in India as far as practicable, and they understand that this has led to the diversion of a considerable number of orders from England to India. If, notwithstanding the endeavours made by the Government, certain orders have been placed elsewhere which could have been carried out with equal efficiency and economy in India, the remedy lies to a great extent in the hands of the Association. As the Honourable Member in charge of this Department pointed out to your Committee during his meeting with them on the 28th October 1914, firms interested should, on receipt of the lists provided half-yearly by the Government of India, bring to the notice of the department concerned instances of orders placed abroad for articles which they are themselves able to manufacture.

5. As regards the future, I am to explain for the information of your Committee how matters as they now stand, and as they will probably remain for the duration of the war, are likely to affect the placing of Government orders in India.

6. India, like every other part of the Empire, is doing its best to produce the maximum quantity of munitions of war. The Tata Iron and Steel Company's works at Sakchi are now occupied, to the extent of 75% of their output, in the manufacture of shell steel, and every available machine tool in the country is being diverted to the making up of this steel into shells. In England, where very many other things besides shells are being made for the use directly or indirectly of the Army and Navy manufacturers are, according to the latest information before the Government of India, so fully occupied in the manufacture of materials required in connection with the war, that there are but few classes of material used in the engineering trade which can be supplied to India without causing interference with the more important war work. The operations of the Ministry of Munitions will, therefore, frequently result in orders on England for engineering materials remaining unexecuted.

7. In India, the position of the engineering industry is that parts of all the engineering works in India are either fully occupied with shell manufacture, or have been depleted of the spare machine tools required in that manufacture, while, for the reasons already referred to, the raw material required to give work to the other parts of the engineering shops, except the foundries and timber shops, can only be purchased in very small quantities in India and is likely to be practically unprocurable in England. The workshops of the Indian Railways are in precisely the same position.

8. It therefore appears to the Government of India to be probable that, unless Indian engineering firms are in a position to tap new sources of supply for raw material or have large stocks on which they can draw, many orders placed now are unlikely to be complied with until after the end of the war.

9. It is, of course, possible that large stocks of certain classes of material may be available in this country of which the Government of India are not aware, or that firms may be in a position to obtain raw materials from elsewhere, at a cost which would not be prohibitive, and without interfering with the outturn of munitions of war on behalf of the Allies. Information on these points would be of great assistance to the Government. In this connection, I am to say that it has been ascertained that the Railway Board intend to invite, through your Association, representatives of the firms principally interested in the manufacture of rolling stock to

discuss with them the possibility of their undertaking orders for such stock, with special reference to the availability of the necessary raw material.

10. The Government of India recognise to the full the desirability of affording work to Indian labour, both for economic and political reasons, and are prepared to consider every reasonable plan for securing this object. At the same time they think it proper to warn the Association that the exigencies of finance during the war cannot fail to necessitate a strict curtailment of expenditure by Government, and a restriction in the amount of orders which can be placed, other than those relating to the manufacture of munitions.

No. 2327-S., dated Simla, the 8th November 1915.

From—The SECRETARY, Railway Board, Government of India, Railway Department,

To—The SECRETARY, Indian Engineering Association, Calcutta.

In your letter No. 97-IE., dated 13th September 1915, you appealed to the Railway Board to endeavour to arrange for an increased allotment of funds so as to assist the engineering trade in the difficulties with which they are at present faced. The general position as regards the placing of orders with engineering firms in India, has been explained to the Association in letter No. 16059 dated 19th October 1915 from the Government of India in the Commerce and Industry Department, but, as your letter to the Railway Board deals more particularly with the financial aspect of the question, the Board think it desirable to amplify somewhat what was said there, as to the restriction on the placing of orders which financial considerations will necessitate. I am directed to explain, therefore, that the necessity for conserving the financial resources of the Empire at the present time, has required that expenditure on Indian railways as well as on railways in the British Isles, should be confined to work immediately and absolutely essential. The programmes of expenditure which have been prepared in anticipation of but a slightly restricted rate of expenditure have had therefore to be set aside; and the Railway Board and individual railway administrations are now engaged in considering what work it will be imperative to undertake during next financial year. The Board fully appreciate the desirability of placing in India as many of the orders for material required as it is possible to comply with in this country, and they propose to take advantage of the suggestion made in your letter that a deputation from the Committee of the Association should confer with them in regard to this matter. The Board consider, however, that this discussion is more likely to prove of practical value, if it takes place after they have more definite information as to the work which will actually be carried out next year. I am to say that, in these circumstances, you will again be addressed with a view to arranging a definite date and place for a meeting with the deputation and to suggest that in the meantime information should be collected regarding stocks of raw material and sources of supply which will not interfere with the manufacture of munitions, on the lines indicated in the letter from the Department of Commerce and Industry.

No. 116-I.E., dated Calcutta, the 17th/18th November 1915.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Department of Commerce and Industry, Delhi.

I am directed to acknowledge the receipt of your letter No. 16057—13 dated 19th October 1915, with reference to the prevailing depression in the engineering industry of this country.

2. The Committee of the Association, in their representation of the 3rd February 1915, to which your letter is a reply, urged that expenditure in connection with Indian railways and public works should be curtailed as little as possible; and that all orders that can be executed in India should be placed here. They now note with satisfaction that the Government fully appreciate the importance of keeping local industries fully employed, and that the steps which they have taken in this direction have led to the diversion of a considerable number of orders from England to this country. But the Committee are not altogether prepared to accept unreservedly your statement that if, notwithstanding these efforts, orders have been placed

outside India, the remedy lies to a great extent in the hands of the Association. It is true that the Association as a body has not taken advantage of the information which is given in the half yearly lists of indents. Individual members have however done so, but unfortunately without profitable result so far as can be ascertained.

3. It has to be remembered that the half-yearly lists are lists of orders that have been already placed. Nothing that the Association, or an individual member of it, can say will affect any particular order in the lists. All that can be done is to point out to the Department concerned the fact that a certain indenting officer did, on a certain date, send to England an order for an article which could have been supplied in India. It does not seem to the Committee that it must necessarily follow, from this action on the part of the industry, that orders for the particular article in question would not henceforth be placed in England. Such might be the result, but their experience so far does not suggest that it must be. They welcome the publication of the lists as being unquestionably a step in the right direction; but they incline to the view that in your letter undue importance is attached to their value.

4. Your statement in paragraph 7, that raw material can be obtained in India in very small quantities only, and that it is likely to be unprocurable in England, does not accurately reflect the experience of members of the Association. Difficulties are undoubtedly occurring, but members find that they are still able to obtain the majority of the sections that they require for their class of work. And they think that it is going rather too far to say that supplies will become practically unprocurable.

5. They are also disposed to take a similar view of your remark that orders placed now are unlikely to be complied with until after the end of the war unless Indian engineering firms are in a position to tap new sources of supply. They hold that India can tap new sources of supply of raw material; and moreover it must be remembered that Indian engineering establishments keep large stocks. Prices have been undoubtedly enhanced, but apart from this the Committee do not see why orders placed in India now should not be complied with in practically the usual way. They have certainly not heard that any member of the Association has had to refuse a contract for any class of work by reason of inability to procure raw material, or by reason of the conditions prevailing in the United Kingdom.

6. The Committee note with much satisfaction the intimation, in paragraph 9, that the Railway Board propose to invite, through this Association, representatives of firms interested in the manufacture of rolling-stock, to discuss questions in connection therewith. They trust that the proposed conference will be convened at an early date.

7. In conclusion, I am to express the thanks of the Association for the assurance given in the last paragraph of your letter that the desirability of affording work to Indian labour is fully recognised by the Government of India. The Committee quite understand that the financial position has demanded, and still demands, a strict curtailment of expenditure; and they would only ask that the Government of India will continue to use their influence with the local Government and Departments concerned, to ensure that as large a proportion as possible of the orders given out shall be retained in this country.

Letter No. 294-S., dated Simla, the 17th February 1916.

From—The OFFG. ASSISTANT SECRETARY, Government of India, Railway Department
(Railway Board),

To—The SECRETARY, Indian Engineering Association, Calcutta.

In continuation of Railway Board's letter No. 2327-S., dated the 8th November 1915, I am directed to say that before the meeting referred to therein between the Railway Board and a deputation from the Committee of your Association takes place, the Railway Board desire that they may be favoured by your Association with a statement showing what firms can do in the way of building bogie under-frames, third class carriage bodies, and wagons of the 5' 6", metre and narrow gauges, without indenting on England for raw material, or with but little demand on England.

No. 53-I.E.—Calcutta, 24th February 1916.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Railway Board, Simla.

I am directed to acknowledge the receipt of your letter No. 294-S., dated 17th February 1916, and to say that the information asked for will be furnished as early as possible.

No. 294-S-16.—Dated Simla, the 11th March 1916.

From—The OFFG. ASSISTANT SECRETARY, Government of India, Railway Department,
(Railway Board),

To—The SECRETARY, Indian Engineering Association.

With reference to correspondence ending with your letter No. 53-I.E., dated 24th February 1916, I am directed to say that it is important that a programme of work should be evolved as soon as possible; and that, if further delay is likely to occur in furnishing the Railway Board with the statement, asked for in their letter No. 294-S., dated 17th February 1916, it may be necessary to have the proposed meeting without awaiting receipt of that information. I am accordingly to request that the Railway Board may be informed at a very early date, as to when they may expect to receive the information in question.

No. 74-I.E.—Calcutta, 17th March 1916.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Railway Board, Simla.

I am directed to acknowledge the receipt of your letter No. 294-S-16., dated 11th instant, requesting a reply to your letter of 17th February No. 294-S., in connection with the manufacture of railway rolling stock in India.

2. The Committee regret that there has been some delay in obtaining the information asked for. Only six firms, members of the Association, have so far notified their ability to undertake this class of work, and I am directed to forward, for the information of the Board, a summary of their replies. The Committee will be pleased to arrange for a deputation to interview the Railway Board when the date of the meeting has been decided upon.

MESSRS. JESSOP & CO., LD., CALCUTTA ... Can do nothing with 3rd class carriage bodies but can build bogie under frames and iron goods wagons of all gauges with Tata Co's material, supplemented by material imported from America and England. If favoured with a call for tenders would be pleased to make the necessary cable enquiries with the view of making a firm offer for the work.

MESSRS. BURN & CO., LD., HOWRAH ... Are in a position to build 80 3rd class bodies, 60 carriage under-frames and 200 B. G. wagons or relatively larger numbers of metre and narrow gauge stock with very little demand on England for raw material. They are in a good position at the present moment to do this work and have considerable stocks to draw upon.

HOWRAH-AMTA LIGHT RAILWAY, CO., LD. ... Their workshops could undertake the manufacture of the stock referred to with the exception of wheels, axles, tyres, and springs. No pressed steel work could be undertaken.

MESSRS. COSSER & Co., LD., KANACHI ... Have at various times constructed high sided, low sided and covered goods wagons, also brake-vans for the railways on their side of India, but in each case they have been supplied with the wheels and axles, springs, under-frames, etc. They are not prepared at present to undertake the making of rolling stock such as mentioned by the Railway Board unless they are supplied with the wheels, axles, etc., as previously.

MESSRS. MASSEY & Co., LD., MADRAS ... Provided Tata Co. can supply the sections required they could undertake to build under-frames to any specification, but are unable to undertake third class carriage bodies or wagons involving woodwork.

MESSRS. RICHARDSON & CRUDDAS, BOMBAY... It would be possible for them to build bogie under-frames etc., without indenting on England for much raw material, provided alterations in design are allowed, in order that stock materials may be worked in.

No. 358-S.—Dated Simla, the 17th March 1916.

From—The OFFG. SECRETARY, Government of India, Railway Department, (Railway Board),

To—The SECRETARY to the Indian Engineering Association, Calcutta.

I am directed to forward for the information of the firms, members of your Association, a copy of a letter which the Railway Board have addressed to all the Indian Railway Companies domiciled in England.

2. The Railway Board understand that it will frequently be found impossible to place orders for materials required in the manufacture of railway rolling stock and other railway appliances, in England without the assistance of the Secretary of State, and that even when orders are placed, manufacture will be liable to interruption, unless a certificate of urgency has been obtained from the Railway Board.

I am to suggest, therefore, that if, during the continuance of the present war, engineering firms find it necessary to send any orders for material to England, the Railway Board may be supplied with information similar to that asked for from railway companies in order that the Board may assist those firms, by certifying to the urgency of their requirements.

No. 358-S. 16.—Dated Delhi, 17th March 1916.

From—The OFFG. SECRETARY, Government of India, Railway Department, (Railway Board),

To—The AGENTS, Assam-Bengal, Bengal and North Western, Bengal-Nagpur, Bombay, Baroda and Central India, East India, Great Indian Peninsula, Madras and Southern Marhatta, South Indian and Burma Railways, AGENT and CHIEF ENGINEER, Rohilkund and Kumaon Railway, AGENT, Barsi Light Railway, AGENT, and CHIEF ENGINEER, His Highness the Nizam's Guaranteed State Railway.

As you are aware, the operations of the Ministry of Munitions in England have rendered it imperative to reduce to the minimum all demands for material which involve any possibility of interference, direct or indirect, with the manufacture of munitions of war. The Department of Munitions have, therefore, hitherto required that the India Office should certify to the necessity of any order which Indian railways desired to be placed in England; and it has been the practice for railways to ask for the good offices of the Secretary of State to assist them in obtaining any necessary stores of which the manufacture was being delayed.

2. I am now directed to inform you that this procedure has been found in practice to lead to a considerable amount of telegraphic correspondence between the Government of India and the Secretary of State regarding the urgency of particular requirements, while some unnecessary inconvenience would appear to have been caused to individual railway administrations, seeing that the authorities in India have hitherto had no assurance that the indents transmitted to England for compliance would be certified there as urgent. In fact, as a result of enquiries made through the Railway Board, a considerable number of indents, which had been transmitted to England, have been either cancelled or modified.

3. Furthermore in view of the great difficulty attending the manufacture of material of certain classes a committee has, the Railway Board understand, been constituted by the Priority Section of the Ministry of Munitions and is now considering what quantity of material of each of the kinds shown in enclosure A should be hypothecated as the requirement of each part of the Empire in the forthcoming financial year. A demand on behalf of Indian railways has already been submitted to the Secretary of State based upon the information received from individual railways. The Board are informed, however, that it is improbable that the Committee will be able to agree to hypothecate for India the full quantity shown, while it is certain that no excess over the quantity hypothecated for India in each case will be permitted.

4. A further difficulty has been experienced in England in deciding upon the relative urgency of Indian demands all of which have been certified to as necessary, and the Railway Board have therefore been requested to arrange that against each item of stores indented for by any railway should be shown the latest date of shipment if the stores are to be received by the date on which their necessity will become immediate.

5. In these circumstances the following procedure has been decided upon. First as regards indents of stores of all kinds, it has been decided, with the approval of the Secretary of State, that indents for material required for Indian railways must be certified by the Railway Board as necessary before orders can be placed. This applies not only to indents which have yet to go forward but also to all indents transmitted to England and against which contracts have not yet been let.

6. I am to say that in examining indents the Railway Board will take the following points into consideration :—

- (1) the necessity of obtaining the material or stores for which it is proposed to indent.
- (2) the possibility of obtaining supplies from stocks known to be already in India, and
- (3) the possibility of manufacture in whole, or in part, in India.

All indents forwarded but not yet let should be re-examined with a view to deleting any items which can possibly be omitted having special regard to those considerations, and the date by which shipment is essential should be shown against each item. The indents should then be submitted for the Railway Board's consideration with full explanation in regard to any items of which the immediate necessity may not be obvious. A similar procedure should be followed in regard to all indents which you desire to transmit in future.

7. In the second place in view of the restriction of supply to a definite quantity all indents either remaining in England unlet or to be transmitted to England, for material of the class shown in enclosure A, will have to be examined by the Railway Board with a view to ensuring that each railway receives its fair share of the available supply. Obviously this can only be done if all indents for these classes of material are considered together, and the Railway Board regret that it is therefore necessary to ask that all outstanding indents or new indents for 1916-17 for these classes of material should be in their hands by the 30th April next. To facilitate their consideration the following information should be supplied against each item in addition to that asked for in the case of all stores ;

- (1) the quantity in stock,
- (2) the quantity either under supply or already certified by the Railway Board,
- (3) the normal annual consumption, and also, in the case of spares for locomotives or carriages and wagons,

- (4) the number of locomotives or carriages and wagons on the line.
- (5) the number of locomotives or carriages and wagons awaiting heavy repairs for want of these spares, and
- (6) whether the quantities in the indents are within the estimated minimum requirements previously intimated.

Further an abstract should be attached giving to one place of decimals the number of tons now required of each of the classes of material shown in enclosure A, and also the number of tons previously intimated as your minimum requirement for 1916-17. In order to assist you to group your requirements under each of the heads shown in enclosure A, I am to attach a statement showing the heads under which the Railway Board grouped the requirements of Indian railways in placing their demands before the Secretary of State, and the head under which each of the Railway Board's demands has been placed by the Ministry of Munitions.

8. The successful prosecution of the war depends to so large an extent upon the supply of munitions and men from England, that is on workshop capacity and labour, that the Railway Board believe that you will appreciate the necessity for confining demands for English materials to the smallest possible dimensions. They trust, therefore, that indents, before being forwarded to them for certification, will be subjected to a most careful scrutiny, and that there may be no occasion for the Railway Board to withhold a certificate of necessity.

Copy forwarded to the Agents, North Western, Oudh and Rohilkhand and Eastern Bengal Railways, for information and necessary action in continuation of this office letter No. 2446-S, dated the 18th November 1915.

By order,
P. C. YOUNG,
Offg. Secretary, Railway Board.

ENCLOSURE A.

Classification adopted by the Munitions Department.

(1) Complete Locomotives comprising :—

- Steel castings.
- Steel plates, bars and angles.
- Steel tyres.
- Steel axles.
- Steel forgings.
- Copper plates and bars.
- Copper pipes.
- Brass.
- Tubes (material and weight).
- Wrought iron.

(2) Complete boilers (apart from above) comprising :—

- Steel plates, bars, angles and castings.
- Copper plates and bars.
- Tubes (material and weight).
- Iron or steel forgings.
- Brass.

Other materials required for Locomotive maintenance :—

- (3) Copper pipes.
- (4) Copper plates.
- (5) Copper bars and rods.
- (6) Brass and copper sheets.
- (7) Copper tubes.
- (8) Brass tubes.
- (9) Steel tubes.
- (10) Steel plates, bars and angles.
- (11) Steel for springs.
- (12) Steel tyres.
- (13) Steel axles (crank and straight)
- (14) Steel castings.
- (15) Steel blooms and forgings.
- (16) Iron bars, plates and forgings.
- (16-A) Superheater flues.
- (17) Machinery for locomotive repairs.

Materials required for Permanent Way Maintenance :—

- (18) Steel rails.
- (19) Fishplates.
- (20) Fishbolts.
- (20-A) Steel sleepers.
- (20-B) Bearing plates.
- (20-C) Spikes.
- (20-D) Steel keys.

Carriage and Wagon material :

- (21) Axles.
- (22) Tyres.
- (23) Wheels.

ENCLOSURE B.

Classification of estimated minimum Indian requirements of certain classes of stores as intimated to India Office.

<i>ITEMS.</i>	<i>Includes in Enclosure A, under class.</i>
Locomotive engines	1
Boilers, complete	2
Boilers, materials for	2
Axles, engine (crank or straight)	13
Axles, carriage or wagon	21
Wheel, centres	23
Tyres, engine	12
Tyres, carriage and wagon	22
Superheater flues	16-A
Steel tube plates	10
Steel and iron tubes	9
Copper tube plates	4
Copper tubes	7
Brass tubes	8
Copper and brass sheet	6
Copper rods	5
Copper wire	24
Copper ingots	25
Mild steel	15
Springs and spring steel	11
High speed steel	17
Best toughened cast steel	14
Buffing and draw gear	23-B
Rails	18
Steel sleepers	20-A
Bearing plates	20-B
Spikes	20-C
Keys, Steel	20-D
Fishbolts	20

No. 77-I. E., dated Calcutta, 28th March 1916.

From—The SECRETARY, Indian Engineering Association.

To—The SECRETARY, to the Railway Board, Simla.

In continuation of my letter No. 74 I. E. dated 17th March, kindly add to the statement sent therewith the following information and oblige:

Messrs. Richardson & Cruddas
Bombay.

It would be possible for them to build bogie underframes, etc., without indenting on England for much raw material, provided alterations in design are allowed in order that stock materials may be worked in.

No. 294 S-16, dated Simla, 13th April 1916.

From—The SECRETARY to the Government of India, Railway Department, (Railway Board),

To—The SECRETARY, Indian Engineering Association.

I am directed to say that the information supplied with your letters Nos. 74 and 77 I. E. dated the 17th and 28th March 1916, respectively, has been considered by the Railway Board. The information collected by your Association, though it is admittedly incomplete, indicates that so far as rolling stock manufacture is concerned it will be difficult to arrange for any considerable programme of work in private workshops in India, without indenting on the English market or on foreign markets for raw material.

2. As your Association is well aware the operations of the Ministry of Munitions have rendered it extremely difficult to obtain from the United Kingdom railway material either in a raw or finished state. The Railway Board have undertaken to see that no indents which are not for material essentially necessary are transmitted by Indian Railways for compliance. New rolling stock is not in most cases an Imperial necessity and the Board would therefore be unable to agree that material should be obtained for its manufacture either directly by railways or indirectly through private firms. Furthermore purchases of material cannot be made in foreign markets without adversely affecting the exchange position and therefore, except in case of immediate necessity, these markets must be regarded as closed for Indian railway material.

3. In these circumstances the programme of rolling stock manufacture becomes almost entirely dependent upon the stock of raw material in the country, and the programme of manufacture must be determined on a detailed consideration of the stocks of such material held by individual firms.

4. I am to say, however, that there are other classes of material which railways require for their upkeep and maintenance. It is most desirable that the resources of the country should be drawn on to the greatest possible extent for the supply of such material, and the Railway Board are anxious that there should be no failure to employ these resources through ignorance on the part of Railway administrations as to their existence, or on the part of manufacturers as to the demand. I am to instance the following as articles for which the requirements of railways are considerable and the English supply severely restricted :—dog spikes, screw-spikes, fish bolts and nuts, bearing plates, tie bars, steel keys, springs of all sorts, buffing gear. This list, it will be understood, is merely illustrative. It is, of course, far from being exhaustive.

5. The Board recently instituted enquiries into the question of dog spike manufacture, and the quantities which can be made in private workshops in India are apparently very small. As the annual demand is high it seems to them possible that private firms might find it profitable to make or obtain the plant required to increase their output now with a view to securing permanent business. The same may be said of many other articles.

6. To discuss these matters the Railway Board would be glad to meet representatives of your Association in Simla on any date convenient to them. The date will no doubt be made as early as possible and it would be convenient to the Board if at least three days notice of it can be given. The Board will willingly take the opportunity thus offered of discussing the placing of orders for any class of railway material which any firm, party to your Association, is in a position to manufacture in India.

No. 92-I. E.—Calcutta, 19th April 1916.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Department of Commerce and Industry, Delhi.

I am directed by the Committee of the Indian Engineering Association to forward the accompanying copy of a Note, with appendices, on the subject of the purchase of Government stores in India, and to request that you will kindly submit it to the Hon. Sir George Stapylton Barnes, for favour of perusal.

2. The publication of the papers has been undertaken by the Association in order to bring together, in convenient form, the correspondence with Government on this important question. The note attached to the correspondence gives a resume' of what has taken place since the Association memorialised the Government of India in 1905, and states their views as to the further action required in order to secure to the engineering industry in India a fair share of Government work.

3. The Committee originally intended the publication for circulation among the members of the Association only. It occurs to them, however, that copies might also be sent to all heads of Departments and Indenting Officers throughout India, as it would give them an insight into the Association's aims, and might possibly induce a fuller consideration of the claims of the Indian Engineering Industry to their support. The Committee will be glad to learn that there is no objection on the part of Government to the Association doing this.

No. 294-S/16—dated Simla the 5th May 1916.

From—The SECRETARY, Government of India, Railway Department, Railway Board,

To—The SECRETARY, Indian Engineering Association.

I am directed to say that on the 3rd May, the Railway Board met the representatives whom your Association was kind enough to depute, when the action to be taken in regard to the manufacture in India of the items noted below was discussed and the decision noted in each case was reached.

2. *Locomotives and locomotive parts.*—The manufacture in India of those parts which railway workshops are themselves unable to undertake is at present impossible, and must for some time remain so. There is, therefore, no prospect of securing help from the Association in this direction.

3. *Carriages and wagons and parts thereof.*—While engineering firms in this country are able to build carriages and wagons and to make certain parts there are at present in India no facilities for making Wheels and axles, Tyres, Springs, Sheets and plates, and no stocks of these parts are held in this country.

As the manufacture of those parts in the United Kingdom causes interference with the operations of the Munitions Department, while orders placed in foreign countries adversely affect the exchange position, the Railway Board are unable to ask for permission to place indents except in cases where immediate urgency exists. Some rolling stock may be required for new branch lines on a different gauge from that of the parent line, and the Railway Board will give no assistance in placing orders abroad for those parts of the manufacture which can be undertaken in this country.

4. *Bridge work.*—The Railway Board's advice is that the manufacture in the United Kingdom of sections required for girder construction causes so much interference with work for the Ministry of Munitions, that it will be impossible to place orders in that country for sections unless grave necessity can be urged. All railway administrations will be informed accordingly, and, in order that wherever possible, necessary work should be done with sections in stock or which can be made in India, they will be informed that by calling upon Engineering firms to supply designs of girders to their specification they have the best prospect of obtaining any girders which they require.

5. *Fish bolts and nuts.*—The representatives of the Association informed the Railway Board that, given the necessary raw material, there was every reason to believe that the requirements of railways could be met fully. It was accordingly agreed that the probable requirement of Indian railways should be intimated to the Association, and that the Railway Board should assist by arranging for the supply from Messrs. Tata and Company of the round bar required.

6. *Tie bars and points and crossings*—*mutatis mutandis* what has been noted under fish bolts and nuts applies to tie bars and points and crossings.

7. *Bearing plates.*—As there is a large demand for bearing plates which cannot be met by manufacture out of India, the Railway Board agreed that they would discuss with Messrs. Tata & Co., the possibility of rolling the section required for the making of mild steel or wrought iron bearing plates. If this section can be obtained, the shearing and punching of the plates can be undertaken at once by engineering firms and the requirements of Indian railways can thus be met.

A railway having suggested the possibility of adopting a cast iron bearing plate, it was suggested that it should experiment with such a plate, though little prospect of success is apparent.

8. *Dog spikes, screw spikes and steel keys.*—To make each of these articles on any considerable scale and in an economical way it is necessary for engineering firms to make or obtain new plant. The Railway Board pointed out that as the demand is large and an immediate market assured, it might be well worth while incurring this initial expense. It was, therefore, decided that the Railway Board should ascertain and communicate to the Association the approximate annual requirements of State Railways and of Companies' railways for each of these articles. The representatives informed the Board that if this were done and a fair field offered to the Indian manufacturer there was every reason to suppose that they could hold the market. The Railway Board explained that so far as State Railways at any rate were concerned, there could be no question of their going outside India if better value could be obtained here than elsewhere.

It was further agreed that, if the manufacture of these articles was undertaken, the Railway Board would for the present help in the obtaining of the necessary raw material.

9. *Gibs and cotters.*—As Messrs. Tata & Co., are unable to make the very thin flats from which these articles are ordinarily made, it was agreed that the Association would submit a sample of a solid cotter with a split end made from a section obtainable in the country, and that the Railway Board would consult railways as to its suitability.

10. *Cast Iron Sleepers and Chairs.*—The Railway Board explained that they had made no special enquiries about these items as there was understood to be no present lack of work in Indian foundries and a discussion of means to promote their manufacture in India seemed therefore to be outside the purpose of the present meeting. It was agreed, however, that the Railway Board should make enquiry as to the probable annual requirement of railways in respect of these items and inform the Association of the result.

11. I am to add that the Railway Board are now taking action on the lines agreed to at this meeting and will communicate further with your Association as soon as possible, and to request that the sample referred to under "Cotters" may be furnished to the Railway Board as soon as possible.

No. 110-LE., dated Calcutta, 25th May 1916.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Railway Department, (Railway Board).

I am directed to refer to your two letters, noted in the margin, on the subject of the

Letter No. 294-S/16, dated 13th April 1916:	manufacture in India of rolling-stock and other require-
Letter No. 294-S/16, dated 5th May 1916.	ments of railways.

2. The Committee of the Association have read with much interest the account, which the letter dated 5th May gives, of the meeting held at Simla on the 3rd May. They do not think that there is need for them to comment on the various points which were under discussion, further than to say that they would be glad to know what might be considered as the minimum annual requirements under the various headings. If you will kindly favour the Association with a drawing of the "cotter" referred to in para 9, a sample will be forwarded as soon as possible.

3. In both your letters there are certain remarks on the general position at the moment which the Committee feel that they ought not to pass over. In the letter dated 13th April you state that new rolling stock is not in most cases an Imperial necessity, and that the Board would therefore be unable to agree that material should be obtained from the United Kingdom for its manufacture either directly by railways or indirectly through private firms. "Furthermore," you go on to say,

“ purchases of material cannot be made in foreign markets without adversely affecting the exchange position, and therefore, except in cases of immediate necessity, these markets must be regarded as closed for Indian railway material ”. Again, in the letter dated 5th May, you observe that “ as the manufacture of those parts [wheels, axles, etc.] causes interference with the operations of the Munitions Department, while orders placed in foreign countries adversely affect the exchange position, the Railway Board are unable to ask for permission to place indents except in cases where immediate urgency exists ”.

4. The sentences quoted are somewhat ambiguous, but presumably they mean that if goods are imported from foreign countries into India, *via* the India Office, the exchange value of the British sovereign will be adversely affected. This is undoubtedly the case, the total value of the goods imported into the United Kingdom being just now very largely in excess of the total value of the goods exported therefrom. But the question which the Committee want to raise is why it should be necessary for the Government to insist, at this time of crisis, on all material being imported into India *via* the United Kingdom. The Indian exchange is quite firm. The balance of trade is heavily in favour of India, and the exchange value of the rupee would not be depressed by any orders which the Government of India might place, say, in the United States of America. The orders could be placed through local firms in Calcutta, Bombay, and elsewhere, and the material could be brought direct to India without in any way interfering with the import trade of the United Kingdom.

5. The Committee would like to be favoured with an expression of the opinion of the Board upon this matter; for they regret that they find themselves wholly unable to accept the view that the provision of new rolling-stock for Indian railways is not an Imperial necessity. It will be of course said that, being manufacturers, they are naturally anxious to press for orders, so that their workshops may be steadily employed. They do however feel strongly that at a time such as the present it is of the utmost importance that the transport facilities of this country should not be allowed to deteriorate. But that such deterioration is in progress is indisputable; for it is known to the Committee that some railways are already suffering acutely from their inability to undertake necessary repairs to engines, wagons and carriages, owing to want of material and spare parts.

6. If it be admitted, and it cannot be denied, that the safety of this country depends largely on its railway communications, the reluctance of the Government to place orders abroad becomes a matter of very grave consequence. Indeed it seems to the Committee that the strongest possible efforts ought to be made not only to obtain material from abroad, but to obtain as much as possible from the United Kingdom also. The manufacture of munitions of war is of course the primary consideration, but all the manufactories at home are not completely closed for other work, and the claim of India for a share in their production is very strong. This claim should, the Committee think, be pressed by the Government, with the object of preventing a decline in the efficiency of the Indian railway system.

7. The Committee consider that any lowering of the efficiency of the railways of this country, especially at a time like the present, when the shortage of steamer freight is throwing a heavy additional burden upon many of them, cannot be too strongly deprecated. While it is undoubtedly of great importance that the operations of the Munitions Department should be interfered with as little as possible, this Association considers it would be deplorable in the last degree if the railways were starved for want of materials essential to their upkeep and efficient working. And, as the Committee have shown that it is possible to obtain such materials without either hampering the operations of the Munitions Department, or affecting the exchange value of the British currency, they hope the Board will reconsider the whole question.

No. 543-S/16-111, dated 15th July 1916.

From—The SECRETARY to the Government of India, Railway Department, (Railway Board),

To—The SECRETARY, Indian Engineering Association.

In continuation of Railway Board's letter No. 294 S/16, dated 5th May 1916, I am directed to send herewith for the information of your Association, a statement showing the immediate

requirements of railways of fishbolts and nuts, spikes, tie-bars, points and crossings and bearing plates.

2. The Railway Board have not yet received replies from all railway administrations in regard to their approximate annual requirements of spikes, cast iron pots and plates, tie-bars, cotters, steel keys and cast iron chairs, but the aggregate of the approximate annual requirements intimated up to date, is:—

	<i>Gauge.</i>		2' 6"	2' 0"
	5' 6"	Metre.		
Spikes				
Dogs	17,28,000	18,30,000	1,40,000	15,000
Screw	37,73,000	2,09,000	8,000	.....
C. I. Sleepers Pots or plates	10,95,000	.....	.....	.....
Tie-bars	6,32,000	.....	.....	.....
Cotters	24,99,000	.....	.....	.....
Steel keys	12,73,000	2,73,000	2,000	5,000
C. I. Chairs	1,41,000	.....	.....	.....

Any additions to these figures that may be necessary from the further replies will be intimated later.

3. As regards the supply from Messrs. Tata Iron & Steel Co. of a section suitable for bearing plates, I am to say that though the Steel Company believe that they could make rolls for a section which, in the opinion of the Railway Board, would be suitable, the Railway Board propose to await the result of the experiments now being made with cast iron bearing plates before proceeding further in this direction. So far as they have gone, these experiments give promise of success.

4. I am to request that the sample solid cotter promised, may be forwarded at an early date.

Statement showing the immediate requirements of railways.

RAILWAYS.	Fishbolts and nuts.	Spikes.	Tie bars.	Points and crossings.	Bearing plates.
	<i>5' 6' Gauge.</i>				
M. & S. M. Ry.	10,000	...	20,000	...	...
N. W. Ry.	1916-17	...	1,74,000	...	...
	1917-18	1,30,000	11,00,000	1,91,000	...
B. R. & C. I. Ry.	...	...	...	...	12,700
G. I. P. Ry.	1916-17	...	...	...	...
	1917-18	76,200	40,000	13,962	...
	<i>Metre Gauge.</i>				
A. B. Ry.	3,500	25,500	...	33 sets	2,400
B. & N. W. Ry.	24,700	...	...	...	...
J. B. Ry.	41,200	...	...	96 „	3,110
M. & S. M. Ry.	40,000	2,50,000	...	...	17,000
Dibru Sadiya Ry.	7,000	50,000	...	...	...
B. B. & C. I. Ry.	...	...	...	...	55,000
Burma Rys.	38,000	1,22,000	...	...	...

RAILWAYS.	Fishbolts and nuts.	Spikes.	Tie bars,	Points and crossings.	Bearing plates,
	<i>2' 6" Gauge.</i>				
B. P. Ry.	2,800	40,000	...	...	...
Guzerat Rys.	800	1,500	...	...	...
B. N. Ry.	83,000	...	...	...	...
E. B. Ry.	6,600	...	..	...	...
Larkhana	1,20,000	7,00,000	...	...	...
Jacobabad					

No. 543-S/16-III. dated Simla, 18th July 1916.

From—The SECRETARY to the Government of India, Railway Department (Railway, Board),

To—The SECRETARY, Indian Engineering Association.

In continuation of Railway Board's letter No. 543-S/16-III, dated the 15th July 1916, I am directed to say that the following further intimation of the immediate and annual requirements of Railways have been received and may be added to the figures previously intimated :—

Immediate.

His Highness the Nizam's Guaranteed State Railway.

Tie Bars, 5' 6" gauge No. 3,000

Annual.

Spikes.	5' 6"	Metre.
Dog ...	10,000	20,000
Screw ...	3,00,000	5,00,000
Steel keys ...	2,000	1,000

No. 609-S/16., dated Simla, 18th July 1916.

From—The ASSISTANT SECRETARY to the Government of India, Railway Department,
(Railway Board),

To—The SECRETARY, Indian Engineering Association.

I am directed to say that while the information asked for in the second paragraph of your letter No. 110 I. E., dated the 25th May 1916 is being furnished separately, and the Railway Board trust it will prove of service to your Association, there are certain general issues discussed in the latter paras of this letter which have received the careful consideration of the Board, and with regard to which I am now to communicate their views.

2. It seems scarcely necessary to impress upon your Association that the Railway Board are keenly alive to the necessity of doing everything possible to enable railways to meet the requirements of trade and to avoid congestion and consequent delay to traffic. In spite of the obvious difficulties of the situation during the last busy season, the Railway Board think that it will be conceded that railways performed their task very creditably. Since the busy season ended various improvements have been undertaken which will increase the capacity of Indian railways and enable them to deal with an even larger volume of traffic during next cold weather, if this proves necessary. Similarly, with regard to engine power and rolling stock, the Railway Board have taken every opportunity of impressing upon the responsible authorities in England the claims of Indian railways, and they are satisfied that everything possible is being done to meet them. It is necessary for the Railway Board to remind your Association that whether the matter under consideration be the construction of new rolling stock or the maintenance of existing stock, the factor determining the amount of work which can be done must be the proportion of

supply to demand in the case of that class of material which it is most difficult to obtain. From the information which has been supplied to them by the Ministry of Munitions, the Railway Board have no hesitation in assuring your Association that the Committee who are dealing with this matter in England, have made every possible endeavour to arrange for the supply to railways of those materials which they find it most difficult to obtain—short of interfering with the supply of munitions and, therefore, with the successful prosecution of the war. The Board are satisfied that the difficulties of supplying certain classes of material from England are so great that any further action on their part would lead to needless embarrassment of the responsible authorities.

3. Your Association further suggest that in view of the difficulty of supply from England an endeavour might be made to secure direct supplies from the United States of America. The possibility of obtaining material from other sources has not escaped attention, but the Government of India have been informed that, notwithstanding the success of the endeavours which have been made to support exchange, the difficulties of the Imperial financial position are such as to preclude the possibility of purchase from America on railway account. So long as this is the case, there is clearly no alternative but to subordinate the requirements of Indian railways to the Imperial financial policy, but the Railway Board will not fail to take advantage of any change that may occur in the situation.

No. 281-I.E., dated Calcutta, the 8th August 1916.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Railway Department, (Railway Board) Simla.

I am directed to acknowledge the receipt of your letters No. 543-S/16-III, dated 15th and 18th July 1916, on the subject of materials required for permanent way and to say that they are receiving attention. A further communication respecting them will be addressed to you at an early date.

No. 282-I.E., dated Calcutta, the 8th August 1916.

From—The SECRETARY, Indian Engineering Association,

To—The OFFG. SUPERINTENDENT of Local Manufactures.

In connection with the materials for permanent way now being enquired for by the Railway Board I am directed to say that it would be convenient if drawings and samples were made available at your office for the inspection of firms desiring to submit tenders.

The following are the articles enquired for, viz :—

Dog Spikes	(5'-6" metre	2' 6" & 2' gauge)
Screw „		Do.
C. I. Sleepers (Pots or Plates)		Do.
Tie bars		Do.
Cotters		Do.
Steel Keys		Do.
C. I. Chairs		Do.
Fishbolts and Nuts		Do.
Points & Crossings		Do.
Bearing Plates		Do.

The Committee will be glad if you will kindly give the matter your early attention. It is most essential that this information should be made available as soon as possible as the work is new to most firms and in the absence, at least of the drawings, they have no data to go upon in tendering for the requirements.

No. 3323, dated Calcutta, the 10th August 1916.

From—The OFFICIATING SUPERINTENDENT of Local Manufactures and Government Test House,—Government of India, Railway Department, (Railway Board),

To—The SECRETARY, Indian Engineering Association.

With reference to your No. 282-I. E., dated the 8th August 1916, I have the honour to say that of the articles mentioned I am not aware that specific enquiries have been made or tenders requested for any but the following :—

50 lbs. M. G. Dog Spikes.
Tie Bars B. G. N. W. R. Pattern.
Steel Keys.
Cotters for tie bars.

Enquiries concerning these articles were made by me, drawings were sent to the various firms, and samples of each article may be seen in this office.

I am aware that the general question of manufacture in India of other Railway material has been discussed, but so far as I know the Railway Board have not invited tenders for any particular type of article other than those mentioned above.

The number of different types is considerable, and the impossibility of having on view the various types of, say, points and crossings is obvious—a special building would be required—nor judging from the number of enquiries I have received would any useful purpose be served.

A set of standard drawings for I. S. R. Rail Fastenings has been, and is, at the disposal of any members of the Association or others who care to see them and I shall be pleased to see and help as far as possible any person desiring information, but I cannot undertake to supply sets of ferro drawings.

These drawings comprise

Bearing Plates.	Fish Bolts.
Dog & Screw Spikes.	Fish Plates.

I have also drawings of various types of the other articles mentioned.

No. 543-S/III, dated Simla, the 11th August 1916.

From—The SECRETARY to the Government of India, Railway Department, (Railway Board),

To—The SECRETARY, Indian Engineering Association,

In continuation of Railway Board's letter No. 543-S/III, dated the 18th July 1916, I am directed to say that the following additions may be made to the figures previously intimated for the approximate annual consumption on railways :

Spikes Dog (5'-6" gauge)	...	...	...	...	56,600
Screw	...	...	...	...	1,82,600
Cast Iron Sleeper (5'-6" gauge)	...	...	...	...	...
Plates	...	...	...	...	3,14,800
Tie Bars	...	...	...	...	1,57,400
Cotters	...	...	...	...	6,29,600
Cast Iron Chairs...	...	...	...	...	65,650

No. 543-S/III, dated Simla, 11th September 1916.

From—The SECRETARY to the Government of India, Railway Department, (Railway Board),

To—The SECRETARY, Indian Engineering Association.

In continuation of correspondence ending with Railway Board's letter No. 543-S/III dated 11th August 1916, I am directed to send you the enclosed statement of immediate requirements

received from the Gondal Porbandar State Railway and to say that the figures may be added to those previously intimated.

List showing immediate requirements of fish-bolts, tie-bars, etc., for the Gondal Porbandar State Railway.

Fish plates	...	...	...	No.	900	
Do. Bolts with nuts	...	...	...	"	9690	
Spikes Dogs	...	...	...	"	94575	
Blocks Heel English	...	...	...	"	40	
Do. blue for check rails	...	...	...	"	70	
Do. red for crossings	...	...	...	"	60	
Spikes Tapper ends 8" x 3/4"	...	...	...	doz.	34	
Chairs W.I. with stud pins	...	...	...	"	4	
Do. C.I. do.	...	...	...	"	5	
Point box complete	...	...	...	No.	1	
Sets of points and crossings 1 in 7			...	Sets	4	} All crossings built up.
Do. do. do. 1 in 10			...	"	1	
Do. do. do. 1 in 12			...	"	1	
Do. do. do. 1 in 10			...	"	2	
Do. do. do. 1 in 7			...	"	2	
Bearing plates	...	...	...	No.	450	
Tie-bars	...	...	...	"	20	
Screws spikes	...	...	...	"	700	
Steel keys	...	...	...	"	5500	
Slide chairs	...	...	...	Doz.	1 1/2	

No. 310-I.E., dated Calcutta, the 22nd September 1916.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, (Railway Board), Simla.

I am directed to acknowledge with thanks the receipt of your letter No. 543-S/III dated 11th September, forwarding a list of permanent way material required by the Gondal Porbandar State Railway.

No. 543-S-16., dated Simla, the 29th September 1916.

From—The SECRETARY to the Government of India, Railway Department, (Railway Board),

To—The SECRETARY, Indian Engineering Association.

With reference to correspondence ending with your letter No. 310-I.E., dated the 22nd September 1916, I am directed to enquire when the further communication promised in your letter No. 281-I.E., dated the 8th August 1916, may be expected. I am to say that the Railway Board would be glad to know at the earliest possible date what decision has been arrived at by engineering firms as to their undertaking the manufacture of fishbolts, nuts, spikes, tie-bars, etc. in India.

2. It must be borne in mind that the requirements intimated are immediate requirements, and that railways are experiencing inconvenience and difficulty in getting supplies. It is necessary, therefore, that the Railway Board should be informed of what is being done, and whether it is necessary for them to arrange for raw material from Messrs. Tata & Sons.

No. 326-I.E., dated Calcutta, the 18th October 1916.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Railway Department, (Railway Board), Simla.

I am directed to acknowledge the receipt of your letter No. 543-S-16, dated 29th September 1916, enquiring as to the position in regard to the supply of the required materials for railway permanent way.

2. I am directed to express the Committee's regret that there has been some delay in attending to this matter. The Committee are now addressing a reminder to members of the Association on the subject and they hope to reply fully to your enquiries at an early date.

3. The Committee would like to point out that it was arranged at the Conference which took place with the Association's representatives in May last, that the business in connection with the supply of these requirements should be arranged through the Association. The Committee notice, however, that tenders are being called for by certain railways, by advertisement, and that tenders have also been called for by the Superintendent of Local Manufactures, Calcutta. This naturally leads to overlapping, and some confusion. The Committee would be glad if the arrangement could be adhered to that enquiries should be made direct to the Association by the Railway Board. The Association's quotations for the various requirements could then be submitted by the Railway Board to the Railways concerned.

No. 669-S-16, dated Simla, 16th November 1916.

From—The SECRETARY to the Government of India, Railway Department,
(Railway Board),

To—The SECRETARY, Indian Engineering Association.

I am directed to address you on the subject of the construction of Railway wagons in India.

It is anticipated that there will be a large demand for wagons as soon as the war is over, and that at the same time, there will probably be considerable difficulty in meeting the demand from abroad; the Railway Board, therefore, think it is necessary to consider how far it may be possible to meet these demands in the country, and they wish to know at what figure the capacity of Indian manufacturers as regards the annual outturn of railway wagons may be estimated at for, say, the next ten years.

2. It is important in particular to know how far it is anticipated it will be possible, not merely to erect and assemble materials imported from England and other countries but to manufacture the wagons, including such parts as wheels and axles, springs, drawgear, etc. in whole or in part, from steel of Indian manufacture.

3. It is recognised that in order to foster this industry some form of encouragement may be necessary, such for instance as a guarantee that a percentage of the total orders each year will be placed in the country.

4. I am to ask that the Railway Board may be furnished with the views of your Association on these matters as soon as may be convenient, in order that they may take into consideration the extent to which it may be possible to give encouragement to local manufacture.

No. 543-S/16-III, dated Simla, the 27th November 1916.

From—The SECRETARY, to the Government of India, Railway Department, (Railway Board),

To—The SECRETARY, Indian Engineering Association.

With reference to paragraph 3 of your letter No. 326 I. E., dated 18th October 1916, I am directed to state that a misapprehension appears to have arisen as regards the action which the Railway Board would take following on the discussion with representatives of your Association regarding the manufacture in India of certain Railway materials, which took place at Simla on the 3rd of May and which was summarised in Railway Board's letter No 294-S-16 of 5th May to your address. Your attention is invited to paragraph 3 *et seq* of that letter showing that the Railway Board undertook to collect information regarding the requirements of State and Companies Railways and to intimate these to your Association and, if necessary, to assist by arranging for the supply from Messrs. Tata &

Company, of the required raw material. I am to say that the Railway Board did not then, nor do they now, propose to undertake the work of distributing orders on behalf of State and Companies Railways for such materials; it was considered that the information of railways immediate and annual requirements forwarded to you from time to time would enable the members of your Association to decide on the advisability of installing more plant to meet those requirements.

2. The action of individual Railways in calling for tenders for such materials is consequently in accordance with the decisions arrived at in the Railway Board's discussion with your Association and should continue.

3. As regards the general question of annual demands of Railways for the materials referred to in the discussion of 3rd May details of which have been forwarded to you from time to time, I am to say that the Railway Board wish to ascertain what proportion of these annual requirements can be met from the resources in India controlled by the members of your Association, and what total monthly output in tons of fishbolts and nuts, tie-bars, points and crossings, dog-spikes, screw spikes, steel-keys, cast iron sleepers and chairs can be guaranteed by the members of your Association. I am to request that this information may be forwarded to the Railway Board as early as possible.

4. With reference to the second sentence of para 3 of your letter under reference as regards the overlapping of calls for tenders, I am to say that a copy of this letter is being forwarded to the Superintendent, Local Manufactures, Calcutta, for information.

No. 361-I.-E., dated Calcutta, the 18th December 1916.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Railway Department (Railway Board),
Delhi.

I am directed to acknowledge the receipt of your letter No. 543-S/16-III of 27th November 1916; and to say that the Committee have carefully noted its contents. They quite agree to the different Railways calling for tenders for their requirements, but they would ask that these be sent through the Association.

2. As regards the required estimate of output of materials for permanent way by the members of the Association, I am to give the following figures:—

<i>Annual Output.</i>			
Tie Bars	...	...	5 lakhs.
Dog Spikes	...	...	10 "
Steel Taper Keys	...	...	3½ "
Fish Bolts & Nuts	...	...	8 "
Screw Spikes	...	...	10 "
Pot Sleepers	...	...	2½ "
Points, & Crossings	...	...	1200 sets.

3. In connection with the above estimate I am to say that it has been framed on the capacity of the present plant and on the understanding that raw material will be available, if the Railway Board could guarantee to place a definite number of orders with the Association for each of the items named, for, say, ten years, the members of the Association would be prepared to increase their plant to meet the requirements of the Board, assuming of course that the necessary machinery is obtainable.

No. 5-I. E., dated 17th January 1917.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY, Railway Board, Delhi.

I am directed by the Committee to address you in continuation of my letter of 30th November No. 350-I. E. on the subject of construction of Railway wagons in India.

2. As a preliminary to the consideration of the extent to which the wagon building firms could undertake orders, the Committee asked the Tata Iron and Steel Co. for information as to what they might expect to be able to manufacture of the following component parts, progressively, over, say, the next ten years:—

Wheels and Axles
Spring Steel
Plates

In reply to this enquiry, the Tata Company wrote as follows:—

“ We expect the output of our Plate Mill to be about 250 tons per 24 hours and we will be able to roll plates from $\frac{1}{8}$ " thickness to $1\frac{1}{4}$ " thickness with various widths up to 84" and to various lengths up to 50 feet. Our production of axles, spring steel, wheels, etc., would depend entirely upon the Railway Board's decision as to how many wagons of Indian manufacture would be taken by the different Railways each year for the next 10 years. If you could procure this information for us at an early date it would be of great benefit to us in laying out our new mills.

“ The Railway Board and the Indian Engineering Association would, of course, understand that we would not be able to supply all the necessary materials for wagon building before 1921 and even after that date our ability to supply will depend on our not encountering unforeseen difficulties in starting up our new additions”.

3. With this information before them the Calcutta members of the Association who are equipped for this class of work estimate, with the use of imported fittings, *viz.*, wheels, axles, axle boxes, buffer-heads and cases, volute springs, vacuum cylinders, &c. an outturn of 2700 wagons per year, increasing to 3200 wagons per year for the first four years, or, say, a total of 12800 wagons for the four years. After this they would be able to increase their outturn to, say, 7500 wagons per year, complete in every way and built of Indian Manufactured materials, conditionally upon these being available.

4. In addition to the above, one of the Calcutta firms could deal with 75 Broad gauge carriage Under-frames and Bogies per year for the first four years, conditionally upon the materials being available, as in the case of the wagons.

5. One of the principal points affecting the outturn of rolling-stock in this country is that of a continuity of orders. This is recognised by the Tata Company, as well as by the wagon building firms, and it seems of the first importance that a definite programme, covering a period of at least ten years, should be laid down by the Railway Board. A further point, having an important bearing upon output, is that of securing uniformity of type as far as possible. One type of wagons going through continually will give a very much larger outturn than two or more types going through at the same time, the outturn suffering as the number of types being built increases.

6. The information given above relates to the Calcutta firms, members of the Association. Replies have not yet been received from other centres and any further information from these sources will be communicated to the Board without loss of time.

No. 543-S/16-III, dated Simla, the 23rd February 1917.

From—The SECRETARY to the Government of India, Railway Department, (Railway Board),

To—The SECRETARY, Indian Engineering Association.

With reference to para 1 of your letter No. 361-I. E., dated 18th December 1916, I am directed to state that the Railway Board prefer that the three State Railways should call for tenders for their requirements of the materials under consideration in the same way as has been done hitherto. As regards Companies Railways, the matter is one for settlement between the Association and individual railways.

2. The figures of annual output for various classes of materials given in para 2 of your letter are noted, and will be communicated to railways, but it is observed that in all cases these figures fall very far short of what has been put down as the annual requirements of railways.

3. In para 3 of your letter under reply, you suggest that the Railway Board should guarantee to place a definite order for, say, ten years with the Association for each of the items named, but I am to say that the Railway Board are not in a position to give such a guarantee as the placing of such orders in India, when the time comes that supplies are again available from England, must depend on the prices quoted and the quality of the materials supplied compared with similar supplies from outside India. It may be mentioned, however, that State Railways are always encouraged to obtain materials which are locally manufactured where their quality in relation to price is favourable as regards similar supplies from abroad. In view, therefore, of the combined requirements of State and Company managed lines, there would appear to be a good prospect of securing a market for an outturn largely in excess of that now existing in this country.

No. 34-I. E., dated Calcutta, the 22nd March 1917.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Railway Department, (Railway Board), Simla.

I am directed to acknowledge receipt of your No. 543-S-16-III of 23rd February 1917, regarding manufacture in India of material required by State and Company Railways.

2. At the meeting in Simla on 3rd May 1916 it was pointed out to the Association's representatives that the locally manufactured article must compare favourably with the Home produced article both in quality and price. In reply they stated to the members of the Board that the Indian manufacturers could only compete in price on the condition that they were asked to quote for similar quantities as Home manufacturers, and it was not to be expected from Indian firms that they could lay out plant and capital to manufacture the quantities required to make Indian railways independent of England unless they were certain of a *guaranteed minimum* being placed yearly. The Railway Board promised to collect that information and to forward it to the Committee, and it was distinctly understood by the representatives present at the meeting that this Association would thus be put on an equality with Home manufacturers, and that all future requirements of the railways would be collected together and forwarded to this Association.

3. In the Committee's letter No. 326-I. E. of 18th October 1916 para 3 it was pointed out that individual railways and also the Superintendent of Local Manufactures were calling for tenders, and in your reply No. 543-S-16/III of 27th November 1916 the Committee received the first intimation that the Railway Board had no intention of collecting individual railway requirements and of asking the members of this Association to quote. In their reply No. 361-I. E. of 18th December 1916 the Committee receded to the extent that the individual railways should call for their tenders, but they asked that these should be sent to the Association direct instead of to individual firms.

4. In para 1 of your letter now under reference (No. 543-S-16/III of 23rd February 1917) the Association are now informed that State Railways will call for tenders as heretofore. This simply means that the Association is now in the same position as it was before the war, and that, for all the benefits which are likely to ensue, either from the Railway Board's point of view, or this Association's, the meeting at Simla on 3rd May 1916 might as well have never been held; also, in the next crisis in our history it will probably be found that India is as unprepared to be self-supporting as regards railway requirements as in the present crisis.

5. In para 2 of your letter you draw attention to the fact that the capabilities of Indian firms fall very short of the total railway requirements. It must be borne in mind, however, that the list furnished is what is capable of being done with present plant, and that it is impossible meanwhile to import new plant.

6. In conclusion I am to say that the Committee are confident that the members of this Association can compete favourably with home makers both in quality and price provided they are put on an equal footing, and they trust the Board will give the matter further consideration.

No. 219-S-17., dated Simla, the 16th May 1917.

From—The SECRETARY to the Government of India, Railway Department (Railway Board),

To—The SECRETARY, Indian Engineering Association.

With reference to your letter No. 34-I. E., dated 22nd March 1917, I am directed to state that the Railway Board, in view of the case brought to notice, have again impressed on railway administrations the importance of ensuring that, wherever plant or materials can be manufactured in India, orders for such should be placed in the country and should not be transmitted to England.

No. 71-I. E., dated Calcutta, the 19th June 1917.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Railway Department, (Railway Board), Simla.

I am directed to acknowledge the receipt of your letter No. 219-S/17, dated 16th May 1917, stating that the Board have again impressed on Railway Administrations the importance of ensuring that wherever plant or materials can be manufactured in India orders for such should be placed in the country and should not be transmitted to England.

2. I am directed to convey to the Board the Committee's thanks for their action in the matter, and to express a hope that Railway Administrations will act on the Board's instructions.

No. 543 S/16-III, dated Simla, the 7th July 1917.

From—The SECRETARY to the Government of India, Railway Department, (Railway Board),

To—The SECRETARY, Indian Engineering Association.

With reference to your letter No. 34 I. E. dated the 22nd March 1917, I am directed to

Indian Engineering Association letter No 11 I. E. dated 3rd February 1915 to C. & I. Department.

Indian Engineering Association letter No 97 I. E. dated 13th September 1915 to Secretary Railway Board.

C. & I. Department letter No 16057-13 dated 19th October 1915 to the Secretary Indian Engineering Association.

Railway Board's letter No 2327 S. dated 8th November 1915 to Secy. Indian Engineering Association.

Indian Engineering Association letter No. 116 I. E. dated 17th November 1915 to C. & I. Department.

Railway Board's letter No. 294-S/16 dated 13th April 1916 to Secy. Indian Engineering Association.

invite your attention to the marginally noted letters which preceded and led to the meeting between the Railway Board and representatives of the Indian Engineering Association at Simla on the 3rd of May 1916. In brief, the object of the meeting was to consider what steps the Government of India could take to relieve the then depression in Indian engineering works, which war

conditions had brought about.

I am to invite a reference to the minutes of the meeting referred to, forwarded to you in this office letter No 294-S 16 dated 14th May 1916, by which the Railway Board undertook to ascertain the requirements of railways for certain classes of materials, communicate these to your Association, and assist in obtaining from the Tata Iron and Steel Company the raw materials which might be required. As you are aware, the Railway Board have fulfilled their undertaking, which had as its object the mitigation of the difficulties of engineering firms during the war, and, in this connection, I am to point out that the undertaking to assist in the supply of raw materials, at a time when English manufacturers were labouring under difficulties both of production and export, did, in fact, place the Indian manufacturer in a preferential position.

The demand now put forward for a guaranteed yearly minimum of orders is, I am to say, a new issue which raises questions of *post bellum* industrial policy. On these questions it is impossible to announce an immediate decision, but you may rest assured that the Railway Board are fully alive to their importance, and that they are receiving the most careful consideration of the Government.

Extract from "The Pioneer" dated the 13th July 1917.

Speaking in reply to an address by the Indian Merchants' Chamber and Bureau on Tuesday the 11th July 1917, SIR GEORGE BARNES Member for Commerce Government of India said :

In the last part of your address, Sir, you refer to the question of restrictions on exchange and the effect of these restrictions on trade. Nobody, Sir, can regret more than I do the various restrictions which have been of necessity placed upon trade since the war broke out. We have unfortunately restrictions by direct prohibition, restrictions owing to shortage of tonnage, and lastly the restrictions of which you speak, the restrictions on exchange. There is, as we all know, a shortage of tonnage at the present time and a shortage of exchange wherewith to finance our exports. We have been obliged, as you know, to secure that the tonnage is made first available for goods of national importance, and the Government have also been under the necessity of securing that the finance available shall be used first of all for goods of national importance. One of the objects to be attained by fixing exchange at a maximum of ls. $4\frac{7}{8}$ d. for telegraphic transfers and ls. $4\frac{9}{8}$ d. for demand drafts was to secure that the finance available should be used for these goods of national importance. I gather from what you say, Sir, that your Chamber has urged, and has urged in the past, that exchange should be open. I must ask you to consider for one moment what would be the result of open exchange on the class of goods which would be shipped. Of course, the result would be that the goods which were most profitable would be shipped, to the exclusion of those which were most useful. That would work perfectly well in a time of peace, but unfortunately we have all to remember that the Empire is now at war. You have pointed out, Sir, that the banks have recently decided not to buy bills against goods which are not on the privileged list, that is to say, on the list of goods of national importance, except in cases where the exporter can offer his own *bona fide* personal cover. Further you have pointed out, Sir, that the effect of this is that a firm with an export and import business can export goods which are not on the privileged list, while a firm with only an export business cannot do so. This is quite true, and you Sir, I gather, claim that the inequality is an unfair one, which should be removed by the withdrawal of the decision recently come to by the banks. I am afraid, Sir, that inequality is the inevitable result of the carrying out of the Secretary of State's object, which is that the money of the banks in India must be used primarily in financing exports which are on the privileged list. Let me try and put a concrete case before you. If a firm whom we will call A, having both export and import business, offers bills against goods which are not on the national importance list to a bank and simultaneously offers to buy telegraphic transfers or demand drafts on its own account, the bank is in effect only using A's money to buy A's bills, and if the bank did not buy A's bills, the bank would not get A's telegraphic transfers, for A would use his money to finance his own bills. Now let us take the other case. If B, an exporting firm, offers bills against goods which are not on the national importance list to a bank, and at the same time offers to the bank the telegraphic transfers or demand drafts of an outside importer, whom we will call C, as cover, the bank then is using this outside importer's money to buy B's bills. The bank would get the money of this outside importer in any case; that is to say, if the bank refused to buy B's bills this bank or some other bank would still get the money of the outside importer C and would be able to use it for the purchase of bills against goods which are on the list of national importance. Now, Sir, I do want to assure you and all present here that the restrictions of which you complain are really necessary in the interests of the Empire and would be removed immediately if it were possible to remove them without damaging the vital interests of all of us. It is essential that the exchange which is available should so far as possible be used for the purpose of financing goods of national importance. I know that exchange is being hawked about in the bazar at rates higher than those fixed by the Secretary of State, but I must beg you and all of you here not to countenance transactions of this sort, but to endeavour in every way that you can loyally to adhere to the rates which have been fixed by the Secretary of State.

Just as I was leaving Simla I received a telegram from your Chamber saying that you would like to discuss with me the commandeering of Indian products. The meaning of this was not very clear to me, and so I sent a telegram of inquiry to ask what the products in question were. Yesterday I got a further telegram from your Secretary telling me that the product referred to was cement. I have got no papers with me on this subject and consequently I have to rely entirely upon memory as to the facts. The Government require a large quantity of cement and if it were necessary have got powers to take over the cement works in this country for the purpose of filling their requirements. The same law prevails in England and has been extensively

used in England. An immense number of establishments have either been taken over entirely by Government or are controlled by Government with regard to prices. This is one of the unfortunate results of the war. All interference with the ordinary course of trade and with the law of supply and demand is unfortunate, but in war time it is absolutely necessary. I think from what you have said that you agree with me that it is not right that in war time any group of men should make undue profits out of the needs of Government. I know that in Simla Sir Thomas Holland, who is, as you know, Chairman of the Munitions Board for India, had an interview with certain cement manufacturers and finally agreed with them on a price which again speaking from memory, I believe was Rs. 42-8 per ton. This was of course a great deal below the artificial price to which cement had been forced in the open market, but at the same time Sir Thomas Holland believed that it was a price which left something more than a fair profit to the manufacturer. In the same way an agreement was arrived at between the Indian Munitions Board and Messrs. Tata with regard to the supply of steel for the needs of Government. So far as I know, in the strict sense of the word there has been no commandeering of Indian products, but an agreement has been arrived at for their purchase at reasonable prices, the producers knowing that there was a possibility of commandeering in the background if they were unable to agree to sell at a price which was satisfactory to Government and which at the same time secured a reasonable profit to the manufacturer. Again I must remind you that I am at a disadvantage in this matter in that I have to rely upon memory concerning the result of negotiations which were not conducted by me and of which I have only incidental knowledge; but the plain fact remains that the price fixed is by agreement after full discussion of all the facts. You speak, Sir, of a time after the war when you think that the Government will have no further need for cement. I can assure you that this is needless alarm. The needs of the Government for cement are likely, in fact, I might say certain to increase very largely in the years of peace to come, and I sincerely hope that the cement works of the country will be able to supply the demand without the import of cement from foreign countries. It is, I think difficult to exaggerate the demands of the future for cement if the price is kept at a moderate figure. The irrigation canals of the Punjab alone could absorb a large part of the whole of the present production, but moderate price is a necessary condition for this large demand, and with production on a large scale there ought to be no difficulty about the moderate price. There is, I think, an unlimited field open for the manufacture of cement in this country and it ought to be possible for the trade to hold its own against all foreign competition for a long time to come. Home-made cement will enjoy an additional protection from high freights and price, and, the quality being satisfactory, the cement factories of this country will, I hope, have the preference with regard to all Government orders.

It seems to me, and I hope, Sir, that you will agree with me that one of the best means of giving support to indigenous industries is the placing so far as possible of Government orders with them. The war has undoubtedly brought many evils upon us but it has also brought a benefit in that it has taught us, and is still teaching us, that there are many things which can be made and which ought to be made in this country which hitherto have been brought in from outside. It is the policy of the Government of India, and of those who are in control of the Munitions Board, that these new sources of supply should be sought out and should be encouraged by the placing of Government orders with them. Our object is to make India more self-supporting in future than she has been in the past and to see that the growth of new industries may be rapidly increased by the fertilising stream of orders for goods which the Government requires in this country. You have told me, and I am very glad to hear the news, that there is a probability of bleaching powder and other chemicals being manufactured from salt in Kathiawar in the near future, and you said that you trust that chemicals of this character will be allowed to enter British India without any restrictions, except the payment of the usual customs duties. The doubt in your mind apparently arises from the fact that there is restriction, on the export of salt, but this restriction is solely due to the fact that it is necessary to maintain the Government revenue from salt, and the restriction, I am glad to assure you, will not extend to bleaching powder or to any other chemicals which may be manufactured from salt as the basis.

You have referred, Sir, in your speech to the Viramgam customs line. This, I am afraid, has been a vexed question for a long period of years, long before I came to India. It is a question, as you all know, full of difficulties great and small, and the result in the past has been delay after delay and postponement after postponement. I hope and believe, however, that the delays of the past are finally ended. I may tell you that His Excellency the Viceroy has taken

and is taking, the keenest personal interest in this question for he has been deeply impressed by the extreme inconvenience caused to many people by the maintenance of the present system. I am glad to be able to inform you that the negotiations on this difficult question are at last reaching an end, and the Government of India have every hope that a settlement satisfactory to all parties will be made in the immediate future. You may reply upon it that the Government will press on this matter and will not let it rest.

You have mentioned the subject of denatured spirit in the Native States and have referred particularly to the case of the Alembic Chemical Works at Baroda. I gather from what has fallen from you that the complaint is that a recent order of the Bombay Government has reimposed a restriction which you believe to be unnecessary. With regard to this case I do not know precisely what the facts are, or the cause of the recent action taken by the Local Government, but I can certainly promise you that I will go into the case with the Local Government. I am sure their wish is as ours also is that there shall be no restrictions which are not necessary in the interests of the excise revenue.

I am glad, Sir, to have had this opportunity of meeting you and the gentlemen of your Chamber and I thank you all for the patience with which you have listened to what I have had to say.

No. 87-I. E., dated Calcutta, 16th August 1917.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Railway Department, (Railway Board), Simla.

I am directed by the Committee of the Indian Engineering Association to acknowledge the receipt of your letter No. 543-S-16-III dated 7th July, in reply to their letter No. 34-I. E. of 22nd March 1917, on the subject of the supply of railway permanent way materials.

2. In reply I am directed to say that the Committee have noted the previous correspondence to which you draw attention, and they desire to record their appreciation of the assistance which has been rendered to the industry by the Railway Board in bringing prominently to the notice of the railways the desirability of making use to the utmost extent of the facilities existing in India for the supply of much of the material of which they are constantly in need. There is, however, one point in your letter upon which Committee desire to remark, and that is the statement that the demand now put forward for a guaranteed yearly minimum of orders is a new issue.

3. So far from this being the case, the Association's representatives, at the meeting which took place at Simla on the 3rd May 1916, pointed out that a guaranteed minimum of orders was necessary in order to induce Indian firms to lay out the capital and to instal the plant requisite for the manufacture of permanent way materials in quantities sufficient to make the Indian railways independent of supplies from abroad. And the Railway Board themselves, writing on the subject of the construction of railway wagons in India said—"It is recognised that in order to foster
"this industry some form of encouragement may be necessary, such,
"for instance, as a guarantee that a percentage of the total orders
"each year will be placed in the country". The question of the
placing of a proportion of orders in this country has also been discussed with the Hon'ble Mr. (now Sir W. H.) Clark, firstly on 31st January 1912 and again on 28th October 1914. In fact, the securing of a larger share of Government orders is what the Association has been striving for from the commencement, the Government of India having been memorialised by the Indian engineering industry so far back as 1890.

4. Should a guarantee of a minimum of orders yearly be impracticable, the Association would ask for a guarantee that a percentage of the total orders each year for such requirements, including wagons, as the engineering works in this country are in a position to manufacture, will be placed in India. With the prospect of a continuity of work of this description the engineering firms in this country would gradually extend the necessary plant and so be able to cope with a larger proportion of orders. Without the prospect of a definite share of Government orders this department of the engineering industry must languish as it has done in the past, and India must

remain, as before, mainly dependent upon supplies from abroad—a position which the war has shown is not in the best interests of the country.

Letter from the Association to the Government of India, Department of Commerce & Industry No. 50-W, dated 22nd July 1912.

5. Another matter which the Committee wish to submit, for the consideration of the Railway Board, is that of simultaneous tenders and the comparison of rates.

The following extract from the marginally noted letter explains the position—

“The Committee would invite attention to the method followed by the Calcutta Port Commissioners when it is considered desirable to ask for English tenders. Such tenders are compared with the tenders sent in by Indian firms on the same date as the English tenders were posted. It thus amounts to a simultaneous tender by Indian and home firms and these are considered together on their merits. The Committee submit that this is the only fair way of comparing prices, and they respectfully desire to enter an emphatic protest against the system of judging quotations from Indian firms for small quantities of goods against the prices quoted in England for large quantities. It necessarily follows that different results as regards prices must be obtained, these depending upon the quantity of any particular article ordered at one time. For instance the price for a few yards of fencing will not be the same as the price for several thousand yards, and so on. In these days what is known as “mass production” is an important factor in lowering labour and other charges, and thereby lowering the cost of the articles produced. Indian manufacturers only ask to be put on the same footing as their British competitors, and the Committee trust that it will be found to be possible to introduce a system of simultaneous tenders for the full requirements of Indian State Railways. Considering the capital invested by the members of this Association in India, and the amount of money which Indian firms contribute to the revenues of the Indian railways and to Indian finance generally, the Committee respectfully submit that when prices are about equal the preference should be given to the Indian firms.

“In the light of the experience gained during the war the Committee would now suggest that all tenders should be called for, and settled in India, instead of at home as hitherto, home manufacturers, of course, being given an opportunity of tendering. The Consulting Engineers to the Government of India should be resident in India so as to be conversant with the capabilities of the various firms instead of basing their opinion as they do now on what could be done in India years ago.”

6. In conclusion I am directed to invite attention to the following remarks made by the Hon'ble Sir George Barnes in the course of a speech delivered at Bombay on 10th July 1917, as reported in “The Pioneer” of 13th idem :—

“It seems to me and I hope, Sir, that you will agree with me, that one of the best means of giving support to indigenous industries is the placing so far as possible of Government orders with them. The war has undoubtedly brought many evils upon us but it has also brought a benefit in that it has taught us, and is still teaching us, that there are many things which can be made and which ought to be made in this country which hitherto have been brought in from outside. It is the policy of the Government of India and of those who are in control of the Munitions Board that these new sources of supply should be sought out and should be encouraged by the placing of Government orders with them. Our object is to make India more self-supporting in future than she has been in the past and to see that the growth of new industries may be rapidly increased by the fertilising stream of orders for goods which the Government requires in this country.

It is clear from the above that the Government of India are fully alive to the desirability of according in future a larger measure of support to Indian Industries than has been the practice hitherto, and it is hoped that the Association's request for the allotment to India of a proportion of the orders for railway plant etc., will commend itself to the sympathetic consideration of the Government of India.

No. 88 I. E. dated CALCUTTA, 17th August 1917.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Department of Commerce and Industry, Simla.

I am directed by the Committee of the Indian Engineering Association to forward the accompanying copy of a letter to the Railway Board, No. 87 I. E, dated 16th August 1917 on the subject

of the manufacture in India of railway permanent way material and to request that it may be submitted to the Honourable Sir George Barnes for information.

No. 9855, Simla, the 22nd August 1917.

From—The UNDER-SECRETARY to the Government of India, Department of Commerce and Industry,

To—The SECRETARY, Indian Engineering Association.

I am directed to acknowledge, with thanks, the receipt of your letter No. 88 I. E. dated the 17th August 1917, forwarding a copy of a letter addressed by your Committee to the Railway Board on the subject of the manufacture in India of railway permanent way material.

No. 5-I.E., dated Calcutta, 18th January 1918.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY, Indian Munitions Board, Delhi.

I am directed by the Committee of the Indian Engineering Association to forward the accompanying copy of a letter to the Railway Board No. 87 I. E. dated 16th August 1917 on the subject of the manufacture in India of railway permanent way material, and to request that it may be submitted to Sir Thomas Holland, for information.

The Committee have been informed by the Government of India, Department of Commerce and Industry, that all correspondence relating to the purchase in India of Government stores and railway requirements should now be addressed to the Indian Munitions Board.

No. G. 61/2, dated Delhi, 29th March 1918.

From—SIR THOMAS H. HOLLAND, K.C.S.I.,

To—The SECRETARY, Indian Engineering Association, Calcutta.

I have to thank you for the courtesy of sending me a copy of your last annual report which has just reached me on my return from Mesopotamia. The report contains references to many questions of common interest, and reminds me of the many ways in which Government are indebted to your Association and to the engineering firms generally at Calcutta.

There is no doubt that, after the war, Government will purchase the majority of stores in the country. The desire to do so, frequently expressed in the past has probably not been adopted fully for the principal reason that there was no central stores purchasing agency; and, not unnaturally, individual purchasers preferred to stick to the old types and firms that they knew, while engineering officers naturally preferred to put the responsibility for price and quality on the India Office Stores Department rather than undertake the duty of making their own purchases in the country. The individual officers could never have sufficient information regarding the capabilities of firms in India, and I feel sure, from the evidence given before the Industrial Commission, that much of the practice that you have complained of was due to the fact that Indenting Officers did not know fully who was who in the engineering trade, and could not accordingly undertake the responsibility for the quality of materials obtained. The rules which were revised in 1913 with a view of encouraging more definitely the purchase of stores in India could not take full effect without official machinery to remove the disabilities of isolated district officers, all of whom were generally too much occupied with their normal duties to search about for Indian sources of supplies. I am sure you will find your old complaint removed in future, and a part of this will be due to the establishment of new machinery for purchasing stores, while a large part of the change may be regarded as the natural outcome of the fact that engineering firms have established confidence by the way in which they have come to the assistance of Government during the war.

Extract from the "Englishman" dated 25th September 1918.

INDIAN SHIPBUILDING.

Simla, 24th September.

Speaking on Mr. Sarma's shipping resolution, SIR GEORGE BARNES said: The Honourable Member has moved a resolution to the effect that immediate steps be taken which would enable the Government to assist and develop the building of an Indian mercantile marine at as early a date as possible. As he has told us the need of India for tonnage is great at the present time. Before the shortage of shipping had become anything like as acute as it is now the Government had carefully considered what they could do to encourage the establishment of the ship-building industry in India and a ship-building branch of the Indian Munitions Board was formed. We borrowed the services of an officer from the Admiralty, and he travelled round India examining the possibilities of ship-building in India. The results of these inquiries have some time ago been made public in press communiqués but I am afraid that they must have escaped the notice of my honourable friend. I can do little more to-day than to repeat what has already been published. Roughly speaking, the conclusion at which we arrived was that the encouragement of wooden ship construction in India was possible during the war, but that it was not possible to make any progress during the war towards the building of steel ships. In order to encourage the building of wooden ships the Government of India promised the following measure of assistance to constructing firms. Though no guarantee could be given of general immunity from requisition by Government an undertaking was given by the British Shipping Controller that in the event of any vessel built in India after 11th July 1918 being required by Government special rates would be paid taking full account of the conditions under which it was constructed. The Admiralty officer to whom I have already referred is willing to give on application, and at his discretion, such assistance as he reasonably can in the way of technical advice and the supply of plans, moderate fees being charged in respect of any plans supplied. Timber will be supplied by the Forest Department in Madras, Bombay and Bengal at moderate rates and on easy terms of payment on the security of insurance policies on the vessels. Help will be given by the Indian Munitions Board in securing the provision of essential requirements of metals parts and accessories of the simplest possible construction as may be procurable in India but which ship-builders may experience difficulty in getting without assistance. The Board will also support applications for priority for the importation of accessories such as anchors and cables, and lastly the Finance Department of the Government of India have agreed to grant licenses for the flotation of any ship-building company which has a fair prospect of being able to commence operations in a reasonable time. I think that the honourable member will agree that these promises imply a very considerable measure of Government assistance.

The hon. member and the Council generally will, I think, be interested to know what sea-going wooden vessels are now being built in India under the encouragement which has been given to the industry. Taking Madras first, in which the hon. member is most interested, there are eleven ships building each of between two hundred and three hundred tons at Calicut and one of 500 tons at the same place. One ship of 700 tons is being built in Cochin, two of 200 tons at Masulipatam, one of 100 tons at the same place, and three more at the same place of which I do not know the tonnage. Taking Burma next, there are three ships of 1,000 tons burden building in Rangoon, one of 350 tons and eight more of 250 tons. In Moulmein there are two ships being built of 500 tons burden each.

In Bengal six ships are being built in Chittagong the exact tonnage of which I do not know, but I believe them to be between two hundred and three hundred tons apiece and one of 100 tons in Calcutta. In Bombay four ships are being built at Versova the largest being one of 750 tons, the next one of 600 tons, one of 250 tons and one of 125 tons. Thus in all there are at the present time 44 sea-going wooden vessels of over 100 tons burden apiece being built in India. This I think the hon. member will agree is not unsatisfactory progress.

With regard to the building of cargo steamers of steel the case is different. The conclusion with regard to steel ship-building is that under present war conditions the resources of India cannot economically be turned to account. Apart from the insufficiency of steel in this country for the purpose we cannot unfortunately at the present time in India roll steel plates and it would consequently be necessary to import from abroad all the steel plates required.

It would also be necessary to import boilers, most of the propelling machinery, and the greater part of the structural steel work. It will be plain, too, that steel ships cannot be built without engineers and the engineering firms and workshops in India on which it would be necessary to rely for the carrying out of any steel ship-building programme are already employed in a manner more appropriate to their equipment and experience and therefore to greater economic advantage on the construction of launches, barges, and other small craft and on the even more important work of repairs to existing vessels. I may tell the hon. member that during the war a large number of small craft has been either built entirely in India or assembled in India from materials sent from outside. These include hospital sternwheelers, barges, tubs, anchor boats, and dinghys which have been sent out to Mesopotamia and are now plying on the Shat el Arab and on the Tigris. Ship-building is a very ancient industry in India and I hope that immediately after the war is ended and circumstances permit vigorous efforts will be made to revive it. As His Excellency the Commander-in-Chief told the Hon. Mr. S. N. Banerji, last March, several wooden vessels were built for the British Navy in Bombay a little more than 100 years ago. The 36-gun frigate *Pitt* was built in 1805. Six ships of the line of 74 guns and 5 of 84 guns were built in the years shortly following that date and the composite brig *Fame* was constructed as late as 1889. I feel quite sure that there are no more steps which the Government can take at the present time, but signs are not wanting that private enterprise in various directions is ready to embark on the establishment of a ship-building industry in India as soon as circumstances permit and materials are available. Whether any Government assistance will be required in the matter or not is a matter for consideration when the time arrives. If and when any application is made to Government I may assure my hon. friend that the application will be considered very sympathetically but it will be plain to him that I cannot make any promises of a more definite character. In its present form I cannot accept the hon. members resolution but if he will ask the leave of the chair to modify it so as to run that this Council recommends to the Governor-General in Council that as soon as circumstances permit the Government should consider in what way the industry of ship-building can be encouraged in I shall be very glad to accept it.

No. 4-I. E., dated Calcutta, the 8th January 1919.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Department of Commerce and Industry,
Simla,

The attention of the Committee of the Indian Engineering Association has been drawn to the undernoted telegram dated, 21st November 1918, from the Secretary of State to the Government of India, Army Department, a copy of which was forwarded by Government to the Bengal Chamber of Commerce for information :—

“Owing to altered military situation more space is available in home shipyards for other than naval work. If vessels for marine or river service or dredgers are urgently required I suggest demands be made at once stating degree of urgency. Time would be saved and supply facilitated if designs of existing vessels could be followed subject to any needful minor alterations. Building of Clive and Lawrence is proceeding.”

2. The Committee desire me to express the Association's deep concern and disappointment at the policy apparently underlying the above message, as it seems to them to amount to a practical negation of the promises which have been made and hopes held out by responsible officers of Government that the industries of India would receive every encouragement in order that the country should be made more self-supporting in the future than it has been in the past. Speaking at Bombay on the 11th July 1917 the Hon. Sir George Barnes said :—

“It seems to me and I hope, Sir, that you will agree with me that one of the best means of giving support to indigenous industries is the placing so far as possible of Government orders with them. The war has undoubtedly brought many evils upon us but it has also brought a benefit in that it has taught us and is still teaching us that there are many things which can be made and which ought to be made in the country which hitherto have been brought in from outside. It is the policy of the Government of India and of those who are in control of the

“Munitions Board that these new sources of supply should be sought out and should be encouraged by the placing of Government orders with them. Our object is to make India more self-supporting in future than she has been in the past and to see that the growth of new industries may be rapidly increased by the fertilising stream of orders for goods which the Government requires in this country.”

And speaking in the Imperial Council on the 24th September 1918 the Hon. Member in particular reference to shipbuilding said :—

“Shipbuilding is a very ancient industry in India and I hope that immediately after the war is ended and circumstances permit vigorous efforts will be made to revive it.

* * * * *

“I feel quite sure that there are no more steps which the Government can take at the present time but signs are not wanting that private enterprise in various directions is ready to embark on the establishment of ship-building industry in India as soon as circumstances permit and materials are available. Whether any Government assistance will be required in the matter or not is a matter for consideration when the time arrives.”

3. In view of the foregoing statements it will, the Committee think, be readily understood that the Association is extremely disappointed to find that as soon as the shipbuilding situation at home shows signs of a reversion to pre-war conditions, as regards their ability to deal with civil requirements, the Government of India are being urged to send their orders home and this at a time when all the shipbuilding yards in India are in a position to undertake orders. This Association fears that if this policy is to be followed in regard to shipbuilding it will also be followed by other Departments of Government notwithstanding that promises have been made to place orders in India, and that these promises are backed by the strong recommendations put forward by the Indian Industrial Commission. The Committee desire me to express their earnest hope, on behalf of the engineering and ship-building industry in this country, that all proposals for sending Government orders home will be subjected to the investigation of a Department to be specially constituted for the purpose, as is recommended in the report of the Indian Industrial Commission, and that this Department should be constituted and put into operation at the earliest possible moment.

No. 682-D., dated Delhi, 22nd January 1919.

From—The UNDER-SECRETARY to the Government of India, Department of Commerce and Industry,

To—The SECRETARY, Indian Engineering Association.

In reply to your letter, dated the 8th January 1919, I am directed to inform you that the recommendation of the Indian Industrial Commission for the establishment of a department for the purchase of Government requirements in India is receiving the consideration of the Government of India. It is the settled policy of Government to place orders in this country, subject to the condition that the product of Indian industry must be able to compete with the imported article both in price and in quality. Meanwhile, there appears to be nothing in the Right Hon'ble the Secretary of State's telegram of the 21st November 1918, which you cite, to justify any apprehension on the part of your Association that orders will not be placed in this country for any vessels required by Government Departments here which can be satisfactorily produced in the country at competitive prices. It will of course be understood that unless and until ship-building firms in this country can compete with firms in the United Kingdom, it would be uneconomical for Government to place orders with them except for craft of such a class that they cannot pay their own passage out.

No. 28-I. E., dated Calcutta, 6th February 1919.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Department of Commerce and Industry, Delhi.

I am directed to acknowledge the receipt of your letter No. 682-D., dated 22nd January 1919, in reply to the Committee's letter of 8th January in connection with ship-building orders.

2. The Committees are pleased to note your statement that it is the settled policy of Government to place orders in this country, subject to the condition that the product of Indian industry must be able to compete with the imported article both in price and quality.

3. In regard to this the Committee can only say, as they have repeatedly said in the past, that the engineering industry in India can hold its own both in regard to price and quality, provided that anything like fairness and equality is preserved in the distribution of Government orders as between India and England.

4. In connection with the question of comparison of rates, what the Association has always laid stress on is that quotations are largely governed by the quantities ordered. It is unfair to compare a quotation for a small order given in this country to meet an emergency with home quotations for yearly requirements of a similar article. The Committee maintain that if quotations are called for in India for similar quantities it will be found that the rates will compare favourably with the home rates. What the Indian engineering industry has had to complain of so much in the past has been the spasmodic nature of the orders placed here which has rendered it impossible for manufacturers to get the full return from their plant and expert staff. As Government is aware, in all ship-building and engineering workshops an extensive and well-equipped shop and an expensive staff, both indoor and outdoor, must be maintained, and it is self-evident that such an establishment can only be kept going economically if the workshops are fully employed.

5. The Committee cannot agree that it would be uneconomical for Government to place orders in India even if they at first cost more to produce. The policy now advocated by Government is exactly what they pursued before the war, and what that policy cost this country during the war, and what a mistake it was, is as well known to Government as to this Committee. The Committee would again refer Government to Sir George Barnes remarks at Bombay on the 11th July 1917 and in the Imperial Council on the 24th September 1918, and ask whether there is any intention on behalf of Government that these promises will be redeemed.

6. The Committee understand that a rule exists under which orders for all craft above certain dimensions must be sent home. The Committee would be glad to know whether such a rule or rules exist and if so, exactly what the restrictions are.

7. The Association respectfully submit that the Indian shipbuilding and engineering shops have given, during the past four years, a practical demonstration, notwithstanding the disabilities to which they have been subject owing to scarcity of material, of what can be done in the country as regards the building of vessels and craft of various kinds; and the Committee venture to think that the time has arrived for a reconsideration of any rules preventing orders being placed here.

8. In conclusion I am directed to ask whether the Association could be furnished with a statement of the indents sent home during the past twelve months, for such requirements as fall within the scope of this Association. And pending the establishment of a department for the scrutiny of stores indents the Committee would ask whether such would be submitted to the Association for an expression of opinion as to which of them could be satisfactorily supplied in India.

No. B-278-5, dated Simla, the 14th April 1919.

From—The SECRETARY, Indian Munitions Board,

To—The SECRETARY, Indian Engineering Association.

In continuation of the letter from the Department of Commerce and Industry, No. 707, dated the 12th February 1919, I am directed to reply to your letter No. 28-L. E., dated the 6th *idem*.

2. In paragraph 6 and 7 of your letter you refer to rules in force requiring that orders for all craft above certain dimensions should be sent to the United Kingdom, and to request that, in case your Association's assumption is correct, steps may be taken to modify the rules. In reply, I am to say that your Association appears to be under a misapprehension in the matter. The orders on the subject lay down that in the case of (i) special types of vessels for inland water (such as dredgers, or those in which there is novelty of design or construction either in hull or motive power); and (ii) sea-going vessels of over 120 ft. in length irrespective of the method of propulsion, the

design and specifications should be approved by the Consulting Naval Architect at the India Office. There are no orders requiring that vessels above certain dimensions must be constructed in the United Kingdom.

3. In para 8 of your letter you ask (1) that the Indian Engineering Association may be furnished with a statement of the indents forwarded to the India Office during the past twelve months for such requirements as fall within the scope of the Association, and (2) that, pending the establishment of a department for the purchase of Government requirements in India, indents may be sent to the Association for scrutiny with a view to the elimination of such items as could be satisfactorily produced in India. As regards these requests I am to say that for the reasons given in para 2 of Mr. Hardy's letter No. 11052, dated the 17th September 1917, the Government of India consider that no useful purpose would be served by furnishing the Association with a statement from the indents sent home during the past twelve months.

4. Your Association is probably not aware that the Indian Munitions Board still maintains the scrutiny of indents on the Director-General of Stores with a view to furthering the development of Indian industries, and that it is proposed to continue this scrutiny until a decision has been arrived at regarding the formation of a properly organised Stores Department, as proposed by the Indian Industrial Commission. In the meantime Government have no objection to resuming the practice of supplying your Association with half-yearly statements of items included in the home indents which concern your members, and instructions have issued to maintain a record of these from the 1st April 1919. In the circumstances, the Government of India see no necessity to send indents for the scrutiny of the Association before despatch to the Director-General of Stores.

5. From what has been said in the preceding paragraph your Committee will understand that the Government of India are not unmindful, as you suggest, of the undertakings referred to in the fifth paragraph of your letter. The effect of decisions to be taken on the report of the Indian Industrial Commission cannot, however, be wholly anticipated. As regards ship-building in particular, I am to refer your Committee to the reply given by the Hon'ble Sir T. Holland to a question by the Hon'ble Rao Bahadur B. N. Sarma in the Imperial Legislative Council, on the 1st March 1919, of which a copy is enclosed for ready reference.

IMPERIAL LEGISLATIVE COUNCIL PROCEEDINGS OF 1ST MARCH 1919.

Extract from page 214 of the Gazette of India, dated the 8th March 1919 (Part VI).

The Hon'ble Rao Bahadur B. N. Sarma asked:—

“What steps, if any, are proposed to be taken—

(a) for the encouragement of ship-building in India;

* * * * *

The Hon'ble Sir Thomas Holland replied:—

(a) Government have already given assistance in various ways with regard to the building of sailing vessels, while the construction of river-craft, partly from imported material and machinery, has long been established; but in the case of ocean-going steel ships, it would clearly be inadvisable to give active encouragement until India is in a position to manufacture the principal materials required for their construction, especially steel plates, which form such a large fraction of the total.

As a result of the war special efforts recently made in the United Kingdom and America to increase the output of ships in order to counterbalance the depredations of submarines, shipyards fully equipped in those countries are now greatly in excess of normal and even of visible requirements; consequently any attempt to start building in India, which would necessarily involve the importation of machinery and materials at abnormal rates as well as the training of expert labour, is likely in present circumstances to be far from a commercial success. It would obviously be unwise to pay high prices and heavy freights for materials which would be utilised here under disadvantageous circumstances. It is hoped, however, that, in the near future, steel plates will be manufactured in India, and that supplementary industrial development in other directions also may justify the taking of measures to build ships in this country. The question is occupying the attention of various firms, and when the conditions are suitable every reasonable help will be afforded by Government.

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No. 59-I. E., dated Calcutta, 22nd May 1919.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY, Indian Munitions Board, Simla.

I am directed by my Committee to acknowledge receipt of your No. B-278-5 of the 14th April.

2. With reference to paragraph 2, my Committee note that there are no orders requiring that vessels above certain dimensions must be constructed in the United Kingdom. They are, however, of the opinion that the orders which exist on the subject, and which you quote, have the very definite effect of hindering the placing of work with firms in this country. This may not be the intention, but the Association are far from satisfied that Indian firms are given an equal opportunity with firms at home, of tendering in cases where the design and specification have to be approved by the Consulting Naval Architect at the India Office. They are certainly of opinion that if a Consulting Naval Architect is necessary for India, the proper place for his office is in India, where he would be conversant not only with local requirements but also with the capacity of local manufacturers. And in any case, they direct me to ask you to be good enough to give a definite assurance on behalf of the Government of India that Indian firms will be given the fullest opportunity of tendering for all vessels required in this country, irrespective of size or design.

3. With reference to paragraph 3 of your letter, I am directed to say that the Association's reason for asking a statement of the indents forwarded to the India Office during the past twelve months falling within the scope of the Association was that they might have full information as to what work was actually placed in the United Kingdom during that time. The Association are unable to understand why there should be any difficulty whatever about complying with their request. They are of opinion that it is a perfectly reasonable request and they think that it should be complied with.

4. The Committee note that the Indian Munitions Board still maintains a scrutiny of indents on the Director-General of Stores, and that it is proposed to continue this scrutiny until the new department proposed by the Indian Industrial Commission is formed. The Committee can see no useful purpose in Government sending them half-yearly statements of indents already sent home. To be of any use to this Association, and if Government seriously wish to foster the industries of this country, indents must be seen by this Association and scrutinised before they are sent to the United Kingdom.

5. The Committee regret to say that they are of the opinion that in spite of all the Indian Industrial Committee has reported on, and in spite of all the statements made in the Viceroy's Council, the policy of the Government of India on the industrial question is practically the same as existed in pre-war days, and that the dominance of the Director-General of Stores in England is to be allowed to continue to the great detriment of the industrial needs of this country.

No. B-278-21, dated Simla, 14th August 1919.

From—The SECRETARY, Indian Munitions Board, Simla,

To—The SECRETARY, Indian Engineering Association.

In continuation of the Board's letter No. B-278-16, dated the 2nd of June 1919, I am directed to say that your Committee do not appear to be fully cognisant of the present position regarding the purchase of stores in India. The control of the Stores Department of the India Office will shortly come under review, if effect is given to the proposals of the Committee on the Home Administration of Indian Affairs, which has recommended that the control of the Stores Department should be transferred to the Government of India. And, at the same time, as a result of the recommendations of the Indian Industrial Commission, the Government of India are considering the appointment of a Committee to deal with the purchase of Government stores in India. It is hoped that the question of ship-building, among others, will come under review by this Committee, and I am to suggest that your Association should take this opportunity of putting forward its views.

No. B-278-25, dated Simla, 10th November 1919.

From—The SECRETARY, Indian Munitions Board, Simla,

To—The SECRETARY, Indian Engineering Association.

In reply to your letter No. 118-I. E., dated the 31st of October 1919, I am directed to say that, as already intimated to you in my letter of the 14th of August, it is proposed to place the question of ship-building before the Committee which is at present being constituted to report on the purchases of Government Stores.

2. I am to add that the request made in para. 3 of your previous letter No. 59-I. E., dated the 22nd of May 1919, appears to be answered sufficiently (in the negative) by your para. 4.

No. S.-183, dated Delhi, the 29th March 1921.

From—The SECRETARY to the Government of India, Department of Industries, (Stores),

To—The CHIEF SECRETARY to the Government of Madras, Financial Department; Secretaries to the Governments of Bombay, General Department; Bengal, Commerce Department; United Provinces, Industries Department; Financial Secretary to the Government of the Punjab; the Revenue Secretary to the Government of Burma; Secretaries to the Governments of Bihar and Orissa, Financial Department; Central Provinces, C. & I. Department; Assam, Municipal (Miscellaneous) Department; the Hon'ble the Agents to the Governor-General and Chief Commissioners in the North-West Frontier Province and Baluchistan; the Chief Commissioners of Ajmer-Merwara, Coorg and Delhi.

I am directed to address you regarding the proposals made in the report of the Indian Stores Purchase Committee. The origin and terms of reference of this Committee were explained in Resolution No. B-506-11 of the Government of India, dated the 5th December 1919, in which it was stated that the principle of a properly equipped agency in India for the purchase and inspection of stores in India had been accepted by the Secretary of State, and a Committee had been appointed to work out a detailed scheme to give effect to that principle.

2. It will be observed that, though the Committee are unanimous in their view of the advantages which will accrue from the creation of such a Department and generally agree on the main principles of its constitution, several of its members have expressed discordant opinions on more or less important points of detail; in particular, in the joint memorandum signed by Messrs. Collier and Ryan. The Government of India, subject to one or two modifications of importance which are generally in the direction of allowing greater freedom to local Governments, are provisionally inclined to follow the minority memorandum in many respects where it differs from the view taken by the majority.

3. I am further to explain that the Government of India have in order to avoid subsequent delay obtained the sanction of the Secretary of State to the appointment on a temporary basis of the chief departmental officers proposed by the Committee, viz., the heads of the department and of the purchasing and inspection branches. The three officers when appointed will be able at once to work out details of organisation, recruitment and accommodation, and will be available for personal consultation with local Governments on the various points set forth in this letter.

I am to remark in this connection that the Departments of the Government of India, including State-worked Railways, are responsible for so very large a proportion of the stores requirements of Government locally obtained, that the central Stores organisation is not likely to be materially affected in scope by the degree to which local Governments may desire to take advantage of its services, since the necessary equipment of expert purchasing and inspecting officers cannot, with due regard to efficiency, be allowed to fall below a certain minimum, even if the total work of the Department be somewhat less than the Committee have anticipated.

4. As already explained, the Government of India accept, as a working basis, the proposals of the Committee as modified by the minority memorandum. There are, however, certain important matters in respect of which the provisional views of the Government of India depart from this basis, and it is more especially with these points that the Government of India will deal in this letter, though they desire the opinions of local Governments also on such of the Committee's main proposals as are unaffected by the conclusions of the Government of India. A summary of these points will be found in paragraph 17 below.

5. I am in the first place to inform you that in response to a very urgent request from the Secretary of State for an expression of the Government of India's views regarding the allocation of the subject of stores and stationery, the Government of India submitted certain proposals, and in accordance with them Parliament have approved the following classification of Stores and Stationery :—

“ Schedule I, Part I.—Central subjects, item 22—Stores and Stationery, both imported and indigenous ; required for Imperial Departments.

Schedule I, Part II.—Provincial subjects, item 27—Stores and Stationery, subject, in the case of imported Stores and Stationery, to such rules as may be prescribed by the Secretary of State in Council.

Schedule II.—List of provincial subjects for transfer, item 17—Stores and Stationery required for transferred departments, subject, in the case of imported Stores and Stationery to such rules as may be prescribed by the Secretary of State in Council.

Schedule III, rule 1.—The previous sanction of the Secretary of State for India in Council is necessary.

* * * * *

(5) to any expenditure on the purchase of imported stores or stationery otherwise than in accordance with such rules as may be made in this behalf by the Secretary of State in Council.”

The intention of the Government of India is that all departments of local Governments, whether reserved or transferred, should be able to make their purchases either through agencies set up by themselves, irrespective of any limitations on quality or price, or through the Central Stores Department, in which case purchases will be subject to the limitations which the Government of India are explaining in this letter and in their letter No. 217, dated the 29th March 1921, on the draft Stores Rules. The only restrictions that the Government of India propose on the purchase of imported stores by local Governments is that, if ordered from the United Kingdom, they must be obtained through the London Stores Department. The rule in question, which should be read with the modification of Schedule III, rule 1 (5), quoted above, runs as follows :—“ In the case of purchases made by local Governments none of the above rules shall apply ; provided that any such purchases, if from the United Kingdom, shall be made from the London Stores Department in accordance with any rules that may be made from time to time by the Secretary of State, the Government of India or the Director General of Stores ”

Owing to the urgency of the Secretary of State's communication the Government of India were unable to consult local Governments on the above proposals, which, however, they believe are sufficiently liberal to command approval.

It is thus clear that the organisation and method of working proposed by the Government of India in this letter and in their letter No. 217, dated the 29th March 1921, on draft Stores Rules affect local Governments but little, save in so far as they may illustrate the principles which the Government of India have decided to adopt, as most likely to conduce to the encouragement of Indian industries combined with economy of public expenditure ; and it is in the hope that these conclusions may be helpful to local Governments that the Government of India have explained them in this letter and in their letter No. 217, dated the 29th March 1921, on the draft Stores Rules.

6. While dealing with the subject of the relations between local Governments and the central Stores Department, the Government of India think it desirable to draw the attention of the Government of ^{Madras,} Bombay ^{etc.,} to the following matters :—

your attention

- (i) The Government of India trust that provincial Directors of Industries will be able to assist the Stores Department by the provision of intelligence regarding the extent of local manufactures and the currency of local prices.
- (ii) The services of the inspecting and purchasing officers of the Stores Department and of its organisation for the collection of intelligence will be fully available for the use of local Governments should they so desire it.

- (iii) The purchase of stationery will be dealt with in a separate communication.
- (iv) Ordinary local materials, such as sand, lime, bricks and local timber will be excluded from the scope of the Stores Department.
- (v) Running contracts for large quantities of material or articles required by numerous indentors will be made when possible.
- (vi) Purchases on behalf of local Governments which elect to make use of the Stores Department's services must be made in accordance with the rules which may from time to time be framed by that department with the approval of the Government of India. It is anticipated that such rules will include the following provisions, (a) permission to indenting officers to obtain articles available under running contracts direct, reporting the important purchases to the Stores Department; deliveries in all cases being subject to inspection by the officers of that department; (b) a prescription that duplicate copies of indents on the London Stores Department should be sent to the Indian Stores Department which will inform indentors for future guidance when articles included in such indents can be obtained from indigenous stores.
- (vii) For the reasons given in paragraph 96 of their report the Committee recommended that no charge should be levied on Imperial departments, Provincial Governments and railway companies for the services of the Indian Stores Department, but they considered that Indian States, Municipalities, etc., should be asked to make a reasonable payment for the services of the department. In view, however, of the new relations between central and provincial revenues and of the fact that full recovery will be made in the case of 'agency' work undertaken by the provinces for the central Government the Government of India consider that it will be necessary to levy departmental charges in the case of supplies made by the Indian Stores Department to Provincial Governments. It has been decided tentatively to levy a charge of 2 per cent. in the case of supplies to Provincial Governments made through the Indian Stores Department. A similar percentages will be charged in the case of Indian States, Municipalities, etc., while the same principle will, it is intended, be followed in the case of stores supplied to Railways and the commercial and quasi-commercial Departments of the Government of India.

7. I am to explain that the Government of India are unable to acquiesce in the far from unanimous conclusion of the Committee in favour of locating the headquarters of the Stores Department at Calcutta. The Government of India agree with the Committee that the arguments in favour of accepting Cawnpore or Bombay as the headquarters are not very convincing, and the only alternatives that require serious consideration are Calcutta and the headquarters of the Government of India. In favour of Calcutta are the obvious advantages that arise from close and constant touch with important markets and manufacturing centres and possibly some economy in staff. On the other hand, an organisation with a large commercial centre as its base of operations will to some extent tend to favour that centre at the expense of other centres. This cannot fail to arouse dissatisfaction which the Government of India are constrained to admit might not be without some practical justification, and they feel it to be a matter of great importance to hold the scales evenly in the allocation of Government purchases between all centres of manufacturing and trading interests throughout the country. The only method in which this can be done is by locating the headquarters office of the Stores Department at the headquarters of the Government of India, a course which indeed offers many practical advantages. Large running contracts for such supplies as steel, leather and textile manufactures are perhaps the most important individual pieces of work that will fall to be performed by the Stores organisation. These will in practice always have to be dealt with at Simla or Delhi, where the heads of the great consuming departments and of the Department of Industries can most conveniently meet the principal officers of the Stores Department and representatives of manufacturers. The location of the Central Stores office at Simla and Delhi will have the incidental advantage of facilitating the rapid disposal of questions relating to the working of that department that may arise in the Legislative Assembly, or of enquiries and complaints addressed to the Government of India by commercial bodies or private individuals. Finally it is important that the Department of Stores should not adopt an attitude of departmental aloofness in its dealings with the consuming departments which it will be created to serve. Location at a distance from the headquarters of the Government of India will certainly tend to

foster such an attitude. The balance of advantage, therefore, seems to lie with the choice of Simla and Delhi as the headquarters of the Stores organisation.

8. The Government of India think it desirable to modify the titles suggested by the Committee for certain of the officers of the department. They propose that the head of the department should be entitled the Chief Controller of Stores, and that the head of the Inspection branch should be called the Chief Inspector, his subordinate gazetted officers being entitled Inspectors or Assistant Inspectors according to their status and responsibilities.

9. The Committee in paragraphs 151, 157, 166 and 197 of their Report propose the creation of provincial agencies at Calcutta, Bombay, Madras, Cawnpore, Lahore and Rangoon. The functions proposed for these agencies are as follows :—

- (1) to receive local demands and make purchases locally, or pass on the demands to the central office, and in special cases to make local purchases on behalf of headquarters ;
- (2) the collection of local industrial intelligence and the dissemination locally of information regarding other provinces ;
- (3) to take administrative charge of inspection depôts and pattern rooms ;
- (4) to keep in touch with, assist and advise local indenting officers.

Although these proposals are substantially in accord with the recommendations of the Conference of Directors of Industries held at Simla in April 1920, the Government of India do not see their way to support them. It will be impossible to appoint local officers with special knowledge of more than one class of articles ; and for other classes their knowledge will contrast unfavourably with that of local officers of the Public Works and Industries Departments and they are, therefore, not likely to command the confidence of, or render real assistance to, indenting departments of local Governments. Local Governments will naturally desire in many cases, to create, their own local stores organisations ; and while they will doubtless welcome the advice and assistance of an expert and fully equipped central Stores Department, are unlikely to use the service of non-expert provincial agents, whose position on the other hand might lead them to attempt undesirable interference and to create friction between local Governments and the central Stores Department. The provincial agencies proposed by the Committee are moreover obviously inadequate for the work to be performed at large centres like Calcutta and Bombay, while they are probably in excess of the requirements in some of the less developed centres. The Government of India propose, therefore, to locate a stronger and more specialised local staff at the main purchasing centres and to postpone for the present any attempt to create a local purchasing agency elsewhere, relying in the meantime for the collection of intelligence on the local Directors of Industries and on the local commercial intelligence staff (on the creation of which they have already consulted you in their letter *No. 7658, dated the 22nd September 1919). Their proposals for the local purchasing staff at Calcutta and Bombay include the following appointments :—

*To Bombay, Bengal and Burma only.

LOCATION.	CLASS OF PURCHASES.	SALARY.
Calcutta	Engineering, Miscellaneous	Rs. (1) on 1,800 (1) on 1,000 (1) on 1,500
Bombay	Textile, Engineering	(1) on 1,800 (1) on 750 (1) on 1,500
Cawnpore (probable)	Leather and Textiles	(1) on 1,500

In addition to the above staff, inspecting officers will be located at these centres and at Jamshedpur, as explained in paragraph 11 below.

10. The Government of India do not think it possible under present circumstances to give effect to the proposals in paragraphs 168 and 169 of the Committee's report for the purchase and inspection of timber, including sleepers. The main objection to such a proposal is the impossibility of securing under existing conditions the adhesion of company-worked lines to this scheme. The Government of India, therefore, prefer to maintain for the present the existing organisation created for the purchase of sleepers by the Railway Board, and to await the falling

in of the contracts of company-worked lines, when they will be in a position to impose on such companies, should it be so decided the obligation to purchase sleepers or other stores through the Stores Department. The elimination of sleeper purchase from the Committee's scheme leaves too small a balance of other timber purchases to justify the creation of any special agency under the Stores Department, although it should be possible to centralise the purchase of timber for Government requirements, in Burma at any rate, under some special agency of the Forest Department.

The Government of India agree in the conclusion of the Committee as expressed in paragraph 188 of their Report that there are certain classes of stores, orders for which can be bulked by a central agency with great advantage. But in addition to the classes of articles enumerated in paragraph 188 (i) to (iii), there is an even more important class which should also be included in the procedure proposed for the purchase of these classes of stores, viz., 'steel and iron as produced by the blast furnace, steel hearths or rolling mills and not further, manufactured into articles, but including steel intended for structural work'.

11. The only remarks which the Government of India find it necessary to make regarding the inspection branch relate to the location of the superior staff. The Committee appear (paragraph 151 of the Report) to contemplate that the officers whom they designate as Chief Inspectors, though touring generally, should have their headquarters with the central office of the department. Though there are some arguments in favour of this proposal, the Government of India prefer to locate each of these officers, whom they prefer to call inspectors, at the centre where the class of manufacture with which he deals is most developed. This will enable some reduction to be made in the local staff proposed by the Committee, though it will influence their efficiency, especially in the collection of intelligence; will keep inspectors in close touch with manufacturing conditions; will assist them to improve local manufactures in the way contemplated by the Committee; and will strengthen their control on their subordinate staff. The location provisionally contemplated by the Government of India is the following:—

LOCATION.				FUNCTIONS OF INSPECTORS.	
Calcutta	Structural and Railway; Mechanical and Electrical.
Cawnpore or Calcutta	Leather.
Bombay	Textiles.
Jamshedpore	Metallurgical.

12. The Committee have made no definite proposals for the financial powers of the Chief Controller of Stores. The Government of India are of opinion that he should obtain their sanction to any of the following transactions:

- (a) to any contract involving the expenditure of more than Rs. 16 lakhs in any one year;
- (b) to purchases in excess of actual indents;
- (c) to running contracts which would bind Government to purchase more than its total estimated requirements;
- (d) to any purchase involving the payment of an amount in excess of the market price with a view to encouraging indigenous production, or the grant of a bonus on production. (These questions will be dealt with in greater detail in paragraph 13 below);
- (e) to contracts exceeding 3 years and involving expenditure of over Rs. 1,00,000 in any one year;
- (f) to the writing off of losses owing to mistakes in purchase or inspection resulting in losses which cannot be fairly debited to indenting departments.

The Government of India propose that, when the Chief Controller of Stores, the Chief Inspector and the Director of Contracts and Intelligence have been appointed, they should make the necessary initial recruitment, with the advice of temporary local committees; and that subsequent regular recruitment should be made through the Public Services Commission.

13. The Government of India approve most of the recommendations for the encouragement of indigenous manufactures set forth in paragraphs 101—107 and in Chapter V of the Committee's report, subject to the following remarks:—

- (i) They are considering separately the proposals of the Committee made in paragraph 104 of their report regarding the grant of favourable railway rates.

- (ii) With reference to the Committee's remarks on the effect of the increase in the sterling value of the rupee on the prosperity of Indian manufacturers, the Government of India do not consider that any sufficient proof of inability on the part of Indian manufacturers to compete at the recently high exchange rates has been adduced by the Committee; nor has a sufficient degree of stability been reached in respect either of the exchange rate, as is shown by the recent fall, or of the cost of manufacture and transport in England and India, to enable the position to be estimated with any certainty. They will, however, watch carefully the effect of the above conditions on the prosperity of Indian manufacturers.
- (iii) The Government of India desire to direct the particular attention of local Governments to the very difficult question dealt with in paragraph 103 of the Committee's report, namely, the idea of paying prices higher than market prices for a locally made article in order to encourage indigenous manufacture. The alternative proposal, of accepting goods of inferior quality, the Committee rightly condemn as likely to lead to abuse. The Committee's proposal is "that the additional cost involved should not usually fall on the consumer but be allocated to a special head from which grants should be made by the Imperial or local Governments as the case may be." Under the proposals of the Government of India for the allocation of functions explained in paragraph 5 above, local Governments, as already pointed out, will have full power to pay whatever price they may see fit for indigenous or even for imported stores. The Government of India, however, feel it necessary to point out the dangers attending the use of this power. The working of the Stores Department, whether imperial or provincial, should be governed strictly by business standards both as regards price and quality, and any departure from these standards may lead, not only, to extravagance or possible corruption, but to the grant of support to a provincial manufacture to the detriment of a similar industry in an adjoining province. These considerations will doubtless engage the anxious attention of local Governments; and it is presumed that they will desire to exercise these powers only sparingly and under proper safeguard. A check on their procedure will be provided by the Committee on public accounts. The Central Stores Department will always be ready to assist the Finance Departments of local Governments with any information that may be needed for the proper presentation to the Public Accounts Committee of cases of undesirable procedure. For purchases with which the Government of India are themselves concerned, they would only permit this form of assistance in very special cases; their sanction will be required in each instance, and would be given only after careful consultation with the consuming department, and other interests concerned. In their view if it is desired to encourage an indigenous industry by any form of purchase on favourable terms, this should be by way of an openly declared bounty applicable to the whole country and the entire production of the industry wherever it exists, not by the payment of a bonus only on the articles consumed by Government. The payment of a bounty in this way is, it is clear, a form of fiscal protection; and the country as a whole will not get the benefit of such protection unless its precise terms are made known to the public. Any form of protection that can be given haphazard, or which absolutely prevents outside competition, is not likely to do permanent good to the industries of the country. The grant of bounties of this sort cannot be lightly resorted to, since it will involve the provision of a careful check over the number of articles actually produced in order to avoid fraud, which can only be prevented through constant local inspection. The Government of India feel that the question of encouragement by either of the above methods of local industries is fraught with serious difficulties and dangers, and should not in any case be undertaken without the most careful consideration.

14. The purchase of imported stores is a matter on which the Members of the Committee have exhibited a considerable divergence of opinion. The proposals of the Government of India regarding the allocation of functions to the departments of local Governments have, however, eliminated almost entirely it is hoped, the causes of variance, so far as the departments of local Governments are concerned. Local Governments will have a free hand to purchase all kinds of stores.

either through the Central Stores Department, or through their own agency. The operations of the Central Stores Department should, the Government of India think, be governed in this respect by existing rules with the few relaxations that are proposed by them or by the Committee. These provisions have in the past operated generally in the direction of economy. The Government of India are well aware of the difficulties which these provisions entail; but they trust that the relaxations proposed by them have removed the most serious objections; and it will be open to local Governments, if they prefer a less restricted though possibly less economical method of purchase, to set up their own agencies. With regard to the main principle of the purchase of imported stores, the Government of India find themselves in general agreement with the minority proposals, and propose to follow them, so far as their own purchases are concerned, for the following reasons. Too free local purchase of imported stores will tend to discourage the replacement of imports by local manufacturers, and to strengthen the existing vested interests which have preferred in the past an easy profit from the sale of imports to risking their money in attempts to produce locally. The Government of India also think it probable that the free local purchase of imported stores will not be in the interests of economy. This question has in the past been the subject of much dispute, which can only be settled effectively with the help of a local agency for purchase and inspection. The practical experience of such an agency will enable the Government of India and local Governments to decide to what extent and in what cases the local purchase of imported stores is advisable.

15. The position of the London Stores Department has been dealt with in paragraphs 44 and 45 of the majority and in paragraphs 14, 15, 23 and 26—30 of the minority memorandum. The Government of India agree with Messrs. Collier and Ryan's memorandum in holding that two separate Stores Departments, one in England and one in India, with entirely separate responsibilities and fields of action, the one controlled by the Government of India through the High Commissioner and the other by the Department of Industries, is an arrangement which can be worked without difficulty or friction, they see obvious objections to the dual control of the London Stores Department by the High Commissioner in London and by a subordinate Department of the Government of India in Simla-Delhi. The appointment of a High Commissioner in London subordinate to the Government of India renders it possible to secure that the London Stores Department shall work in accordance with the declared policy of the Government of India in favour of obtaining an ever increasing proportion of its requirements from Indian manufacturers; and will confine itself to the necessary duty, which it has hitherto fulfilled, for providing such stores as have still to be obtained from overseas, with the greatest possible economy, efficiency and despatch.

16. I am to explain that the opinion of local Governments will be separately invited on the draft rules for the purchase of Government stores proposed by the Government of India.

17 Summary of proposals: and suggestions for immediate action.

Location.

(1) Headquarters of Stores organisation to be with the Government of India (Report, paragraphs 152—156).

(2) Head of organisation to be styled Chief Controller of Stores, and to receive a salary of Rs. 3,000—100—3,500 (Report, paragraphs 163 and 197).

(3) Committee's proposal to create provincial agencies at Madras, Lahore and Rangoon not supported. Purchasing officers to be appointed at Calcutta and Bombay (one on Rs. 1,800 and one on Rs. 1,500, at each and assistants on Rs. 1,000 and Rs. 750 at Calcutta and Bombay, respectively); and possibly a man on Rs. 1,500 will be found necessary at Cawnpore (Report, paragraphs 151, 157, 166, and 197).

Intelligence and price comparison.

(4) Industrial Intelligence to be provided by purchasing and inspecting staff, Directors of Industries and the Commercial Intelligence Department. It should be compiled by purchasing officers, and Controller of Provincial agents and intelligence proposed by Committee is not required. An officer may be needed for miscellaneous intelligence (Report, paragraphs 165 and 197).

Purchasing organisation.

(5) Purchasing officers to be controlled by a Director of Contracts and Intelligence on Rs. 2,000—100—2,500 (Report, paragraphs 164, 183 and 197).

(6) Possibility of Committee's proposed organisation for timber and sleeper purchase depends on concurrence of company-worked lines. Centralised purchase of timber in Burma might be carried out by Forest Department, if above arrangement has to be postponed (Report, paragraphs 168 and 169).

Inspection arrangements.

(7) Appointment of a Chief Inspector on Rs. 2,250—100—2,750 against Rs. 3,000 proposed by Committee (Report, paragraphs 173, 183 and 198).

(8) Stores organisation to inspect all purchases by specially exempted Departments (Report, paragraphs 120, 121, 122 and 147).

Powers and finance of purchases.

(9) Chief Controller of Stores to have full powers in respect of purchase, subject to obtaining sanction of the Government of India:—

(a) to any contract over 16 lakhs in any one year;

(b) to purchases in excess of indents;

(c) to contracts binding Government to buy more than estimated requirements;

(d) where it is proposed to allow a premium over and above market price to encourage indigenous production or to give a bonus on production (the latter of which courses is greatly preferred);

(e) to contracts exceeding 3 years and involving expenditure of over Rs. 1,00,000 in any one year;

(f) to write off losses owing to purchase of unsuitable stores.

(10) Indenting departments, including provincial Governments, Indian States and semi-public bodies, to be debited with estimated proportionate cost of purchasing organisation. (Report, paragraphs 96, 209 and 210).

(11) Any increase in cost of stores over original estimate to be intimated to the indenter at once (Report, paragraph 202).

(12) Payment should be prompt, and interest may be sometimes paid in case of delay (Report, paragraph 203).

Initiation of Department, recruiting and deputation.

(13) Sanction of the Secretary of State to be obtained for the Department to be started by appointment of the Chief Controller, the Chief Inspector and the Director of Contracts and Intelligence (Report, paragraphs 184 and 185). Sanction has been obtained to this proposal.

(14) Other initial recruitments to be made by Chief Controller with the advice of temporary local committee; subsequent regular recruitment to be through Public Service Commission (Report, paragraphs 195—199).

(15) Officers should be deputed from London Stores Department to Stores Department in India and *vice versa*; and officers might be occasionally deputed to Stores Department in India from the main consuming Departments (Report, paragraphs 198 and 199).

Liability of Government Departments to purchase through Stores Agency and methods of purchase.

(16) It will be optional for local Governments, company-worked railways, semi-public bodies and Indian States to obtain their requirements through the Stores Department. All Departments of the Government of India must obtain from the Stores Department such stores as are not specially excepted from its operations; provided that certain technical Departments may make their own local purchases of specialised engineering plant and machinery. The Medical Department should follow existing arrangements (Report, paragraphs 92, 95, 147, 149 and 188).

(17) Coal, stationery and ordinary local materials such as sand, lime, bricks, jungle timber to be excepted from the scope of the Stores Department (Report, paragraphs 147 and 148).

(18) Demands from numerous indentors for same class of material or article should, when possible, be combined into a running (Report, paragraph 189).

(19) Requirements included in annual indents should be notified to the Chief Controller of Stores in the case of all articles included in headings (i) to (iii) of paragraph 188 of the Committee's Report and of certain classes of iron and steel by all departments; and of all articles by the Army, except the Ordnance Factories and Military Works Service. When such articles are included in running contracts, indenting officers should purchase direct under such contracts. Purchases under supplementary indents should be made (a) in the case of a running contract by the indentor under that contract; (b) in other cases by the indentor, if within his financial powers; if not, by the Chief Controller of Stores (Report, paragraphs 147-(c) and 189).

(20) Duplicate copies of indents on the London Stores Department should be sent to the Chief Controller of Stores, who will inform indentors for future guidance when articles so included can be obtained of indigenous manufacture. This procedure would not apply to indents for lethal weapons and ammunition. (Paragraphs 18, 19 and 22 of Messrs. Collier and Ryan's memorandum).

(21) Stock depots not recommended (Report, paragraphs 17—21).

Special methods of encouragement to indigenous production.

(22) Firms may be given guaranteed orders in certain cases [Report, paragraph 101 (a).]

(23) In certain cases of local manufacture, contracts should include clause permitting variations in price to meet changes in wage rates and cost of materials (Report, paragraph 107).

(24) Committee's recommendations to meet losses to Indian manufactures caused by rise in exchange postponed for consideration when conditions are more settled and more definite information is available (Report, paragraphs 105-106).

(25) Manufacture of articles which can be purchased from private producers should not be carried out in Government factories, unless special military considerations exist or unless special reasons exist which must be reported to the Government of India; and Stores Department should watch to what extent this provision is complied with (Report, paragraphs 76—90).

(26) Where purchases are made at rates above normal to benefit an industry or where bonuses are given extra cost should be borne by general revenues of Government, see also item 9 (d) above (Report, paragraph 103).

Purchase of imported stores.

(27) Local purchase of imported stores should not be permitted as a general rule; and Stores Rules should contain certain restrictions on this practice. Working of this principle should, however, be watched by the Chief Controller of Stores. (Paragraphs 6—15 of Messrs. Collier and Ryan's memorandum).

(28) Purchases of imported stores may be made from branches of manufacturing firms under certain conditions. (Paragraph 12 of Messrs. Collier and Ryan's memorandum).

Powers of local Government in respect of stores purchase.

(29) Purchase of stores required for Imperial Departments should be a central subject. Stores may be obtained by reserved or transferred Departments either from the central Stores Agency, or through agencies created by themselves, provided that in the former case such purchases must be subject to the Stores Rules and to such other rules as may be made for the guidance of the Central Stores Department: and, in the case of purchases made from the United Kingdom, to such rules as may be made from time to time by the Secretary of State, the Government of India or the Director-General of Stores.

(30) Local Governments should be permitted to purchase imported stores except that, in the case of stores ordered from the United Kingdom, they should be indented for through the London Stores Department (Report, paragraphs 91—96 and 221).

Position of London Stores Department.

(31) The London Stores Department should be independent of the Stores Department in India, and should be controlled by the Government of India through the High Commissioner:

Articles manufactured in other countries than the United Kingdom should be purchased through the London Stores Department, except where their purchase in India is permitted under the Stores Rules. The London Stores Department should continue to transmit stores obtained from military and naval organisations of the British Government (Report, paragraphs 44, 45, 114 and 115 and paragraphs 14, 15, 23 and 26—30 of Messrs. Collier and Ryan's memorandum).

18. I am to request that the opinions of local Governments may be forwarded to the Government of India not later than the 1st July 1921.

No. S-217, dated Delhi, the 29th March 1921.

From—The SECRETARY to the Government of India, Department of Industries, (Stores),

To—The CHIEF SECRETARY to the Government of Madras, Financial Department Secretaries to the Governments of Bombay, General Department; Bengal Commerce Department; United Provinces, Industries Department; Financial Secretary to the Government of the Punjab; Revenue Secretary to the Government of Burma; Secretaries to the Governments of Bihar and Orissa, Financial Department; Central Provinces, Commerce and Industry Department; Assam, Municipal (Miscellaneous) Department; the Hon'ble the Agents to the Governor-General and Chief Commissioners in the North-West Frontier Province and Baluchistan; the Chief Commissioners of Ajmer-Merwara, Coorg and Delhi.

I am to invite the opinion of the Government of ^{Madras} Bombay on the accompanying draft of revised rules _{your opinion} ^{eto.}

for the purchase of stores for the use of Government Departments. The necessity of recasting the rules arises from the proposals of the Stores Purchase Committee, who have dealt with the question of the rules in their report. The views of local Governments on the remaining proposals of the Committee are being asked in the letter from this Department No. S-183, dated the 29th March 1921. Many of the remarks and explanations contained in that letter will be found relevant to a consideration of the present subject under reference; but the Government of India consider that it will be more convenient to local Governments if the subject of the stores rules be dealt with separately. It will be observed that the rules have been divided into two parts, the latter of which applies to Governors' Provinces.

2. I am now to explain the tentative views of the Government of India regarding the draft rules which are attached to this letter.

Preamble.—It is obviously desirable, and the Government of India proposed to the Secretary of State in 1907, that a distinct declaration should be made in the rules of the policy of the Government of India in favour of the purchase of stores of indigenous manufacture.

Rule 1.—The expression 'the price not unfavourable' appears to the Government of India preferable to the expression 'the price reasonable' used by the majority of the Committee. The expression 'not unfavourable' calls for a comparison of prices, but does not prevent the purchase of indigenous stores at a negligible excess cost. It also permits other factors of economy, such as promptitude of delivery, being taken into account. This is desirable, since there are many cases where no definite loss can be pointed to as likely to arise from delay, though there is a general advantage in promptitude.

Rule 2.—Condition (b) which deals with manufacture from imported materials is less favourable to the Indian manufacturer than Rule 1, which relates to purely indigenous manufactures.

Rule 2 (b).—Postulates a stricter comparison of price than Rule 1. There are various instances, (e.g., the manufacture of wagons and girders from steel plates) in which manufacture from imported materials will shortly be in direct competition with manufacture from indigenous materials, and the necessity of the differentiation is of some importance.

Rule 3.—The Government of India have considered the desirability of modifying the form in which this rule is cast, but are of opinion that such a course is not at present desirable. In the draft rules prepared by the Government of India in 1907, purchase in India of imported stores was made the rule to which certain exceptions were permitted. The present draft makes the purchase of such stores through the London Stores Department the rule, and local purchases the exception. In the opinion of the Government of India, though the form of the 1907 draft is theoretically preferable, it is safer to retain for the present the general prescription in favour of purchases from the London Stores Office, and to increase the number of exceptions as experience is gained, than to call on the new organisation proposed for the purchase of stores in India to work on so important a modification of the principles hitherto observed.

Rule 3 (a).—The Government of India have modified the draft of the minority memorandum, so as to permit the purchase of articles which are on their way out to India, as is proposed in draft rule 5.

Rule 3 (c).—This portion of the rule is based on the proposal made by the Government of India in 1913 and repeated in 1917, modified in deference to certain criticisms made by the Secretary of State. With reference to the general provisions of this rule in favour of purchases from branch firms, the Government of India are in full agreement with the views of the Industrial Commission (paragraph 83 and 194 of their Report) and of the Stores Purchase Committee (paragraph 112 of their Report) that the setting up of branches of British manufacturing firms in India will encourage the development of local manufacture and is, indeed, in the case of many important industries, the only practical means of introducing certain specialised forms of manufacture into the country. It was originally proposed to include a list of firms from which purchases might be made and of articles which might be purchased. The Government of India found that the list of articles gave great trouble in compilation, while this list and the list of firms are liable to constant changes; and it appears preferable to leave the compilation of these lists to the Chief Controller of Stores. The proposal to include fully equipped technical agents, who differ in name and legal constitution only from branches of firms, is necessary.

Condition (i) has been added by the Committee to meet the criticism of the Secretary of State that the ordering should be done by an expert, and not by an unspecialised departmental officer.

Condition (v).—The Government of India propose to raise the limit of Rs. 20,000 to Rs. 50,000,

Condition (vi).—The suggestion was made by the Secretary of State that part which is of such a nature that defects in it may lead to loss of life or serious injury to the public service should be excluded entirely from the scope of this rule. Condition (vi) has been introduced to obviate the objection, the proposed condition of "works inspection" affording the necessary safe-guard.

Rule 5.—The Government of India invite attention to the addition of the expression 'in case of emergency' 'to the existing conditions' when inconvenience to the public service would be caused' and 'when owing to the greater promptitude of supply an economy could be effected.' This addition will enable purchases to be made without the necessity of proof that loss would occur if the indent were sent home. When a work is urgent and the risk of delay must be avoided, then, if it is known that stores of suitable quality and price can be procured in India it is obviously sound to eliminate the risk, even if that risk cannot be exactly estimated.

Rule 7 (viii).—The Government of India's draft cancels the existing permission to purchase Australian lead locally; now that Burma lead of excellent quality is available, there seems to be no reason for this permission.

Rules 8 and 9 of the existing Stores Rules are omitted from the draft for obvious reasons.

Rule 8 (1).—The mention of specific sums representing interest, insurance and freight brokerage is omitted since such charges are at present fluctuating.

Rule 11.—The sanctioning powers of purchasing officers are increased, and this partly follows from the general rise in prices. The separate limits which previously existed for purchases under rules 3 and 5, should the Government of India agree, now be amalgamated.

Rule 13.—This rule has been added in order to make effective the Government of India's proposal to grant full liberty with one trifling exception, to local Governments in respect of their purchases of all classes of stores.

3. I am to request the favour of an answer to this letter by the 1st of July 1921.

Proposed rules for the supply of articles for the public service.

PREAMBLE.

The policy of the Government of India is to make its purchases of stores for the public service in such a way as to encourage the industries of the country, so far as is consistent with economy and efficiency. In pursuance of this policy the following rules are issued for the

supply of articles for the public service. These rules, which are subject to any instructions regarding specific articles which have been or may be issued by the Government of India from time to time, (e.g., those relating to the supply of stationery), supersede all previous orders which are not explicitly continued.

Rules applicable to the Government of India and to Provinces other than Governors' Provinces.

RULE 1.—Articles manufactured in India from Indian materials.

All articles which are produced in India in the form of raw material, or are manufactured in India from materials produced in India, should, in preference to articles not manufactured in India or wholly or partly manufactured in India from imported materials be purchased locally, provided that the quality is sufficiently good for the purpose, and the price not unfavourable.

RULE 2.—Articles manufactured in India from imported materials.

All articles wholly or partly manufactured in India from imported materials should, in preference to articles not manufactured in India, be purchased in India, subject to the following conditions:—

- (a) That a substantial part of the process of manufacture of the articles purchased has been performed in India.
- (b) That the price is as low as that at which articles of similar quality can be obtained through the Store Department, London.
- (c) That the materials employed are subjected to such inspection and tests as may be prescribed by the Government of India.

Note.—The term "a substantial part of the process of manufacture" in clause (a) means that a substantial part of the preparation of the finished article must be performed in India, whether from raw materials or from component parts obtained in a finished state from other sources.

RULE 3.—Articles which are not manufactured in India.

Articles which are not manufactured in India should be obtained by indent upon the Store Department, London, except in the following cases:—

- (a) When the articles are already in India at the time of order or are already on their way out, and their price and quality are not unfavourable as compared with those at which similar articles could be obtained through the Store Department, London, and the cost of the supply does not exceed the limits prescribed in Rule 11. When the total value of the articles required is trifling it is generally desirable to purchase them locally.
- (b) In the case of important construction works let out on contract, articles not manufactured in India required for the construction of such works may be supplied by the contracting firms subject to the following conditions:—
 - (i) That the firm is approved by the Government of India and is included in the list of firms so approved. A list of firms which have been approved up-to-date is given in Appendix A to these Rules.
 - (ii) That the materials are subject to the current specifications and tests prescribed by the Government of India.
- (c) Plant and machinery and component parts thereof may be purchased from branches* established in India of British manufacturing firms borne on the list of the Store Department, London, and approved by the Chief Controller of Stores, India, provided that the following conditions are observed:—
 - (i) That the purchase is made by the Chief Controller of Stores, India, or by a highly qualified engineer directly responsible to the Government of India for the order so placed.

*Branches may be held to cover approved technical agents of British manufacturers who do not merely act as selling agents but are also in a position to render the same kind of technical assistance in India as actual branches of the firms.

Rule 3 (a).—The Government of India have modified the draft of the minority memorandum, so as to permit the purchase of articles which are on their way out to India, as is proposed in draft rule 5.

Rule 3 (c).—This portion of the rule is based on the proposal made by the Government of India in 1913 and repeated in 1917, modified in deference to certain criticisms made by the Secretary of State. With reference to the general provisions of this rule in favour of purchases from branch firms, the Government of India are in full agreement with the views of the Industrial Commission (paragraph 83 and 194 of their Report) and of the Stores Purchase Committee (paragraph 112 of their Report) that the setting up of branches of British manufacturing firms in India will encourage the development of local manufacture and is, indeed, in the case of many important industries, the only practical means of introducing certain specialised forms of manufacture into the country. It was originally proposed to include a list of firms from which purchases might be made and of articles which might be purchased. The Government of India found that the list of articles gave great trouble in compilation, while this list and the list of firms are liable to constant changes; and it appears preferable to leave the compilation of these lists to the Chief Controller of Stores. The proposal to include fully equipped technical agents, who differ in name and legal constitution only from branches of firms, is necessary.

Condition (e) has been added by the Committee to meet the criticism of the Secretary of State that the ordering should be done by an expert, and not by an unspecialised departmental officer.

Condition (v).—The Government of India propose to raise the limit of Rs. 20,000 to Rs. 50,000,

Condition (vi).—The suggestion was made by the Secretary of State that part which is of such a nature that defects in it may lead to loss of life or serious injury to the public service should be excluded entirely from the scope of this rule. Condition (vi) has been introduced to obviate the objection, the proposed condition of "works inspection" affording the necessary safe-guard.

Rule 5.—The Government of India invite attention to the addition of the expression 'in case of emergency' 'to the existing conditions' when inconvenience to the public service would be caused' and 'when owing to the greater promptitude of supply an economy could be effected.' This addition will enable purchases to be made without the necessity of proof that loss would occur if the indent were sent home. When a work is urgent and the risk of delay must be avoided, then, if it is known that stores of suitable quality and price can be procured in India it is obviously sound to eliminate the risk, even if that risk cannot be exactly estimated.

Rule 7 (viii).—The Government of India's draft cancels the existing permission to purchase Australian lead locally; now that Burma lead of excellent quality is available, there seems to be no reason for this permission.

Rules 8 and 9 of the existing Stores Rules are omitted from the draft for obvious reasons.

Rule 8 (1).—The mention of specific sums representing interest, insurance and freight brokerage is omitted since such charges are at present fluctuating.

Rule 11.—The sanctioning powers of purchasing officers are increased, and this partly follows from the general rise in prices. The separate limits which previously existed for purchases under rules 3 and 5, should the Government of India agree, now be amalgamated.

Rule 13.—This rule has been added in order to make effective the Government of India's proposal to grant full liberty with one trifling exception, to local Governments in respect of their purchases of all classes of stores.

3. I am to request the favour of an answer to this letter by the 1st of July 1921.

Proposed rules for the supply of articles for the public service.

PREAMBLE.

The policy of the Government of India is to make its purchases of stores for the public service in such a way as to encourage the industries of the country, so far as is consistent with economy and efficiency. In pursuance of this policy the following rules are issued for the

supply of articles for the public service. These rules, which are subject to any instructions regarding specific articles which have been or may be issued by the Government of India from time to time, (e.g., those relating to the supply of stationery), supersede all previous orders which are not explicitly continued.

Rules applicable to the Government of India and to Provinces other than Governors' Provinces.

RULE 1.—Articles manufactured in India from Indian materials.

All articles which are produced in India in the form of raw material, or are manufactured in India from materials produced in India, should, in preference to articles not manufactured in India or wholly or partly manufactured in India from imported materials be purchased locally, provided that the quality is sufficiently good for the purpose, and the price not unfavourable.

RULE 2.—Articles manufactured in India from imported materials.

All articles wholly or partly manufactured in India from imported materials should, in preference to articles not manufactured in India, be purchased in India, subject to the following conditions :—

- (a) That a substantial part of the process of manufacture of the articles purchased has been performed in India.
- (b) That the price is as low as that at which articles of similar quality can be obtained through the Store Department, London.
- (c) That the materials employed are subjected to such inspection and tests as may be prescribed by the Government of India.

Note.—The term "a substantial part of the process of manufacture" in clause (a) means that a substantial part of the preparation of the finished article must be performed in India, whether from raw materials or from component parts obtained in a finished state from other sources.

RULE 3.—Articles which are not manufactured in India.

Articles which are not manufactured in India should be obtained by indent upon the Store Department, London, except in the following cases :—

- (a) When the articles are already in India at the time of order or are already on their way out, and their price and quality are not unfavourable as compared with those at which similar articles could be obtained through the Store Department, London, and the cost of the supply does not exceed the limits prescribed in Rule 11. When the total value of the articles required is trifling it is generally desirable to purchase them locally.
- (b) In the case of important construction works let out on contract, articles not manufactured in India required for the construction of such works may be supplied by the contracting firms subject to the following conditions :—
 - (i) That the firm is approved by the Government of India and is included in the list of firms so approved. A list of firms which have been approved up-to-date is given in Appendix A to these Rules.
 - (ii) That the materials are subject to the current specifications and tests prescribed by the Government of India.
- (c) Plant and machinery and component parts thereof may be purchased from branches* established in India of British manufacturing firms borne on the list of the Store Department, London, and approved by the Chief Controller of Stores, India, provided that the following conditions are observed :—
 - (i) That the purchase is made by the Chief Controller of Stores, India, or by a highly qualified engineer directly responsible to the Government of India for the order so placed,

*Branches may be held to cover approved technical agents of British manufacturers who do not merely act as selling agents but are also in a position to render the same kind of technical assistance in India as actual branches of the firms.

- (ii) That the plant and machinery are of standard patterns such as are ordinarily manufactured by the firm; and have actually been so manufactured.
- (iii) That the branch firm entertains a staff of expert mechanics capable when so required of erecting and repairing the plant and machinery which it supplies.
- (iv) That the actual price of the articles (exclusive of any expenditure representing cost of erection) is as low as that at which articles of the same make can be supplied by the Store Department, London.
- (v) That the cost of supply under any one order or detailed estimate, in respect of any one type of standard plant or machinery, does not exceed Rs. 50,000.

(N.B.—Care must be taken to prevent orders being split up in such a way as to evade the intention of these conditions).

- (vi) That when test or inspection of the plant or machinery during manufacture or before shipment is necessary or desirable arrangements should be made for such test and inspection to be carried out by the Store Department, London.

Note.—It should clearly be understood by indenting officers that this rule is subject to the preference which should be given under Rules 1 and 2 to articles of Indian manufacture.

RULE 4.—Articles which should be purchased in India.

The following articles, whether manufactured or produced in India or not, should be purchased in India provided that they comply with the current specifications, are of the requisite quality, and can be obtained at a not unfavourable price:—

- (a) Those of a perishable nature.
- (b) Explosives.
- (c) Block tin.
- (d) Wines and spirits and English bottled beer for the use of Government hospitals in India.
- (e) Kerosine oil.
- (f) Plant and materials for electric installations intended to take current from existing centres; and small electrical power and lighting plants of not more than 25 kilowatt capacity, which involve the provision of generators and cables for distribution provided they comply with the current specifications and tests prescribed by the Store Department, London.
- (g) Australian timber.
- (h) Australian Copper.
- (i) Italian marble.
- (j) British Columbian timber.
- (k) Plant and materials for small gas installations the cost of which does not exceed Rs. 15,000.
- (l) Cheap articles of common use required in small quantities only.
- (m) Such other classes of articles as may from time to time be prescribed by the Government of India. All such cases should be reported to the Secretary of State for his information.

RULE 5.—Special purchases in India.

In cases of emergency, or when inconvenience to the public service would be caused by waiting to obtain an article from England through the Store Department, London, or when, owing to the greater promptitude of supply, an economy can be effected by purchasing in India

articles which, under the foregoing rules, should be obtained through that Department, the purchase may be made in India, subject to the limits prescribed in Rule 11; provided that the articles are in India at the time of order or are already on their way out. In such cases if the value of the articles exceeds Rs. 1,500 the sanctioning officer should place on record the reasons which make the local purchase desirable. This record shall be available for the inspection of the Examiner of Accounts or the supervising officer when required.

RULE 6.—*Inter-departmental purchases.*

Nothing in the rules is to be deemed to prohibit the purchase of stores of European manufacture by one department or railway from another.

RULE 7.—*Method of obtaining stores not purchased in India.*

All articles which, under the foregoing rules, are not to be bought in India, should be obtained by indent on the Stores Department, London, except any which the Secretary of State may have specially authorised the Government of India or its officers to purchase direct outside India. Such purchase is at present permissible in the case of the following articles :—

- (i) Seeds.
- (ii) Cinchona bark.
- (iii) Articles for experimental or research purposes required by officers approved by the Government of India from time to time. A list of the officers thus approved is given in Appendix B.
- (iv) Excise instruments and apparatus required by provincial Excise Departments for experimental or research purposes.
- (v) China, glass, cutlery, plate, crockery and perishable fabrics, including linen for residences which are furnished by Government.
- (vi) Australian timber.
- (vii) British Columbian timber.
- (viii) Such articles as Superintendents of Vaccine Depôts may require for the preparation of vaccine lymph (*e.g.*, lanoline and glycerine).
- (ix) Chemicals and scientific instruments which do not require careful inspection and testing or which are of standard description usually quoted by well known firms, provided that the articles cannot be procured from the Medical Store Depôts.
- (x) Articles required for Viceregal residences in special and urgent cases.

Note.—Payments for stores purchased under this rule should be made direct to the suppliers by the purchasing officers.

RULE 8.—*Method of comparing prices.*

In all case in which the selection of source of supply depends upon comparison of prices the procedure to be adopted for such a comparison is as follows :—

- (i) A reference should be made to Home prices notified continually by the Store Department, London, to the Chief Controller of Stores, India, or as otherwise ascertained and freight should be added at the current rates paid by the Store Department, London, together with such charges for interest, insurance, and freight brokerage as may be declared from time to time by the Chief Controller of Stores.
- (ii) In cases of important contracts, the prices ruling in the English market should be ascertained by telegraphic reference to the Store Department, London.
- (iii) In cases where the necessary information as to Home prices is not available the purchase in India shall be subject to the condition that the price is not unfavourable.

(c) *Railway Department.*

	Ra.
(i) Executive or Assistant Engineer holding charge of a Division on a line under construction or survey	1,000
(ii) Engineer-in Chief holding charge of a line under construction or survey	5,000
(iii) Agent of an open line	10,000
(iv) Railway Board	Full powers.

Note.—Agents of open lines may delegate to their Engineers-in-Chief, Executive Engineers, or Assistant Engineers holding charge of a division, such power of purchase as they deem fit up to the limits specified for lines under construction, and to their Chief Storekeepers up to the limits specified for Executive Engineers.

(d) *Army Department.*

(i) Director-General of Military Works	Full powers.
(ii) Divisional Commanders and Director-General, Indian Medical Service*	Ra. 10,000
(iii) Officer Commanding an independent brigade : Director-General of Ordnance* ; Director of Equipment and Ordnance Stores* ; Director, Royal Indian Marine ; Director-General, Army Remount Department, and Controller of Contracts attached to the Quartermaster-General, Army Headquarters	5,000
(iv) Officer Commanding a Brigade, other than those included in (iii); Director of Ordnance Factories Director of Ordnance Inspection and Director of Army Clothing Factories	2,000
(v) Superintendent, Army Clothing Factory ; Supply and Transport Officer on special duty in Kashmir ; and Deputy Director, Royal Indian Marine	1,000
(vi) Chief of the General Staff ; General Officer Commanding, Northern and Southern Armies ; Adjutant-General in India ; Quartermaster-General in India ; Director, Medical Services, India ; Military Secretary to his Excellency the Commander-in-Chief ; Military Accountant-General ; Controllers of Military Accounts and Controller of Military Supply Accounts	500
(vii) Officer Commanding a station ; Superintendent, Army Remount Department ; Superintendent, Ordnance Factory ; Government Inspector of Army Boots, Cawnpore ; Chief Ordnance Officer ; Inspectors (Ordnance Department); the Chief Inspector of General Stores and the Proof and Experimental Officer, Balasore ; Medical Storekeeper ; Commandant, Indian Staff College ; Assistant Director of Supplies ; Assistant Director of Transport ; and Assistant Director of Grass Farms	400
(viii) Officer Commanding a Unit (including a hospital); Senior Medical Officer, Indian Medical Service of a station ; Recruiting Officer for Gurkhas at Gorakhpur ; Officer (Ordnance or Departmental) in charge of depot ; Assistant Inspectors (Ordnance Department), Officer in charge of Supply Reserve Depot ; Commissioned Officer Commanding Depot, Transport Lines ; Officer in charge of Supplies and Chief Chemical Examiner	40

(e) *Store Department, India.*

(i) Chief Controller of Stores	Full powers.
(ii) Metallurgical Inspector, Jamshedpur	1,000.

NOTE 1.—The financial limits imposed under this rule in respect of purchases made under rules 3(a) and 5 do not apply to the purchase of articles required on mobilisation or during the continuance of military operations.

NOTE 2.—These powers are subject to the rules of the budget system. No sanction may be given which will involve expenditure from the budget grant of any future year. The powers extend to each sanction, whether against Army, Military Works or Marine funds. In the case of the Ordnance, Medical Stores and Remount Departments, the Divisional Brigade and Station Commanders are not competent financial authorities.

In respect of Rule 3(c).

Officers specially authorised to purchase plant and machinery and competent parts thereof under Rule 3(c)(i).

RULE 12.—*Power to sanction departures from the rules.*

The Government of India have power to sanction departures from the rules in case in which such departure is absolutely unavoidable (subject to a report to the Secretary of State if the expenditure exceeds Rs. 50,000).

Rules applicable to Governor's Provinces.

RULE 13.—In the case of purchases made by local Governments, none of the above rules shall apply ; provided that any such purchases, if from the United Kingdom, shall be made from the London Stores Department in accordance with any rules that may be made from time to time by the Secretary of State, the Government of India or the Director-General of Stores.

*These officers have full powers of local purchase under rule 5 in cases where the purchases are required to meet urgent field service requirements or to replace issues from mobilisation reserves for the equipment of troops suddenly ordered on field service.

APPENDIX A.

In Bengal.

Messrs. Burn & Co. of Calcutta.	Messrs. James Simpson & Co. of Calcutta.
„ Jessop & Co. of Calcutta.	„ G. Craddock & Co. of Calcutta.
„ John King & Co. of Calcutta.	„ Turnbills, Ld. of Calcutta.
„ Martin & Co. of Calcutta.	„ Braithwaite & Co. of Calcutta.
„ Mackintosh Burn & Co. of Calcutta.	„ J. C. Banerjee & Co. of Calcutta.

In the Bombay Presidency.

Messrs. Richardson and Cruddas of Bombay.

In the Madras Presidency.

.....

In Burma.

Messrs. Clerk and Greig, Limited, Rangoon.

APPENDIX B.

List of Officers referred to in Rule 7 (iii), serving directly under the Government of India or in provinces other than Governors' Provinces, who are authorised to obtain direct from manufacturers or dealers in England, America, Japan, or other foreign countries such articles as they may require for experimental or research purposes.

Superintendents of X-ray Institutes.	Imperial Bacteriologist, Civil Veterinary Department.
Chemical Examiners.	Imperial Agricultural Chemist.
Superintendents of Vaccine Depôts.	Imperial Mycologist.
Principals of Medical Colleges.	Imperial Entomologist.
Superintendents of Medical Schools.	Directors of Agriculture.
Directors of Bacteriological, Pathological or research Laboratories, including officers-in-charge of Divisional and Brigade Laboratories.	President, Forest Research Institute and College.
Principals of Arts Colleges.	Director, Geological Survey of India.
Principals of Technical and Industrial Institutes.	Railway Board.
Directors of Industries.	Directors of Public Instruction.
Sanitary Commissioners.	Director of the Zoological Survey of India.
Principals of Training Colleges.	Metallurgical Inspector.
Surveyor-General of India.	Superintendent, Government Acetone Factory, Nasik.
Inspector-General of Forests.	Superintendent, Local Manufactures and Government test House, Alipore.
Director-General of Observatories.	Commissioner, Northern India Salt Revenue.
Director of the Botanical Survey.	Director-General of Ordnance in India.
Agricultural Adviser to the Government of India and Director, Agricultural Research Institute, Pusa.	Director of Ordnance Factories.
	Director of Ordnance Inspection.

APPENDIX C.

In Bengal.

The Bengal Iron & Steel Co., Ld., Barakar.
The Vulcan Iron Works, Ld. of Calcutta.
Messrs. Burn & Co. of Calcutta.
„ Jessop & Co. of Calcutta.
„ John King & Co. of Calcutta.
„ Ahmuty & Co. of Calcutta.
„ Martin & Co. of Calcutta.
„ Britannia Brass & Iron Co., Ld. of Calcutta.
„ Heatly & Gresham, Ld. of Calcutta.
„ A. & J. Main & Co. of Calcutta.
„ Shalimar Works, Ld. of Calcutta and Chittagong.
„ T. E. Thomson & Co., Ld. of Calcutta.
„ W. Leslie & Co. of Calcutta.
„ Balmer Lawrie & Co. of Calcutta.
„ Braithwaite & Co. of Calcutta.
„ Turnbills Limited of Calcutta.

In the Bombay Presidency.

Messrs. G. Gahagan & Co. of Bombay.
„ Richardson & Cruddas of Bombay.
„ Alcock, Ashdown & Co. of Bombay.
„ Garlick & Co. of Bombay.
„ Marsland Price & Co. of Bombay.
„ Sorabji Shapurji & Co. of Bombay.
„ H. I. Dixon & Co. of Bombay.
„ Cossar & Co. of Karach.
„ McKenzie & Co. of Karachi.

Messrs. B. R. Herman & Co. of Karachi.

The Engineering Co. of Karachi.

In the Madras Presidency.

Messrs. Massey & Co. of Madras.
„ Oakes & Co. of Madras.
Arbuthnot's Industrials, Limited, Reliance Foundry of Madras.
Messrs. Mansfield & Sons of Madras.

In Burma.

The Irrawaddy Flotilla Co., Ld.
Messrs. Bullock Brothers & Co., Ld. Rangoon.
The Dunnedaw Engineering Works Rangoon.
Messrs. Howarth, Erskine, Ld. Singapore.
The Burma Engineering & Trading Co., Ld. Rangoon.

In the United Provinces.

Messrs. T. Crowley & Co. Allahabad.
The Empire Engineering Co., Ld. Cawnpore.
Luoknow Iron Works.
The Canal Foundry & Engineering Works, Roorkee.

In the Punjab.

Messrs. N. D. Hari Ram & Brothers, Rawalpindi.

In Behar and Orissa.

Messrs. Arthur Butler & Co. of Muzaffarpur.
The Tata Iron & Steel Co., Ld. Jamshedpur.

No. 6158-D. I., dated Calcutta, 2nd September 1921.

From—The DIRECTOR of Industries,

To—The SECRETARY, Indian Engineering Association.

SUBJECT :—*Revised rules for the purchase of stores for the public service.*

The Director of Industries, Bengal, in communicating his opinion based on that of the Advisory Board of Industries through the local Government on the proposed rules for the supply of articles for the public service held that the list of firms in the appendices A and C of the stores rules (extracts enclosed) is inadequate.

2. It is intended to represent this matter to Government and in doing so to suggest additional firms whose names may appropriately be included in the appendices.

3. I accordingly invite your co-operation in completing the Appendices, so far as Bengal is concerned, and request you to be good enough to furnish me with a list of firms represented by your Association whom you may consider as deserving of being included in either or both the Appendices A and C referred to. The list after it has been placed before the Advisory Board and considered by this Department, will be submitted to Government.

PROPOSED RULES FOR THE SUPPLY OF ARTICLES FOR THE PUBLIC SERVICE.

Extract.

RULE 3.—Articles which are not manufactured in India.

Articles which are not manufactured in India should be obtained by indent upon the Stores Department, London, except in the following cases :—

- (a) When the articles are already in India at the time of order or are already on their way out, and their price and quality are not unfavourable as compared with those at which similar articles could be obtained through the Store Department, London, and the cost of the supply does not exceed the limits prescribed in Rule 11. When the total value of the articles required is trifling it is generally desirable to purchase them locally.
- (b) In the case of important construction works let out on contract, articles not manufactured in India required for the construction of such works may be supplied by the contracting firm subject to the following conditions :—
 - (i) That the firm is approved by the Government of India and is included in the list of firms so approved. A list of firms which have been approved up-to-date is given in Appendix A to these rules.
 - (ii) That the materials are subject to the current specifications and tests prescribed by the Government of India.

* * * * *

RULE 10.—*Firms from which iron and steel may be bought in India.*

Imported iron and steel work, if purchased in India, should only be obtained from firms approved by the Chief Controller of Stores and entered in a Schedule as corrected from time to time by that officer. A list of approved firms is given in Appendix C.

NOTE.—By "important iron or steel work" are meant articles of iron or steel which form important components of the project in hand, e.g., bridge girders and roof trusses, built up in the firm's workshops and supplied ready for erection, in such sections as may be convenient, and rolled steel beams, rails or other sections cut to length or otherwise prepared at the firm's workshops to suit the indenting officer's requirements. The intention of the rule is to ensure that parts, the accurate preparation of which is essential to the security of a project, shall be obtained only from firms which possess workshops and appliances capable of turning out work of the desired standard. The raw materials used may be either imported or of Indian manufacture, subject to the usual specifications.

APPENDIX A.

IN BENGAL.

Messrs. Burn & Company of Calcutta.
" Jessop & Company of Calcutta.
" John King & Company of Calcutta.
" Martin & Company of Calcutta.
" Mackintosh Burn & Company of Calcutta.
" James Simpson & Company of Calcutta.
" G. Craddock & Company of Calcutta.
" Turnbills Ld. of Calcutta.
" Braithwaite & Company of Calcutta.
" J. C. Banerjee & Company of Calcutta.

APPENDIX C.

IN BENGAL.

The Bengal Iron and Steel Company Limited, Barakar.
" Vulcan Iron Works, Limited of Calcutta.
Messrs. Burn & Company of Calcutta.
" Jessop & Company of Calcutta
" John King & Company of Calcutta.
" Ahmuty & Company of Calcutta.
" Martin & Company of Calcutta.
" Britannia Brass & Iron Co., Ld. of Calcutta.
" Heatly & Gresham Ld. of Calcutta.
" A. and J. Main & Company of Calcutta.
The Shalimar Works Ld. of Calcutta and Chittagong.
Messrs. T. E. Thomson & Co., Ld. of Calcutta.
" W. Leslie & Company of Calcutta.
" Balmer Lawrie & Company of Calcutta.
" Braithwaith & Company of Calcutta.
" Turnbull Ld. of Calcutta.

No. 87-I. E., dated Calcutta, 20th September 1921.

From—The SECRETARY, Indian Engineering Association,

To—The Offg. Director of Industries, Bengal.

Revised rules for the purchase of stores for the public Service.

I am directed to acknowledge the receipt of your letter, No. 6158-D. I. dated 2nd September 1921, with reference to the lists of firms in Appendices A. & C. of the stores rules.

2. You request that you may be furnished with a list of such of the members of the Association as the Committee may deem to be deserving of inclusion in either, or both, of the Appendices. In reply I am to submit a list containing the names of all the members of the Association; and I am to say that the rules of the Association provide that only those firms are eligible for membership who are engaged in the manufacture of metals or machinery in their own workshops in India. This being so it seems to the Committee that every member of the Association is entitled to claim to be included in the Appendices. But, although they hold this view, the Committee wish it to be clearly understood that they do not give any guarantee, or certificate, of the capabilities of any member. They have however given against the name of each member an indication as to whether such member should be included in Appendix A, or Appendix C, or in both.

3. I am also to invite your attention to the note to rule 10 which defines the expression "important iron or steel work" which is used in that rule. To the Committee it would appear that this definition is really obsolete, inasmuch as it refers only to structural work. On the other hand a number of the members of this Association specialise in branches of engineering work other than structural, and are consequently entitled to claim admission to the Appendices. In view of this the

terms of the note should be, the Committee think, carefully reconsidered and revised, so as to cover a wider scope, and thereby to bring the note into conformity with current conditions in the engineering industry in this country.

No. 95. I. E. dated Calcutta, 24th October 1921.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Department of Industries, Delhi.

The Purchase of Government Stores.

I am directed to refer to the two letters, No. S. 183 dated 29th March 1921 and No. S. 217 dated 29th March 1921, from your Department to the Local Government and Administrations, on this question.

2. The Committee of the Association have carefully considered the various points raised in these communications, and also the manner in which the Government of India propose to deal with the report of the Indian Stores Purchase Committee. They wish to say firstly that they cannot approve of the policy which the Government of India propose to follow, and which is to discard the definite opinion of the majority of the Stores Committee, and to accept the proposals put forward in the minority report signed by Messrs. Collier & Ryan.

3. If the history of the Stores Purchase Rules, as given in the report of the Committee, is carefully read it will be seen that though the Government of India and their officials have for many years tried to improve matters from the point of view of increasing and improving the industries in this country, they have always found the strongest possible opposition to their proposals from the permanent officials at the India Office in London, especially those in the Stores Department, and in the office of the Consulting Engineers.

4. The Committee of the Association consider therefore that in order to attain any real improvement, and to make this country self-supporting, it is absolutely essential that an efficient department in India must be established for the purchase and inspection of stores; and that the Government of India must make their arrangements to procure all stores in India, whether these are procurable in the local markets, or have to be imported from abroad; and further that preference should be given in all cases to articles of Indian origin and manufacture.

5. The Committee quite agree that for many years yet it will be necessary to purchase many stores in London; and that for this purpose a London branch of the Indian Stores Department is necessary. But it must be clearly laid down that this London Department, and its Director, shall be immediately subordinate to and under the control of, the Director General of Stores in India.

6. The Committee look upon the detailed proposals as put forward by the Government of India in their two letters, which I have quoted above, as being simply a continuation of the fatal "put off" policy that they have pursued for many years; and the Committee further feel sure that no real advance will be made by the industries of India unless the Government of India are prepared to accept and to put to work a complete scheme such as has been laid down in the majority report of the Stores Committee.

No. 96. I. E. dated Calcutta, 24th October 1921.

From—The SECRETARY, Indian Engineering Association,

To—The Director of Industries, Bengal.

The Purchase of Government Stores.

With reference to my letter No. 87. I. E. dated 20th September I am directed to send you herewith, for your information, a copy* of a representation which has been made by the Association to the Government of India, Department of Industries, on this subject.

* See letter No. 95—I.E., above.

No. 25-I. E., dated Calcutta, the 2nd March 1923.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Commerce Department.

I am directed by the Committee of the Indian Engineering Association to address you on the question of the manufacture of railway wagons in this country.

2. It is stated that the Government have placed orders abroad for 3,000 wagons, and that they will shortly place additional orders, for similar wagons, also with manufacturers outside India. This action has been decided upon at a time when Indian wagon builders are in a most serious position for want of orders; and the Association has, therefore, no alternative but to take the earliest opportunity of prominently drawing the attention of your Department to it. But, before commenting upon it, the Committee will trace briefly the correspondence which has passed, during the last six or seven years between the Government and the Association, on the question of promoting a wagon building industry in this country.

3. It is, the Committee believe, correct to say that the idea of constructing railway rolling stock on a large scale in India began to take practical shape as the result of a meeting which was held at Simla on the 3rd May 1916 between the members of the Railway Board and representatives of this Association. The representatives pointed out that Indian manufacturers could not be expected to provide sufficient capital and plant to manufacture the quantities required to make Indian railways independent of England unless they were certain of a guaranteed minimum of orders yearly. And the Railway Board, in a letter, dated 16th November 1916, said that it was "recognised that in order to foster this industry some encouragement may be necessary such for instance as a guarantee that a percentage of the total orders each year will be placed in this country". The Association, in replying on the 17th January 1917 said that "a continuity of orders" was one of the principal points affecting the outturn of rolling stock in India. It was indeed, the Committee thought, of the first importance that a definite programme covering a period of "at least ten years should be laid down by the Railway Board".

4. On the 11th July 1917 Sir George Barnes, who was at that time Member in charge of the Department of Commerce and Industry, addressed the Indian Merchants Chamber and Bureau at Bombay. In the course of his speech he mentioned that "one of the best means of giving support to indigenous industries is the placing, so far as possible, of Government orders with them". The war had shown, he said, that India could manufacture many things which had been previously imported. And it was the policy of the Government to seek out these new sources of supply, and to encourage them by placing Government orders with them. The object was to make India more self-supporting than she had been in the past, "and to see that the growth of new industries may be rapidly increased by the fertilising stream of orders for goods which the Government requires in this country".

5. This announcement of the general industrial policy of the Government of India was followed, on the 1st March 1918, by a specific declaration with reference to the construction of railway wagons. As the result of enquiries which they had made the Government of India said that "they are now able to announce that they will guarantee to purchase in India 2,500 broad gauge and 500 metre, or narrow gauge wagons annually for ten years provided that the price is not higher than prices at which wagons can be imported and subject to conditions which will ensure that the materials and the workmanship are satisfactory". The aggregate requirements of the Indian railways would certainly be more, the Government of India added, than 3,000 wagons a year; and when once the Indian production was established on a satisfactory basis there was every reason to hope that an increasing proportion of orders would be placed in India.

6. With the assistance thus promised to them wagon builders in this country laid out additional capital in enlarging their equipment, while one large new wagon building company was floated on the strength of the guarantee which is referred to in the preceding paragraph. And in point of fact wagon building is at the present time the largest single engineering industry in India. Moreover, it is an industry which is particularly well suited to the Indian workman. But steady employment for the wagon building shops is an indispensable preliminary to success. This steady employment is not, however, apparently now to be forthcoming, for the present position is that all the orders which are in hand will be completed within the next few

months. All new orders are being placed abroad by the Government, and the guarantee is thus not being implemented. The inevitable result will be that the Indian wagon builders will be forced to close their workshops, and to disperse their 5,000 employees, whose wages aggregate about Rs. 25 lakhs yearly.

7. In these circumstances the Committee of the Association feel more than justified in asking for the assistance of your Department. It may be answered that a condition of the guarantee was that the price of the Indian built wagon was not to be higher than the price of the imported wagon. This is of course the case, but it cannot be seriously argued that such a condition was intended to have any application to the dumping prices at which wagon builders abroad are now tendering. If the information before the Association is correct the position of the wagon building industry in India at the moment is accurately defined in paragraph 133 of the report of the Fiscal Commission. "Where", said the Commissioners, "dumping is deliberately designed to destroy an industry, in order to secure a subsequent monopoly it would be clearly incumbent on the State to take measures to prevent the success of such a policy." The Indian legislature has endorsed the fiscal policy recommended by the Commission; and the Engineering Association does not, therefore, hesitate to ask that the State should now come to the aid of the Indian wagon builders.

8. It is noteworthy in connection with this question that the Indian railway administrations are proposing to spend enormous sums of money on the equipment and the extension of their workshops. In the Administration Report of Indian Railways in 1921-22 (paragraph 64) an outline is given of what are termed "the larger schemes of extension"; and the estimated cost of these larger schemes is about Rs. 10 crores. Even this is not all, for the report goes on to say that in addition to these projects "in practically every railway shop in India it will be necessary in the near future to spend large sums of money on newer and more up to date plant and minor schemes of extension". It is not suggested by the Association that this huge enlargement of State enterprise is solely for the purpose of building wagons. But it is a fact that one of the principal activities of these railway workshops will be the manufacturing, erection and repairing of wagons and other rolling stock. And these workshops are being extended at this enormous cost at a time when the shops provided, also at great expenditure of capital, by private enterprise, are being literally starved for want of orders.

9. In conclusion I am to urge that the question should receive the immediate consideration of the Government of India, for it is undoubtedly a question of the greatest importance in respect of the development of Indian industries. Unless prompt action be taken, and orders placed immediately with the Indian wagon builders, these concerns will be compelled to close down their works which have taken years to construct and to organise. Private enterprise embarked on the industry on the understanding that, for a period of ten years steady work was certain, or in other words that there would be, as Sir George Barnes foreshadowed, "a fertilising stream" of Government orders. Without this aid the industry cannot be maintained, and if the Government have now come to the conclusion that it is not worth maintaining, a definite statement to that effect should be publicly made without delay.

INDIAN ENGINEERING ASSOCIATION.

Calcutta, 13th March 1923.

A MEETING OF THE COMMITTEE took place this day.

P R E S E N T :

MR. A. CAMERON, M.I.M.E., (Chairman).

„ **J. D. BALFOUR.**

„ **A. GRAY.**

„ **MILLAR M. KING.**

„ **H. E. SKINNER, M.L.C.**

The meeting had been arranged to meet MR. J. S. PITKEATHLY, C.V.O., D.S.O., C.I.E., Chief Controller of Stores, Government of India, who was on a visit to Calcutta.

It was recorded in the proceedings of the Committee meeting, held on 2nd March, that the question of the Government stores purchase had come before the Committee again and it was agreed at that meeting that an opportunity should be taken of interviewing either the Member for Commerce or the Chief Controller of Stores on the subject when next they should visit Calcutta.

The Chief Controller of Stores explained that he was in no way responsible for the policy of the Government of India in respect to the purchase of stores and he had no authority to discuss questions of stores policy. He also wished to make it clear that he was not authorised by the Government of India to meet the members of the Association but he would be very pleased to hear the views of members and also to answer any questions in regard to the operations of his department.

The Chairman opening the discussion referred to the list being prepared by the Association showing articles either imported or manufactured which could be supplied by members of the Association. It was hoped this revised list would be ready to be sent to Government very shortly.

The Chief Controller of Stores then explained the system under which the Government of India purchases of engineering stores were at present effected. A copy of every indent sent to the London Stores Department was submitted to the Chief Controller of Stores for scrutiny. These copies were sent simultaneously with the despatch of the original indent to the London Stores Department. If the scrutiny in the Chief Controller's Office showed that any articles which could be produced in India had been included in the home indent, the attention of the indentors was drawn to this and all available information regarding local sources of supply, prices, etc. was forwarded to them with the request that the London Stores Department be instructed to suspend the supply until Indian manufacturers had been given an opportunity to tender. If Indian rates and other conditions were satisfactory, the demand on the London Stores Department for these particular articles was cancelled. The intention was that eventually the office of the Chief Controller would, as the organisation developed, exercise effective and detailed scrutiny of all indents sent to the London Stores Department by all Departments of the Central Government and all administrations directly under the Government of India. At present the final decision in each case as to the placing of the contract lay with the body who made the indent, but when the Indian Stores Department takes over the duty of making purchases of engineering stores on behalf of all departments of the Central Government, the final decision will be made by the Chief Controller of Stores. Three requisites Indian firms would have to fulfil if they were to hope to compete with firms at home in the matter of tenders: (a) their tenders would require to be as low as tenders for supplying the same goods from home, (b) the quality of the goods would require to be as good as the quality of the home goods and (c) delivery would have to be effected as quickly and reliably as in the case of goods from home. The Chief Controller of Stores referred to some cases where Indian firms had been disappointing in respect of deliveries. These instances were, however, chiefly in the period 1919-1921 when, as the Chief Controller of Stores admitted and stated that he had in fact mentioned in his official reports, deliveries from home also were disappointing. Further he had recorded his opinion that it was unfair to judge of the capacity of local industries by their performance in 1919, 1920 and 1921, during which period possibly conditions were no better at home in respect of delivery owing to the same difficulties as were experienced here in getting raw materials, difficulties which were really due to world wide trade conditions. It was the fact,

however, that the rather disappointing experience hitherto in connection with contracts placed in India constituted one of the chief difficulties in the way of any great increase in the number of such contracts being placed with firms in India. So far as the Government of India Stores Purchase Department were concerned, they were dealing with a world market and it would be for Indian firms to demonstrate their capability to compete successfully in that market in regard to price, delivery, and the quality of goods manufactured.

The point of view of members of the Association on these matters was fully expressed to the Chief Controller of Stores. It was put to him that recent tenders from home had really been on dumping prices with which firms out here could not fairly be expected to compete. At the same time every effort would be made to reduce overhead charges here as far as possible through the chief help engineering firms here require must come from Government themselves and it was emphasised that a principal factor which would operate to reduce overhead charges would be a continuity of orders without the guarantee of which no firm could take any view ahead.

In the discussion which followed it appeared that the Chief Controller of Stores had at present nothing to do with railway tenders for railways other than State railways. In connection with contracts for the State railways, it was pointed out that in many cases no opportunity was given to Indian firms of submitting quotations in competition with firms at home. The Chief Controller explained that, after careful scrutiny and full consideration of capabilities of local manufacturers in regard to price, quality and delivery, it was difficult to see what advantages would result to Indian manufacturers by calling for simultaneous tenders, but he stated that the Railway Board had quite recently in the case of wagons and locomotives called for simultaneous tenders in England and India. The procedure was a cumbersome one and, if adopted for all supplies, it would inevitably lead to a very considerable delay in dealing with business. The procedure adopted in calling for simultaneous tenders in England and India was as follows :—

A date was fixed for the receipt of the tenders in India. Original tenders were received from Europe and India on that date by the purchasing officer in India. Tenderers domiciled in Europe also submitted to the High Commissioner in London on or before the date fixed for opening the tenders in India a copy of the original tender submitted to the purchasing officer in India, together with any modifications due to market fluctuation which may have occurred between the date of posting the tenders in Europe and the date of opening the same in India. As soon after the date of opening the tenders as possible, the High Commissioner telegraphed to the purchasing officer in India intimating any modifications in the tendered prices together with his recommendations on the tenders received by him. These modifications and recommendations were considered by the purchasing officer in India along with the tenders received by him direct from firms in India and a decision was arrived at after considering all relevant circumstances. If the tenders of the Indian manufacturers were successful the purchasing officer placed his orders direct in India and informed the High Commissioner that the European tenderers had been unsuccessful. If on the other hand the European tenderers were successful, the High Commissioner was instructed to place the orders with them and the Indian tenderers were informed accordingly.

Government would be pleased to consider any suggestion the Association might have to make as to a practical method by which simultaneous tenders could be called for, which would be acceptable to Government. On the same subject of tenders for railways it was pointed out that firms here had to look forward four or five months in the matter of procuring stocks from home, whereas firms at home only required to lay in their stocks three weeks or so in advance, and the suggestion was offered that an arrangement might be come to that such railway material might be inspected at home so that it could be brought out here and be ready for use when the occasion arose. The Chief Controller of Stores thought the Association might address Government definitely putting the suggestion forward. In the matter of deliveries the Chief Controller of Stores agreed that during the last six months or so an improvement had been noticeable in respect of tenders and deliveries by firms in India.

The Chief Controller of Stores, in reply to a question regarding the placing of tenders for railway wagons, said this was a question on which he was not authorised to speak as it was a matter for decision by the Railway Board; he understood, however, that deliveries of wagons by

Indian firms had been very bad, but were improving. It was mentioned that the prices quoted by Indian firms would have to be reduced considerably if they were to compete with recent tenders from home. The Chief Controller stated that, in making comparison between European and Indian prices in order to decide the source of supply, the conditions laid down in Rule 10 of the Rules for the supply of articles for the public service were faithfully adhered to and that in the case of tenders for appliances, such as wagons, etc., an adequate sum to represent the cost of erection, overhead charges, painting, handling charges, etc. was always added to the English prices to give a fair basis of comparison.

It was also pointed out that unless the full figure which was allowed in the Indian manufacturer's estimate for the erection of wagons and rolling stock were taken into consideration it was impossible to make a true comparison of prices as manufacturers abroad sent out 'knock-down' wagons (*i.e.* all side—, end—, and top—plates in bundles) while the Indian manufacturer had to deliver the wagons complete on rails, ready to be put into commission. Permission was requested for Indian manufacturers to be allowed to submit their tenders for 'knock down' wagons similar to those supplied by manufacturers abroad. The Chief Controller said that this a matter for decision by the Railway Board and he could not express an opinion.

Reference was made to a resolution passed by the Indian Legislative Assembly in March 1922, to the effect that a Committee should be formed *inter alia* to advise the Government of India in regard to the revision of the Indian Stores Purchase rules. It was explained by the Chief Controller that this Committee was entirely a Legislature Committee; that it had not been a Committee taking evidence; and that it had, as mentioned in the Indian Railways Administration Report for 1921-22, Part I, page 32, taken into its consideration the findings of the Indian Fiscal Commission. The report of this Committee had now been signed and would shortly be published simultaneously at home and in India.

The railway programme for 1923-24 was alluded to. It was pointed out that the railways intended to spend approximately Rs. 10 crores on new shops and that this would greatly curtail the placing of orders with private enterprises. The railway programme had to be read, the Chief Controller explained, along with the report of the Incheape Committee who had recommended considerable cuts in the original programme. The outlays budgeted for by the railways were, he declared, intended for repair and maintenance work. Members of the Committee recorded their view that they gravely doubted if such a large sum would be expended purely on erection of plant for repair work only.

With reference to the Railway Administration Report 1921-22, it was pointed out that the increased cost of working the railways was largely due to the enhancement of labour rates and it was suggested that Government should reduce labour wages on the railways by 25%, a step which private enterprises would be willing to follow. The Chief Controller stated that he could not interfere with labour rates which was a subject outside his administration.

The Chief Controller finally recommended that the suggestions of the Association regarding simultaneous tenders should be put up the Department of Industries officially.

The Chairman then thanked the Chief Controller for coming to meet the Committee and for his sympathetic attitude towards the difficulties experienced by engineering firms in India.

The meeting then terminated.

D. K. CUNNISON,
Assistant Secretary.

A. CAMERON,
Chairman.

No. 35-L. E., dated Calcutta, 23rd March 1923.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Department of Industries.

The Purchase of Government Stores.

I am directed to refer to the previous correspondence, resting with my letter No. 95-I. E., dated 24th October 1921, on this question.

2. In the letter cited, the Association ventured to dissent from the view taken by the Government of India on the subject of the report of the Stores Purchase Committee. The majority of the members of that Committee were of the opinion: (a) that the Government of India had not been generally successful in the efforts made by them from time to time to procure relaxation of

Report : Paragraph 216.

the Stores Rules in respect of the encouragement of local industries, and of the local purchase of imported stores; and (b) that this failure had been contributed to largely by the influence of the Stores Department of, and the Consulting Engineers to, the India Office.

3. Taking this view the majority of the members of the Stores Purchase Committee recommended that there should be established in India an efficient department, for the purchase and inspection of stores. They likewise thought that, with

Report : Paragraphs 217, 218.

the establishment of this Department, the Secretary of State ought to delegate to the Government of India full control over the details of the Stores Rules. "Complete freedom should be," they said, "granted to India in this matter; and it should be accepted as a policy, not only in theory but also in practice, that all stores required for the public service shall be obtained in India whenever they are procurable in the local market of suitable quality and reasonable price, preference being given to articles of Indian origin." Further, they suggested that, as the work of the Director-General of Stores, India Office, would be under this system reduced, his department should be reconstituted as the London Branch of the Indian Stores Department, the status of the officer in charge becoming that of a Director immediately subordinate to the Director-General of Stores in India.

4. Two of the eight members of the Stores Committee thought differently. Their view was that no useful purpose would be served by making the department in England subordinate to the Department in India. They preferred that the Stores

Joint memorandum by Messrs. Collier & Ryan : Paragraphs 26 and 27.

Department in London should be subject to the control of the High Commissioner for India, assuming that that officer would exercise, in respect of the Department, those general functions of control and assistance which were exercised by the Secretary of State for India, and the Stores Committee of the Council.

5. The Government of India agreed with Messrs Collier and Ryan. "The appointment of a High Commissioner in London subordinate to the Government of India renders it possible", your Department said, "to secure that the London Stores Department shall work in accordance with the declared policy

~ Letter No. S 183 dated 29th March 1921 from the Government of India, Department of Industries to the local Governments and Administrations—Paragraph 15.

"of the Government of India in favour of obtaining an ever-increasing proportion of its requirements from Indian manufacturers, and will confine itself to the necessary duty which it has hitherto fulfilled, of providing such stores as have still to be obtained from overseas, with the greatest possible economy, efficiency, and despatch".

6. As I have indicated, the Committee of this Association dissented from the view taken by the Government of India. For they held that, in order to bring about any real improvement as regards Indian industries, the Government would have to make arrangements to obtain all stores in India, whether these were procurable from the local markets or from abroad. They agreed as to the necessity for a London Branch of the Indian Stores Department, but it was essential, in their opinion, that this branch should be immediately subordinate to, and be under the control of, the Director-General of Stores in India. They regarded the proposals of the Government of India as being merely a continuance of that procrastinating policy that had been pursued for so many years; and they were convinced that "no real advance will be made by the industries of India unless the Government of India are prepared to accept and to put to work a complete scheme such as has been laid down in the majority report of the Stores Committee".

7. Unfortunately the Committee's apprehensions have proved to be only too well-founded. For it is no exaggeration to say that, at the present moment, the position of the members of this Association, in respect of Government orders, is more serious than it has been at any time during the last twenty years. Indeed the Committee view it with alarm; for only about one half of the plant which has been set up by the various engineering firms is working to-day. In the meantime Government orders are being placed abroad with increasing persistency. Every week the home engineering papers give prominence to invitations from the India Office, and the railways, for tenders for steel-work, bridge-work, cast iron pots, chairs, sleepers, points and crossings, rolling-stock, fittings and miscellaneous stores. Most of these articles could be manufactured, or supplied, in this country. But the Indian manufacturer is not even given the opportunity of quoting. No doubt numbers of other indents, which could be supplied as cheaply in India, are also placed abroad. In fact this must be the case, for during the past twelve months orders aggregating, in the case of the company worked lines, £6,665,000 and, in the case of the State lines, £1,735,000 have been placed with British manufacturers. These figures—which have been announced in the House of Commons by the Under Secretary of State in reply to questions—prove conclusively that Indian manufacturers have very just ground for complaint.

8. The point to which the Committee wish prominently to direct the attention of the Executive Government, and of the Legislature, is that this state of affairs exists notwithstanding the fact that "the declared policy of the Government of India is in favour of obtaining an ever-increasing proportion of its requirements from Indian manufacturers." And I am strongly to urge that an explanation should be publicly given as to the reasons why the policy thus publicly declared is so widely departed from in practice.

9. The debate on the Council on the 14 March, if it has been correctly reported in the newspapers, makes the position even more difficult to follow. For it was claimed on behalf of the Government that the stores purchase policy is entirely at their discretion, seeing that the High Commissioner is their subordinate. This means presumably that the Government of India are solely responsible for buying railway material worth about £8½ millions from British manufacturers, while Indian manufacturers have half their workshops idle. It would appear to be impossible to reconcile this statement with the policy laid down in your Department's letter of 29th March 1921 from which I have just quoted. And it is certainly not surprising that the unofficial members of the Council should have passed severe strictures on the attitude of the Government. The recommendation which has been made by the Retrenchment Committee, although it may affect the future, has no bearing on the attitude of the Government during the past year, of which the Indian manufacturer is complaining.

10. When the Indian Industrial Commission recommended the appointment of the Stores Purchase Committee, they said they had come to the conclusion that the manufacturing capacity of the country had been "far from sufficiently utilised by Government Departments in the past." And they expressed their conviction that the changes which they suggested in this connection would "considerably stimulate industrial progress." The Fiscal Commission supplemented this line of argument by emphasising the fact that a considerable development of Indian industries "would be very much to the advantage of the country as a whole, creating new sources of wealth, encouraging the accumulation of capital, enlarging the public revenues, providing more profitable employment for labour, reducing the excessive dependence of the country on the unstable profits of agriculture, and finally stimulating the national life and developing the national character."

11. If these arguments are sound—and they are the result of searching enquiries by competent investigators—it cannot be gainsaid that the Government of India, by placing orders abroad to so great an extent as they are now doing, are persisting in the error to which the Industrial Commission called their attention. They are not sufficiently utilising the manufacturing resources of this country, and they are not, therefore, applying to industrial progress that stimulus which the Commission had in mind. And as to Indian industrialists, far from any benefit having accrued to them from the labours of the Stores Purchase Committee, their position to-day is, as I have said, worse than it has been for years. The policy of the Government may be entirely in their favour, but its practice is directly antagonistic to their interests.

No. 49-L E., dated Calcutta, 19th April 1923.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Marine Department.

I have the honour to submit for the consideration of your Department the views of this Association on certain points in connection with the arrangement recently ratified by the Calcutta Port Commissioners whereby that body will take over and re-open the R.I.M. Dockyard in Calcutta which was closed down in 1920.

2. The decision to close down the dockyard was come to by Government prior to the publication of the report of the Stores Purchase Committee in July 1920. The Stores Purchase Committee included within the field of their review the question of the Royal Indian Marine Dockyards and of shipbuilding generally. The following extracts from the report of the Committee will serve to illustrate the extent of the activities of these Government Dockyards.

Chapter V, Paragraph 88 :

(a) The dockyards in Bombay and Calcutta are principally for the purpose of docking and repairing ships of the Royal Navy, Royal Indian Marine and other Government vessels; in addition they carry out the work of building craft for Government and local administrations up to a certain size. Witnesses from the Royal Indian Marine have contended that the building of vessels in the Government dockyards is essential as a means of keeping labour employed during periods when the dockyards are not fully occupied on their legitimate work of docking and repairing Government vessels. We are not satisfied that in practice, a larger permanent staff than would be necessary for this work is not maintained: and that this is so appears to us to be the more probable in view of the stress laid by these witnesses on the other argument that the dockyards can carry out constructional work more cheaply than private shipbuilders. Through the courtesy of the Military Accountant-General we have had the opportunity of investigating the latter argument. We find that a costing account system was introduced in connection with the Royal Indian Marine Dockyards shortly before the war and that this enables the actual cost of work done to be determined. It appears, however, that a long-standing practice still prevails whereby the cost of particular items of work done for other Departments is not debited to them in full. So long as this procedure remains in force it follows that when comparisons are made for work done in the dockyards and the quotation of private firms for similar work the result must be illusory.

Chapter X, Paragraph 128 :

(b) The industry (that is, the shipbuilding industry) relies principally on private firms, companies, and quasipublic bodies for its support, as hitherto very few orders for river or sea-going craft have been placed by Government on private firms.

3. The recommendations made by the Committee touch both on the question of the proper activities of the Royal Indian Marine Dockyards and on the shipbuilding rules of the Government of India.

Regarding the functions of these dockyards and the attitude to be adopted by Government towards private firms the Committee report as follows:—

It seems to us that if Government desires to give support to the development of the important industry of shipbuilding in India they must adopt a sympathetic attitude towards private firms. Taking all considerations into account we conclude that the work of the dockyards should be confined to the docking and repairing of Royal Navy and Royal Indian Marine vessels and to any construction work which is of secret nature; but that apart from this, the building of all other craft required by Government departments and the repair work on such vessels should be placed with private firms of which there are already several capable of turning out work of a high standard.

In regard to the shipbuilding rules the recommendations made by the Committee were designed to encourage the shipbuilding industry by providing that the fullest use possible should be made of Indian shipyards in order to promote their development as far as possible. The draft rules prepared

Chapter X, Paragraph 136.
by the Stores Purchase Committee provide that in the case of new sea-going vessels from 180' to 250' in length tenders should be invited from firms in India as well as from firms at home and that in the case of all power vessels under 180' in length whether for sea-going or port work, and all vessels for inland water service and non-power vessels for sea or port work these should whenever possible be designed and built in India.

4. This recapitulation is made in view of the intention to re-open the R. I. M. dockyard in Calcutta. It is true that the dockyard is not to be re-opened by Government, but the position of private shipbuilding firms is the same whether the yard is to be re-opened and run by Government or by a public body such as the Calcutta Port Commissioners: the danger to private enterprise is the same. Moreover so far as this Association understands the position the Port Commissioners are taking over the dockyard subject to certain stipulations made by Government. In the proceedings of the 1790th meeting of the Calcutta Port Commissioners held on 20th

December 1920, there was published a note by the Vice-Chairman of the Commissioners referring to the terms on which it was proposed the Commissioners should acquire the dockyard. The following is an extract from this note :—

This offer (placed before the Commissioners at a Conference at Delhi) was made on the understanding that in the event of terms being arranged between the Government of India and the Port Commissioners, the Port Commissioners under take to utilise the land for the purposes of a dockyard and workshop and would not part with any portion of it or devote it to other use without the knowledge and approval of Government. It is understood also as between the Government of Bengal and the Port Commissioners that the latter would undertake to carry out such part of the maintenance work on vessels belonging to the local Government as they might be asked to do on terms to be arranged which would include ordinary overhead charges and a probable charge representing the cost of acquisition.

5. This Association have no information as to how far Government, in handing over the dockyard to the Port Commissioners, contemplated the activities of the yard should extend or whether general limitations have been laid down regarding the work to be carried on in the re-opened dockyard. The opinion is strongly held by members of the Association, however, that some limiting mandate should be imposed on the Commissioners and that, in effect, the dockyard under the new management should be subject to the regulations and rules recommended by the Stores Purchase Committee for application to Government Dockyards. Unless these restrictions are made to apply to the re-opening dockyard it is feared that private shipbuilding firms may have to face a worse competition than when the dockyard was under the management of the Royal Indian Marine.

6. In putting the position before the Government of India members of the Association respectfully request that they may be favoured with some definite particulars regarding the acquisition of the Royal Indian Marine Dockyard by the Calcutta Port Commissioners: they would impress upon Government the desirability of encouraging the Indian ship building industry and the necessity from this point of view of regulating the activities of the re-opened dockyard in accordance with the recommendations made by the Stores Purchase Committee and especially in view of the understanding evidently established between the Government of Bengal and the Port Commissioners regarding the construction and repair of local Government vessels, they would ask for an assurance that it is not intended that the dockyard should enter into competition with private enterprise.

No. 2249-S., dated Simla, the 26th April 1923.

From—The SECRETARY, Government of India, Railway Department, (Railway Board),

To—The SECRETARY, Indian Engineering Association.

I am directed to reply to your letter No 25-I. E., dated the 2nd March 1923, in which the Committee of the Indian Engineering Association asks for a clear statement of the Government of India's policy in regard to the encouragement of the manufacture of Railway wagons in this country.

2. In reply, I am to say that the Government of India are not aware that they have departed in any way from the policy enunciated in the communique of March 1st 1918. In that communique they announced, as you say, that they would be prepared to place orders in this country for wagons provided that (1) the price was not higher than the prices at which wagons could be imported and (2) the materials and workmanship were satisfactory.

3. In pursuance of this policy, they have placed orders for wagons in this country, and since your Committee has directly challenged the manner in which the pledge has been fulfilled by the Government of India, I am to communicate, for the confidential information of the Committee, the following information regarding the execution of the above orders :—

- (1) Order for 20 *plus* 15 under frames placed in April 1920. Not completed by February 1923.
- (2) Two orders placed in January 1921 for 52 and 16 under frames, respectively. By the end of February 1923, only 8 of these 68 under frames had been delivered.
- (3) In August 1920, January 1921, and March 1921 orders placed for 1,764 wagons. By end of February 1923, only 516 delivered.

It is unnecessary to stress in writing to your Committee the inconvenience which these delays cause Railway Administrations.

4. I am next to refer to the recent call for tenders for 3,132 wagons which is the direct cause of your letter. The facts are as follows :—

For the largest class of wagons, the lowest tender received (inclusive of allowances for freights, interest, insurance, freight brokerage, landing, wharfage and port charges) was Rs. 3,209-1-0. To this amount (less landing, wharfage and port charges), 10 per cent. on account of import duty was added though in actual practice this import duty would not have been payable, and for the purpose of comparison with the Indian tenders, the price was taken to be Rs. 3,494-5-6. The lowest satisfactory Indian tender was Rs. 5,178-8-0. Had the Government of India accepted the lowest satisfactory Indian tender for these 3,132 wagons in preference to the lowest satisfactory tender, it would have caused a loss to Indian Railways of nearly 60 lakhs of rupees. In addition, as has been pointed out above, the Government of India had no assurance of that speedy delivery of the wagons which is essential to the rehabilitation of the railways. In the circumstances, they considered that they had no option but to place the orders in England and they will be surprised if your Committee, now that it is in possession of the facts of the case, challenges the soundness of their decision—especially in view of the recommendation of the Retrenchment Committee that efforts should be made so to work the Railways as to earn 5½ per cent. on the capital invested in them.

5. You suggest that the English tenders in this case were “dumping” tenders. The Government of India are not in a position to accept your suggestion that these are “dumping” tenders; but whether your suggestion is correct or not, they desire to point out, that the question of dumping, if it is taken up at all, must be taken up as a whole. There is no anti-dumping law at present in India, and your Committee will readily agree that, in dealing with tenders which are open only up to a specified date, it is impossible to say either whether the tenders are “dumping” tenders or to what extent an element of “dumping” has entered into them. In this particular case, the Indian tenders were 50 per cent. in excess of the lowest English tender, and the Government of India cannot conceive that this large margin of difference was accounted for wholly by “dumping”.

6. As regards future policy in regard to the encouragement of the wagon industry in India, I am to enclose a copy of the Report of the Railway Industries Committee. The whole question has been discussed in this Report which is now under the consideration of the Government of India.

7. The Government of India trust that nothing which has been said in this letter will be interpreted as indicating that they have no sympathy with the difficulties of the firms which have embarked upon the manufacture of wagons in this country. On the contrary, they recognise the great difficulties which, through no fault of their own, confront these firms. But they are sure that your Committee in its turn will recognise the difficult position in which the Government of India are placed. On the one hand, they are pledged to a policy of rehabilitating the railways with the least possible delay, and, on the other hand, the need for the utmost economy in the execution of this policy of rehabilitation has been strongly pressed upon them.

8. I am to add that the Government of India would prefer your Committee to address them separately on the question of Railway Workshops if they have specific complaints to make against the policy followed in the management of these shops.

Dated Rangoon, the 28th May 1923.

From—The Irrawaddy Flotilla Company, Limited.

To—The SECRETARY, Indian Engineering Association, Calcutta.

Government Dockyard Competition.

Further to previous correspondence ending with our letter to you of 26th February 1923, I enclose herewith a copy of letter, dated 15th May 1923, received from the Government of Burma in reply to our letters of 1st November 1922 and 26th February 1923. From this reply you will observe that though acknowledging acceptance of the principle that Government should not compete with private firms they are unwilling to admit our contention that in the interests of private enterprise in Burma the Government Dockyard at Dawbong should restrict its operations solely to the repairs of small Government craft. In other words the principle is

not to be put into practice. We do not, however, intend to let the matter drop and are by no means satisfied that the plea of economy put forward in para 3 of their letter will bear examination. Meantime perhaps you will kindly advise us if the reasons given for the abolition of the Kidderpore Dockyard in the year 1920 are as stated in their letter.

No. 94-R 23., dated Maymyo, the 15th May 1923.

From—The SECRETARY to the Government of Burma, Department of Finance and Revenue,

To— The Irrawaddy Flotilla Co., Ltd.

SUBJECT:—*Government Dockyard, Rangoon.*

I am directed to send the following reply to your letters of the 1st November 1922, and 26th February 1923 regarding the competition which private shipbuilding and engineering firms in Burma have to contend with through the activities of the Government Dockyard at Dawbong. You remark that "much new construction work continues to be put in hand at the Government "Dockyard," and you ask for "a definite and early announcement of Government's intention in regard to the Dawbong establishment." You explain that the revenue derived from docking large Government vessels which the Government Dockyard cannot accommodate "is insufficient "to pay for the plant and staff required to deal with the work", and state "that if you are to "remain in a position to undertake the docking of and repairs to these larger units you must also be given a share of Government construction work"; and you conclude with the hope that "early steps will be taken to reduce the Dockyard at Dawbong to the purpose for which it "was originally intended, viz. a repairing yard for small Government craft".

2. The Government Dockyard at Dawbong was originally purchased in 1912 for the purpose of carrying out repairs to Government launches, work previously done by private firms. New launches required for Government purposes continued to be constructed for the most part at the Government Dockyard, at Kidderpore, Calcutta. In 1920 the Government of India obtained the sanction of the Secretary of State to the abolition of the Kidderpore Dockyard. The reasons urged in favour of its abolition were the fact that Mesopotamia had become well equipped with dockyards and could meet her own requirements in future; that the cost of the maintenance of the dockyard would be considerably increased as a result of the increased pay of the officers of the Royal Indian Marine employed in it; that the improvement of the Government Dockyard in Bmbay rendered it possible to dispense with the Kidderpore Dockyard; and finally, that there was urgent necessity for reducing Government expenditure. The Government of India asked for the Local Government's views regarding the abolition of the Dockyard as a Government institution. They were informed that this Government recognised that the Kidderpore Dockyard could not be maintained on account of the requirements of Burma solely, and that inasmuch as shipbuilding facilities in Rangoon are not to be compared with those in Calcutta, Madras and Bombay, the Local Government considered that it would probably be advisable to improve the existing Government Dockyard in Rangoon sufficiently to provide for the construction and repair of the river craft required for Government purposes. Proposals to this end were then called for, and the new construction to which you refer is the outcome. The work of constructing small inland water vessels, which is now undertaken at the Government Dockyard at Dawbong is work which would have been done at the Kidderpore Dockyard if that Dockyard had continued to be a Government institution. It is not work which was previously carried out by private engineering firms in Rangoon. The slipway at the Government Dockyard is not capable of taking vessels over 120 feet in length, and it is not at present proposed to increase it. The services of private firms in Rangoon will be utilized as heretofore for repairs of vessels of larger dimensions.

3. The Local Government fully accepts the principle that Government should not engage in competition with private enterprise in the construction and repair of vessels for private firms; but it is not prepared to admit the contention that it is inadmissible for Government to construct vessels which are required for its own use. Government is fully entitled to carry out its own work departmentally if it is both convenient and economical to do so. The only justification in such cases for employing private agency would be, either the inability of Government to carry out the work departmentally, or the ability of private agency to do the work at less cost. The local Government is not aware that any engineering firm in Rangoon has extended its dockyard and fitted it with up-to-date machinery with a special view to coping with the requirements of

Government. If this has been done, it has not been done at the instance of Government. The Government Dockyard at Dawbong was established in order that the work of repairing Government launches might be carried out more economically than would be the case if it were entrusted to private agency. It is believed that this object has been attained. The enlargement of the works with a view to the construction of new vessels previously carried out at Kidderpore, was undertaken with the same object; and the Local Government is advised that this object is being attained. Effect will shortly be given to certain proposals, drawn up by a firm of Chartered Accountants, for keeping the accounts of the Government Dockyard on a commercial system in order that accurate information may be obtained of the cost of the work done, so that Government may satisfy itself that the unanimous opinion of its expert advisers are correct, and that the continued maintenance of the Government Dockyard is advantageous to Government. The fleet of the Irrawaddy Flotilla Company, Limited, the maintenance of which is the main object of the Dalla Dockyard, contains numerous vessels much larger in size than any possessed by Government, and His Excellency in Council finds it difficult to believe that any special staff and plant which are not required for the vessels of the Irrawaddy Flotilla Company, Limited, are maintained for the docking of large Government vessels which the Government Dockyard cannot accommodate. So far as the Local Government can see there is no reason to think that the work hitherto done for Government by private firms will diminish in future years.

4. In conclusion I am to say that the Governor in Council sees no reason at present for departing from the policy of the Government in regard to the Government Dockyard at Dawbong.

No. 65-I. E., dated Calcutta, the 30th May 1923.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Railway Department, (Railway Board).

I am directed to refer to your letter No. 2249-S, dated 26th April 1923, in the concluding paragraph of which you mention the question of railway workshops.

2. In my No. 25-I. E., dated 2nd March 1923, the Committee drew attention to the very large sums of money that the railway administrations were proposing to spend on their workshops. And you suggested, in reply, that the Government should be addressed separately on this question, if the Association had any specific complaints to make against the policy followed in the management of these shops.

3. It is with reference to this suggestion that I am now to address you. The specific complaint that the Association has to make in this matter is, briefly, that the continued extension and enlargement of State engineering workshops is becoming, if it has not indeed already become, a menace to private engineering enterprise. And it was because they noticed, in the Railway Administration Report that the railways were proposing to spend the sum of Rs. 10 crores, in the current year, on further extensions that the Committee raised the question. They quite realise of course that, as a result of the recommendations of the Indian Retrenchment Committee, this sum will probably be reduced. But whether it is reduced or not the fact remains that it is the intention of the State greatly to enlarge its railway workshops as soon as the necessary funds can be provided.

4. The primary object of the railway workshops is to undertake railway repair and maintenance work. And it is doubtless true that at the present time there is a pressure of work of this description in the shops. But this pressure is merely temporary, resulting as it does from the stagnation of repairs to rolling-stock, etc., which occurred during the war. When these arrears have been made up, the shops will either have to lie largely idle, or they will have to be turned on to new work in competition with private enterprise. If this is so, it follows that every extension of an existing State workshop, and every new State workshop, is not only, as the Committee have said, a menace to private industrial effort, but is also a needless drain on the resources of the Government.

5. The Committee admit the difficulty of keeping State workshops within reasonable limits. Heads of spending departments are apt to think that work can be done more efficiently under their own control than by any outside agency. The result is that applications for grants for workshop extension are persistently put up for sanction. It was doubtless essential in the earlier days of the railways, the posts and telegraphs, and public works generally, for the State to have its own

workshops. Local manufactures had made no headway at that time, and necessary repairs could only be effected, and military requirements provided for, by the State. But the conditions to-day are altogether different. There exists in this country a large and well-organised engineering industry, with fully equipped workshops employing large number of operatives. And these local manufacturers naturally view with distrust and alarm any great addition to the enormous sum—it has been estimated at Rs. 250 crores—which is already locked up in the buildings, machinery, and plant of the various State workshops in this country.

6. It is in these circumstances that the Committee, as representing the Indian engineering industry, direct the attention of the Government to this question. At the present time private engineering works are, as I have said in a previous letter, literally starving for orders; but the State workshops are so busy that they are to be enormously extended and enlarged. And what the Committee ask is that the Association may have an assurance from the Government that this enlargement of the workshop capacity of the State will not mean that private enterprise will have to face subsidised competition. In other words the Committee would like to be informed more particularly as to why it is that the railways contemplate such enormous expenditure on their shops when privately owned shops are ready to undertake railway work on a large scale.

No. 70-I.E., dated Calcutta, the 7th June 1923.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Railway Department, (Railway Board).

I am directed to acknowledge the receipt of your letter No. 2249-S., dated 26th April 1923, on the subject of the manufacture of railway wagons in India.

2. Your letter has been considered by the Committee, who are indebted to you for placing before them the position of the Government of India in respect of this subject. They regret, however, that they cannot accept your contention that the policy which was laid down in the communiqué of 1st March 1918 has not been departed from. "What the Government of India are anxious to do", it was said in the communiqué, "is to establish on a solid basis in India the industry of wagon construction, and at the same time the manufacture of materials for this industry, by means of a steady stream of orders." It cannot be seriously argued that this declaration was anything else but a statement that the Government intended to promote and to foster the wagon-building industry. The declaration was understood in this sense by the Indian wagon-builders, with the result that they extended their plant and equipment, and floated one large new undertaking. But your letter is altogether silent on the question of promoting the wagon-building industry. Judging by what you state it would appear that the Government of India now interpret the declaration as an announcement that they will buy their wagons in the cheapest market. In other words that they will buy on a face value comparison of prices, regardless of the money lost to the country by way of taxes, railway freights etc., that would accrue to the State from wagons built in India.

3. It is true of course that you refer the Association to the Report of the Railway Industries Committee. But this document does not help the matter in the least. It merely states that at the present time Rs. 50 lakhs can be saved by obtaining wagons in the United Kingdom instead of in India; and that in the interests of the tax-payers, the Government are bound to save this sum. The Association would like to know if the economic advantages referred to above were brought by Government to the notice of the Railway Industries Committee, and also the fact that it would have been sufficient to save the Indian wagon industry if orders for only 1,000 wagons had been placed here. For if this had been done there is surely good reason to suppose that the Committee would have made a recommendation in favour of the local wagon builder. They admit in their report that the Indian wagon-building industry ought to have Government help, but they cannot make any suggestion as to the form that this help should take. All that they propose is that the matter should be referred to a Tariff Board, in the event of such a Board being constituted—a recommendation which, as the writers of the joint dissenting note remark, "does not go far towards solving the problem".

Report of the Railway Industries Committee,
1923.

4. In 1918 the Government of India were quite definite as to how the wagon industry was to be helped. It was to be given a steady stream of Government orders. And the Committee readily acknowledge that orders were given in pursuance of that announcement. But you now point out that the Indian builders charge more for their wagons than the English builders charge; and that they take longer to manufacture them. You quote instances where they have got behind with their deliveries, and you emphasise the inconvenience which these delays cause to the railways. It may be assumed that the Indian builders would have readily done their best to meet the Government in the matter of price. But it would appear from your letter that, even if the Indian prices had been satisfactory, it is doubtful if any orders would have been placed here, for the reason that the Government would have had "no assurance of that speedy delivery of the wagons which is essential to the rehabilitation of the railways"

5. In making these remarks the Committee do not overlook the fact that the communiqué of the 1st March 1918 clearly stated that orders would be placed in this country provided: (1) that the price was not higher than the prices at which wagons may be imported; and (2) that the materials and workmanship were satisfactory. But they maintain that this was never intended to cover "dumping" prices. You state that the Government of India do not accept the suggestion that the tenders which have been accepted are at "dumping" prices; and it is of course true that the word "dumping" has numerous definitions. But the fact remains that the Indian Railway Industries Committee admitted that the manufacturers in the United Kingdom are "fighting with their backs to the wall in order to keep their works open and their men employed, and they are quoting prices which in some cases at any rate are believed to be below the commercial cost of production". This is unquestionably true, and it fully substantiates the view taken by the Association. And the Railway Industries Committee might have gone on to say, with equal truth, that one of the objects of the British manufacturers, in quoting these prices, is to destroy the wagon-building industry in India.

6. I have already intimated that the Indian wagon builders are prepared to do everything possible to meet the Government in the matter of price. And I am now to state that all the members of this Association who are concerned with wagon building are prepared to give the details upon which estimates are based, including the prices ruling for steel, fittings, etc. They are also prepared to undertake the supply of wagons for next year's requirements on the basis of cost, plus 10%. They will submit all their books for audit by the Government; and they will give a guarantee that the price paid for steel, materials, and fittings, shall not be in excess of the market prices, and that present prices for labour shall be charged without enhancement. This would be an assurance that no large profits are looked for; and it would at the same time convince the Government that the prices, quoted by the Indian manufacturers are reasonable.

7. In your fourth paragraph you state that the lowest price received for the largest class of wagon delivered, f.o.b. at an Indian port was Rs. 3,209-1-0. To this you add 10% for import duty, making the total Rs. 3,494-5-6. You contrast this with the lowest satisfactory Indian tender, which was Rs. 5,178-8-0. And you add that, if the Government of India had accepted the Indian tender, they would have caused a loss to the Indian railways of nearly Rs. 60 lakhs. But it must be pointed out that this loss would only have been incurred if the whole 3,132 wagons had been placed with the Indian builders. It would have been vastly reduced if, say, 1,000 wagons had been given to this country. And it surely is a question worthy of the consideration of the Government of India whether the promotion of the Indian wagon industry is not of sufficient importance to justify the expenditure of a few lakhs of rupees. Your letter rather suggests that if any orders had been placed in this country the Government would have lost sixty lakhs of rupees. But this is obviously not the case. The only true comparison of prices would be tenders for equal deliveries effected by the agency of the tenderer. The present practice of railways helping British wagon builders to complete the wagons they tender for is all in favour of the imported wagon.

8. It is not clear as to how you arrive at the figure of Rs. 3,494-5-6, and I am to ask if the following items are included in this total, namely, (1) freight to destination of materials from

Indian port; (2) handling charges of material in railway workshops; (3) erection of the wagons or under-frames; (4) painting and lettering of wagons, packing of axle-boxes, taring of wagons and (5) overhead and stores charges to cover depreciation, interest, rates and taxes, supervision, power, repairs, and renewals necessary in all workshops. It is a matter of great regret to this Association that the Indian manufacturers should have been placed before the public in so disadvantageous a position as they seem to occupy in the Report of the Indian Railway Industries Committee, and in the other publications on the question. And the Committee of the Association feel that they are entitled, in view of this, to be given the fullest information as to how the comparison of prices has been arrived at. That is to say the comparison between the price of the so-called "knock-down" wagon that the British manufacturer supplies, and the wagon that is supplied by the Indian manufacturer. A "knock-down" wagon has only the floor plates rivetted to the under-frames. The body plates, the axle-guards, and the fittings are loose. Only one of such wagons in a hundred is required to be erected. On the other hand the Indian manufacturer has to deliver every wagon complete, ready to be put into commission. It follows that the foreign manufacturer can give a much larger output with resultant decreasing over-head charges, and an assumed increased delivery. In any comparison of deliveries consideration must be given to this. Delivery of the wagon should be taken to be the time when it is ready to be put into commission. It may also be observed that your comparison of prices has reference to wagons only. Nothing is said with reference to under-frames. But it is known to the Committee that the prices recently quoted by Indian builders for under-frames were as low as, if not lower than, those quoted by foreign manufacturers. This is due—apart from "dumping" prices—to the fact that the foreign builder has to complete under-frames almost to the same extent as the Indian manufacturer is required to do.

9. It has further to be noted that foreign manufacturers can buy their fittings anywhere.

Disadvantageous position of the Indian manufacturer.

They need not necessarily manufacture them in their own work-shops. But the Indian manufacturer is required to

make the fittings in India; and he has endeavoured to do this. It has, however, only been possible by great expenditure on new plant. Further, it does not seem to be understood by the Government that it takes the Indian manufacturer from four to five months to get material after he receives the order for the wagon. The foreign manufacturer on the other hand can obtain the material in a couple of weeks. But with the object of placing themselves in a stronger position in this respect the Indian manufacturers are prepared to carry a stock of material sufficient for one to two hundred wagons of any class if the Government will give them an assurance that a continuity of orders for such will be forthcoming.

10. Although nothing is said in your letter as to the workmanship and material of the wagons supplied by the Indian manufacturers, it is known

Delays in the Indian deliveries.

to the Committee that these are fully equal to the

workmanship and material of the imported wagons. But you lay stress on the delays in the Indian deliveries. These delays the Committee do not seek to excuse. But they do feel that the Indian manufacturer has had many adverse circumstances to contend with. He is engaged in an industry which although it is large is not fully developed. He is, as I have already explained, at a disadvantage as regards his material; and he has had to face a scarcity of trained labour. Referring to material it should be noted that the Government, when placing orders in 1921, informed the manufacturers that the Tata Iron and Steel Co., Ltd. would supply all necessary plates. These instructions were cancelled two months later; and the manufacturers were told to obtain plates themselves. Foreign manufacturers of material were at that time full of work, and they were not paying much attention to export orders. Delays in supplies were consequently unavoidable; but it cannot be gainsaid that the Indian builders did their utmost to expedite deliveries. The failure of all iron in the test also caused serious delay. But here again the fault was not with the Indian builder. He had safe-guarded himself by obtaining certificates of tests from the makers; but these certificates were rejected by the Superintendent of Local Manufactures. Labour during 1920, 1921, and 1922 was anything but satisfactory. It is only since October 1922 that the workmen have settled down to anything like the former output per man. This fact is clear from detailed figures extending over this period, and also by a comparison of deliveries of wagons and under-frames since September 1922.

11. It might be inferred from your letter that late deliveries are peculiar to Indian manufacturers. But it cannot be denied that great delays have also occurred in the delivery of Government orders by foreign manufacturers. And, as I have indicated in the last paragraph, the

members of this Association are only too well aware of the delays which, as importers of foreign material, they had to suffer during 1920, 1921, and 1922. With reference to the specific cases quoted by you, the figures as available to the Committee do not appear to be so unsatisfactory as your letter suggests. For instance, as regards the two orders mentioned in item (2), it appears that five under-frames were delivered together with another 44 on other orders extending over this period. And in respect of the orders referred to in item (3), one firm alone has delivered 690 wagons in addition to sample wagons manufactured. Deliveries during the past eight months have undoubtedly improved; and one of the reasons for this improvement is that the labour is now becoming trained to the new operations following upon the adoption of the Indian Railway Conference Association standards. The changes in the design necessitated the making of complete sets of new tools, jigs, dies, etc.; and a reorganisation of all previous methods of manufacture. It will be obvious to the Government that a great loss of time must occur before radical changes such as these can be carried out in their entirety, and be made to give results.

12. Finally, I am to urge that the question may be further considered by the Government of India. The very existence of an industry is at stake, and it may be accepted that if this industry as it exists to-day is destroyed, many years will elapse before it can be re-established. It is not the wish of this Association that the tax-payer should be made to suffer enormous losses in order to benefit the Indian wagon-builders. But in the present state of the industrial development of this country it is surely worth the while of the tax-payer to pay a little more for at least a portion of his requirements. And in this regard the Committee feel bound to say that they are by no means convinced that the difference between foreign and Indian prices is so great as your figures suggest. In fact it is reported that, of the foreign tenders received, the second lowest was in excess of the lowest to the extent of no less than £100,000. This fact shows that the Indian manufacturer is expected to compete against prices that are below the cost of production; and his inability so to compete is not a sufficient reason for refusing him further orders, and so destroying the industry that he is endeavouring to build up.

Conclusion.

No. 712-M., dated Simla, the 11th June 1923.

From—The ASSISTANT SECRETARY to the Government of India, Marine Department,

To—The SECRETARY, Indian Engineering Association.

SUBJECT:—*Limitations to be placed on the Commissioners for the Port of Calcutta in regard to the shipbuilding work to be carried out in the late Royal Indian Marine Dockyard, Kidderpore, after it has been reopened by that body.*

I am directed to acknowledge the receipt of your letter No. 49-I. E., dated the 19th April 1923, relative to the above subject and to say that the matter has been referred to the Government of Bengal. A further communication will be addressed to you in due course.

No. 76-I. E., dated Calcutta, the 13th June 1923.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Railway Department, (Railway Board).

The Indian Wagon Building Industry.

I am directed to refer to the marginally noted correspondence on this subject. The Committee issued their first letter No. 25-I. E., to the members of the Association for information. But your No. 2249-S. was marked confidential, and it has not been, therefore, so issued. Nor have the Committee sent to members their reply No. 70-I. E. They feel, however, that the questions at issue are of sufficient public interest to warrant publication, more especially as the report of the Railways Industries Committee appeared in the newspapers. I am accordingly to ask if the Government of India would have any objection to the correspondence being issued to members, and also, through the newspapers, to the general public.

- (1) No. 25-I. E., dated 2nd March 1923, from the Association to the Government of India.
- (2) No. 2249-S., dated 26th April 1923, from the Government of India to the Association.
- (3) No. 70-I. E., dated 7th June 1923, from the Association to the Government of India.

No. 82-J. E., dated Calcutta, the 20th June 1923.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Department of Industries & Labour.

It will be within the knowledge of the Government of India that at the last annual general meeting of the Associated Chambers of Commerce of India and Ceylon, a resolution was adopted on the question of Government competition with private enterprise. This resolution was to the effect that the Association viewed with misgiving the action of the Ichapore Rifle Factory in making sales to the public; and it asked for an assurance that competition with private enterprise was contrary to the policy of the Government.

2. The Committee are without information as to what action, if any, has been taken by the Government of India upon this resolution. But members of the Association have drawn their attention to the fact that Ichapore is still competing with private enterprise. It is said that goods of various classes are still being manufactured there, and are being sold at prices lower than any that can be quoted by commercial firms. A recent enquiry by one of the railways for fish plates is a case in point. The order went to the Ichapore Factory at a price considerably below the lowest quotation of any of the other manufacturers.

3. The Committee feel that they are justified in protesting against State competition such as this, and they do not hesitate therefore to bring the question prominently to the attention of your Department. If action upon the Associated Chambers' resolution has not been yet taken they recommend that it should be no longer delayed, and that orders restricting the activities of the Ichapore Rifle Factory should be issued forthwith.

No. S-183, dated Simla, the 2nd July 1923.

From—The SECRETARY to the Government of India, Department of Industries and Labour,

To—The SECRETARY, Indian Engineering Association, Calcutta.

Subject :—The purchase of Government stores.

I am directed to refer to your letter No. 35 I. E., dated the 23rd March 1923, on the above subject. In this letter your Association cite the recent purchases of large quantities of railway stores in England as evidence that the Government of India are not fulfilling the pledge given in 1921 that it was their policy to obtain an ever-increasing proportion of their requirements from Indian manufacturers.

2. Before proceeding to the main subject-matter of your letter, I am to invite attention to two statements appearing in paragraph 9, which reflect an incomplete or mistaken conception of the facts. Firstly, it is assumed by your Association that the Government of India are solely responsible for placing orders for railway materials worth about £8½ millions with British manufacturers. This assumption is incorrect, as pointed out in the preceding paragraph of your letter, the great bulk of these orders (amounting in value to over £6½ millions) was placed by company-owned railways, the purchasing policy of which is not controlled by the Government of India. Secondly, your Association state that the recommendation of the Retrenchment Committee has no bearing on the attitude of Government during the past year. This statement is, of course, literally correct; but, in so far as it suggests that the action taken by the Government of India during the past year could not have been influenced by the Retrenchment Committee, it is misleading. The Government of India had intended to organise an engineering and hardware purchasing branch of the Stores Department during the past year and had made budget provision on this account; had this organisation been created, it could, at any rate, have made a start in purchasing locally-made hardware and engineering stores. As soon, however, as it was known that the activities of the Government of India were going to be subjected to review by a Retrenchment Committee, it was decided to postpone this measure of development of the Indian Stores Department until the result of that review was known.

3. I am further to point out that, although the Indian Engineering Association lay stress on the existence of firms in India which would be capable of accepting orders for hardware and engineering requirements, they are silent on the all-important questions of price, quality and

rate of delivery. The mere existence of manufacturing facilities is not a sufficient justification for Government to place their orders in this country. They must be assured that there is a reasonable prospect of their being able to obtain their requirements in India economically and without undue delay. It follows that if Indian firms are to compete with foreign sources of supply for Government orders, it is essential that the prices quoted by them, the quality of the stores and the rate of delivery should be satisfactory. The question of the comparison of prices was discussed in paragraph 13 (iii) of the Department of Industries' letter No. S-183, dated the 29th March 1921, to which your Association have referred; it was further discussed in the report of the Railway Industries Committee, of which copies have been supplied to your Association. And, to take the specific case of railway wagons for which large orders have recently been placed in the United Kingdom, the Government of India have already furnished your Association with the reasons which led them to place the orders in England. Had the lowest satisfactory Indian tender for the 3,132 wagons, which were the subject of the contract, been accepted, the extra cost to the railway administrations would have amounted to nearly Rs. 60 lakhs. The Government of India have never declared, nor do they now contemplate, a policy of placing orders in India regardless of the cost; such a procedure would involve an extravagant waste of public money, for which in their opinion there can be not possible justification. Promptitude in delivery is also a most important factor affecting, as it so largely does, the efficient and economical working of the Government's undertakings. In the Railway Board's letter No. 2249-S., dated the 26th April 1923, certain instances were cited to show the unsatisfactory way in which this matter of the delivery of stores has been treated by Indian engineering firms. The attention of the Government of India has been drawn to many other instances of failure on the part of Indian engineering firms to fulfil their obligations in respect to deliveries, but they do not consider it necessary to burden this letter with a repetition of these instances as doubtless the members of your Association are fully aware of them.

The Government of India have not overlooked the difficulties with which Indian engineering firms have to compete; at the same time, your Association will realise that these late deliveries have caused serious financial losses and grave inconvenience to the railway administrations concerned, and that, in deciding whether to place their orders in India or in the United Kingdom, indenting officers cannot but be greatly influenced by such considerations.

4. In the letter under reply, the Indian Engineering Association infer from the fact that large orders for railway stores have recently been placed in England that the Government of India are abandoning in practice their declared policy of purchasing their requirements as far as possible from Indian manufacturers; and the Association ask that a public explanation should be given of the reasons for this change of attitude. I am to state in reply that the policy of the Government of India in this respect has undergone no change; it is their firm intention to obtain as large a proportion of the stores required for the public service from Indian manufacturers as the latter are capable of supplying, due regard being had to the three considerations of price, quality and rate of delivery.

A practical indication of the Government of India's continued adhesion to his policy is the recent establishment of the Indian Stores Department. The nucleus of this Department, as your Association is aware, came into existence on the 1st January 1922, when it immediately undertook the purchase of textiles for the Army and certain other Departments of Government. During the year 1922-23, it made extensive purchases of such goods, amounting in value to about 160 lakhs of rupees and, in the course of these operations, succeeded in diverting to India much business of a class which had formerly gone abroad; it also effected substantial economies in the public expenditure on textile goods. Owing, however, to the imperative necessity of curtailing the expenditure of Government it was found impossible in that year to develop the Stores Department so as to enable it to undertake the purchase of other than textile goods. The plans which had been made for the creation of an intelligence, purchasing and inspecting section to deal with engineering and hardware store, had temporarily to be postponed, with the inevitable result that consuming Departments of the Central Government had to continue the practice of indenting on the London Stores Department for the greater portion of their requirements of such goods. In the opinion of the Government of India the only effective way of insuring that purchases will be made, where possible from indigenous sources is to create an expert purchasing and inspection agency in India; they have therefore notwithstanding the recommendation of the Retrenchment Committee decided

to proceed at once with the expansion of the Stores Department so as to enable it to undertake the purchase of engineering stores. To this end they have recently established a purchase and inspection branch at headquarters, and have concomitantly reconstituted and expanded the inspecting and testing organisations at Calcutta and Jamshedpur. They are also arranging to obtain full information of the available resources of the country in respect of engineering stores; it may be mentioned here that the Stores Department is now in correspondence with your Association regarding the stores which the firms incorporated in your Association manufacture. That the progress made up to date in making a more extensive use of indigenous sources of manufacture is less than your Association have expected, is due to causes which it has been beyond the power of Government to control. The Stores Department has been in existence only for some eighteen months; for financial reasons its staff has been restricted to the minimum necessary to enable it to deal with only a certain class of purchases, and as a result, orders which if the Stores Department had been fully established might have been placed in India, have been placed abroad. It is confidently hoped however that with the steps, which have been and are being taken, to develop the Stores Department the Government of India will be able to give practical effect to their declared policy of obtaining an ever-increasing proportion of their stores-requirements from indigenous sources.

No. S-366, dated Simla, the 31st July 1923.

From—The DEPUTY SECRETARY to the Government of India, Department of Industries and Labour,

To—The SECRETARY, Indian Engineering Association.

SUBJECT:—*Government competition with private enterprise.*

With reference to your letter No. 82-I.E., dated the 20th June 1923, on the subject noted above I am directed to enclose for the information of your Association, a copy of a letter from this Department to the Associated Chambers of Commerce of India and Ceylon, No. S-366, dated the 12th July 1923, which explains the policy of Government with regard to the manufacture in Ordnance Factories of articles not required for military purposes.

Letter No. S-366, dated Simla, the 12th July 1923.

From—The SECRETARY to the Government of India, Department of Industries & Labour,

To—The SECRETARY, The Associated Chambers of Commerce of India and Ceylon.

SUBJECT:—*Government competition with private enterprise.*

I am directed to refer to the correspondence resting with your letter No. 665-A.C., dated the 17th May 1923, on the above noted subject, and to request you to convey to the Associated Chambers of Commerce the following observations of the Government of India on the subject of the resolution passed at their meeting held on the 9th January 1923, dealing with certain transactions of the Ichapore Rifle Factory.

2. The resolution states that the Association views with misgivings the action of the Ichapore Rifle Factory in making sales to the public, and asks the Government of India to declare its policy and to assure the Association that it is contrary to the policy of Government to compete with private enterprise. I am in the first instance to refer to the latter portion of the resolution and to explain briefly the policy followed by Government in the matter of manufacture in ordnance factories. It is doubtless, unnecessary to explain at length the reasons which render it necessary to maintain ordnance factories in India. These factories have been instituted and maintained with the sole object of enabling munitions of war to be produced in India, and in order to make them fully effective it is necessary that their output should be capable, not only of supplying the peacetime requirements of the Army in India, but also of rapid expansion to meet an emergency consequent upon the occurrence of a state of war. The plant installed in these factories and the strength of the staff employed in them are regulated solely by this criterion. Starting from this basis it is incumbent upon Government in the interests of economy to ensure, as far as possible, that the plant and the nucleus staff are kept fully employed. It follows as a corollary that in time of peace, if the requirements of the Army do not suffice to keep the plant and staff fully employed, the Ordnance factories should be allowed to execute orders for other consumers.

3. The policy of the Government of India has, therefore, mainly to be determined by the proposition explained in the preceding paragraph. At the same time they have always recognised the principle that the transaction of Government factories and workshops must be conducted in such a way as to interfere as little as possible with private enterprise. With this object in view the orders governing the transactions of the Ordnance Factories prescribe that the surplus output of the factories must be utilized as far as possible in supplying other departments of Government and that supply to private consumers should be a last resort. Further the production by Ordnance factories of articles required either by Government Departments or by private consumers is confined so far as possible to articles which are not manufactured by private enterprise in India. Finally, in order to guard against unfair competition, the maintenance of proper costing accounts and the fixation of fair prices for stores produced are also prescribed. I am to say in this connection that the costing accounts of the Factories as now maintained have been certified to be on a correct basis by a firm of accountants of acknowledged reputation namely Messrs. Price Waterhouse & Co.

4. Turning now to the particular case which gave rise to the resolution referred to above, the Government of India doubt whether the facts were correctly placed before the Association. They observe that in the opening speech of the mover of the resolution (Mr. N. F. Paton) the following statement occurs :—

“The indictment that has been laid before our Chamber is that the Ichapore Factory is now being utilized almost exclusively for the manufacture of brass sheeting for *lotas* working to the order of a prominent merchant and on a scale to keep the Factory's rolling mills fully engaged for about five years.”

This indictment is based on inaccurate information. The brass melting and rolling mills in the Ichapore factory constitute only a part of the Factory and that part has to manufacture all the brass cartridge cases, gun and rifle, for the Army.

Mr. Paton further stated that according to the information given to the Bengal Chamber of Commerce, Government were believed to be buying brass scrap in England for the purpose of the order in question. This information was also incorrect. The brass which the factory is rolling consists of brass cartridge cases which the firm concerned purchased from the Government of India and from surplus stock in India belonging to the British Government.

Mr. Paton also mentioned the manufacture in the factory of shovels, electric fans and railway signalling material. Certain orders for these classes of stores have been taken from the Public Works Department, the Military Works Services and railways in accordance with the principle which has already been explained.

5. Finally, the Government of India consider that it would not be out of place to allude to another aspect of the question, since the discussion at the meeting of your Association appears to have assumed that manufacture in Government workshops is necessarily inimical to private enterprise. In the first place, many private manufacturing firms come to the Ordnance Factories for assistance in the manufacture of articles necessary for their own purposes, and it is believed that such firms, some at least of which are doubtless constituents of the Chambers of Commerce, would themselves acknowledge the advantage which they have derived from the establishment by Government of factories which are still the only institutions capable of turning out certain classes of material. Secondly, it is, perhaps, unnecessary to remind the Association that the industrial policy of the Government of India is mainly directed towards the establishment in India of manufacturing industries which will, so far as is possible render the country self-supporting. Such a policy demands in some cases, as was clearly recognised by the Indian Industrial Commission, the establishment by Government of pioneer and demonstration factories. Several instances, of which the manufacture of cordite and machine-belted are two, can be cited to illustrate the value of work performed in the Ordnance factories in demonstrating the possibility of manufacture in India. Indeed, it was remarked by Mr. Paton himself and in his speech that the only mills in India for rolling brass sheets are those belonging to Government. The statement made by him, to the effect that the Government undertaking was to the obvious detriment of industrial progress, appears to the Government of India to ignore the aspect of the question to which allusion is made at the beginning of this paragraph. The Government of India consider, on the other hand, that they may fairly claim to have shewn the way to private enterprise in the matter of training the Indian workman and of establishing manufacture in important branches of metal working.

No. 98-I.E., dated Calcutta, the 1st August 1923.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Government of India, Marine Department.

I am directed to invite your attention to my No. 49, I.E., dated 19th April 1923, on the subject of the R. I. M. Dockyard at Calcutta and to express the hope of the Committee that they may be favoured by an early date with a reply.

No. D-84, dated Simla, 2nd August 1923.

From—The CHIEF CONTROLLER OF STORES, Government of India, Indian Stores Department,

To—The SECRETARY, Indian Engineering Association.

I have the honour to inform you that the Government of India have recently decided that, when feasible, tenders for the larger items of stores shall be invited through the medium of public advertisements inserted in the Indian Trade Journal. Where urgent delivery is an important factor, this procedure will be modified to suit the circumstances of each case, and, as a rule, in such cases, tenders will be called for from suppliers whose names are registered in the approved contractors' list of this office.

2. The results of all tenders are also notified by a statement published weekly in the Indian Trade Journal.

3. I would therefore suggest for the consideration of those members of your Association who are interested that they should subscribe to the Indian Trade Journal, and thus ensure that invitations to tender from this Department come under their notice. Applications for the Journal should be addressed to the Superintendent, Government Printing, India, Post Box No. 95, Calcutta. The annual subscription for the journal is Rs. 13/- (post free).

No. 964-M., dated Simla, the 9th August 1923.

From—The ASSISTANT SECRETARY, Government of India, Marine Department,

To—The SECRETARY, Indian Engineering Association.

SUBJECT :—*Limitations to be placed on the Commissioners for the Port of Calcutta in regard to the shipbuilding work to be carried out in the late Royal Indian Marine Dockyard, Kidderpore, after it has been re-opened by that body.*

I am directed to acknowledge the receipt of your letter No. 98-I.E., dated the 1st August 1923, on the above subject, and to invite your attention to Marine Department letter No. 712-M., dated the 11th June 1923. The matter is still under the consideration of the Government of Bengal. A further communication will be addressed to you as soon as possible.

No. 1597-S., dated Simla, the 11th August 1923.

From—The ASSISTANT SECRETARY, Government of India, Railway Department, (Railway Board),

To—The SECRETARY, Indian Engineering Association.

In reply to your letter No. 65-I.E., dated the 30th May 1923, I am directed to inform your Association that it is the policy of Government to restrict railway workshops to their primary function of dealing with the repairs and maintenance of the stock and equipment of the railway as far as this can be done with observance of economy in the working of the shops. To some extent, it is desirable to undertake work that is not purely repair or maintenance work in order to make the best use of machines and staff that could not otherwise be given continuous full time employment. But it is the policy of Government to keep the amount of such work to a minimum and particularly where it can be done by private firms.

Instructions to the above effect have been issued to all railways and proposals for extensions of workshops or workshop equipment are carefully scrutinized to see that they are carried out.

The large expenditure on workshops to which you refer is due not only to the very heavy repair work outstanding and to the necessity for making provision for repairs to the ever-increasing numbers of vehicles, but also to the fact that the workshop equipment itself which could not be renewed during the war period, is in many cases worn out and obsolete and has to be replaced with new equipment of modern design and at modern prices.

No. 2249-S., dated Simla, the 18th August 1923.

From—The ASSISTANT SECRETARY, Government of India, Railway Department,
(Railway Board),

To—The SECRETARY, Indian Engineering Association.

The Wagon Building Industry in India.

With reference to your letter No. 70-I.E., dated the 7th June 1923, I am directed to communicate the following remarks.

2. The communiqué of March 1918 stated quite clearly that the placing of orders in India would depend on a price comparison. The Government of India have never contemplated the elimination of this condition and of competition from outside India. The communiqué further stated that tenders would be called for annually and in deciding the placing of orders consideration must necessarily be given to the capacity of the firm. It is presumed that, with reference to the concluding remarks in paragraph 4 of your letter, your Association does not mean to suggest that Government should place orders for wagons which the firms could not deliver, or could not deliver within a reasonable time, whatever the cause of delay might be. Reference is invited to paragraph 5 of Railway Board letter of April 26th in regard to the statements made in paragraph 5 of your letter under reply.

3. In paragraph 6 you suggest that orders should be placed with firms in India on the basis of cost plus 10 per cent. This would necessitate such close supervision in details that it would practically amount to Government taking over the works. It would offer no guarantee of economy and would be entirely opposed to the principles laid down in the communiqué of March 1918. For these reasons Government are not prepared to accept the suggestion.

4. With reference to the remarks in paragraph 7 of your letter, the Government of India in considering the tenders of last year, were fully aware that the loss in placing orders for 1,000 wagons in India would be approximately Rs. 21 lakhs.

5. With reference to paragraph 8 of your letter the comparison of costs did not include freight on wagons or materials from port as wagons are ordinarily erected at the port. It did take into account all the charges in India on imported wagons including those specified by you.

6. The work covered by these charges and done in railway workshops in India on imported wagons forms a very small part of the work entailed in manufacturing complete wagons ready for rail. Its effect on the delivery quoted can only be very small and could not have effected the decision on the tenders of last year.

7. It is true that after the orders for wagons had been decided on the tenders for last year, favourable quotations were received from a firm in India for carriage under-frames. Orders were thereupon placed with the firm to the extent of its capacity to supply. This the Railway Board consider an indication that the firms in India can quote competitive prices.

8. Your statement that the workmanship in the wagons supplied by the firms in India is fully equal to that in the imported wagons is not accepted. The Government of India realise that the firms in India had many difficulties to contend with and that the serious delays in deliveries were to some extent due to circumstances beyond their control. They hope that with the improvement in conditions noted by you the arrears of orders will be cleared off and that the firms in India will be able to quote favourably for further orders.

No. ~~2249-S~~
1 dated Simla, the 18th August 1923.

From—The ASSISTANT SECRETARY, Government of India, Railway Department,
(Railway Board),

To—The SECRETARY, Indian Engineering Association.

With reference to your letter No. 76-I. E., dated the 13th June 1923, on the subject of the wagon building industry in India, I am directed to say that the Government of India have no objection to the whole correspondence ending with Railway Board's letter No. 2249-S. of even date being issued to the members of your Association and through the newspapers to the general public provided the Association satisfies itself that no individual members of the Association objects thereto. If the correspondence is published I am to request that this letter also is communicated to the Press.

No. 6092, dated Delhi, the 24th October 1923.

From—The ASSISTANT SECRETARY, Government of India, Department of
Commerce,

To—The SECRETARY, Indian Engineering Association.

SUBJECT:—*Limitation to be placed on the Commissioners for the Port of Calcutta in regard to the shipbuilding work to be carried out in the late Royal Indian Marine Dockyard, Kidderpore, after it has been re-opened by that body.*

I am directed to refer to your letter No. 49-I. E., dated the 19th April 1923, to the address of the Government of India in the Marine Department. You state in this communication that the members of your Association are apprehensive that private ship-building firms may be subjected to sever competition on the transfer to the Calcutta Port Commissioners of the Royal Indian Marine Dockyard at Calcutta. You refer in this connection to the fact that the intention apparently is that the Calcutta Port Commissioners should undertake to carry out at this dockyard such part of the maintenance work on vessels belonging to the Bengal Government as they might be asked to do on special terms to be arranged; and you, therefore, suggest that some limitations should be placed on the kind of work which the Commissioners should be permitted to undertake at this Dockyard.

2. In reply I am to say that the Government of India have been informed that it was at one time proposed that vessels belonging to the Bengal Government should be repaired, etc., by the Calcutta Port Commissioners but that this idea has been dropped in view of the fact that under Section 48 of the Calcutta Port Act, 1890, (Bengal Act, III of 1890) the Commissioner can only enter into contracts for the execution of any works, * * * necessary for carrying into effect the trust and purposes of that Act. The question of the Commissioners competing with private shipbuilding firms therefore also falls to the ground.

Circular No. 99-I. E., dated Calcutta, 2nd August 1923.

From—The SECRETARY, Indian Engineering Association,

To—All Members of the Association.

MEMO:—The subjoined correspondence is published for the information and consideration of the members of the Association. The Committee have under discussion the question of the proposed extension of protection to the Indian steel industry; and they contemplate submitting evidence with reference to this question to the Tariff Board. To enable them to prepare a comprehensive and useful statement it is essential that they should be made fully acquainted with the views of members. And they have accordingly instructed me to suggest that all members should favour them, not later than the 15th August current, with an expression of opinion on the question whether protection should be extended to the steel industry, and if so what form it should assume. That is to say whether protective customs duties should be levied, or whether some form of State aid, such as bounties, or subsidies, should be given to the steel industry.

No. 36, dated Simla, the 17th July 1923.

From—The SECRETARY, Tariff Board,

To—The SECRETARY, Indian Engineering Association.

I am directed to forward a copy of the enclosed press communiqué for the information of your Association.

No. 35.

TARIFF BOARD.

Simla, the 17th July 1923.

PRESS COMMUNIQUE.

The Tariff Board have been appointed to advise the Government of India as to the means by which effect should be given to the policy accepted by the Government of India and approved by the Legislative Assembly of adjusting the fiscal system of the country so as to foster the development of industries. In the Resolution of the Government of India in the Department of Commerce, No. 3748, dated 10th July 1923, the Board were directed to examine first the question of extending protection to the manufacture of steel in India. In order that the Board may proceed with their investigations without undue delay it is important that they should receive as soon as possible from firms or persons interested in the steel industry or the industries dependent on the use of steel full statements of their views.

2. The primary question to be examined is whether the circumstances of the steel industry are such as to justify protection being extended to it and, if so, what should be the nature and extent of the protection given. But the Board have also to take into account the effect which any measures they recommend may have on industries dependent on the use of steel, and in particular the industries which manufacture wagons, locomotives and other railway requisites. It will be necessary for the Board to keep this aspect of the case constantly in mind throughout their enquiries, and it will greatly facilitate their work if those interested in the industries referred to will submit statements of their views as soon as possible, and state at the same time whether they desire that a witness or witnesses, should be examined orally in support thereof.

3. The Board's office will close in Simla on the 8th August and the Board will then proceed to Jamshedpur where the evidence adduced on behalf of the Tata Iron and Steel Company will be taken. On the completion of their work at Jamshedpur the Board will continue their enquiries at Calcutta on a date to be announced subsequently.

(The following papers with reference to the Board are attached for the information of members.)

No. 3748.

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE.

Simla, the 10th July 1923.

RESOLUTION.

TARIFFS.

On February the 16th 1923, the following resolution was adopted by the Legislative Assembly :—

“That this Assembly recommends to the Governor-General in Council—

- (a) that he accepts in principle the proposition that the fiscal policy of the Government of India may legitimately be directed towards fostering the development of industries in India.
- (b) that in the application of the above principle of protection, regard must be had to the financial needs of the country and to the present dependence of the

Government of India on import, export and excise duties for a large part of its revenue ;

(c) that the principle should be applied with discrimination, with due regard to the wellbeing of the community and to the safeguards suggested in paragraph 97 of the Report of the Indian Fiscal Commission ;

(d) that in order that effect may be given to these recommendations, a Tariff Board should be constituted for a period not exceeding one year in the first instance, that such Tariff Board should be purely an investigating and advisory body should consist of not more than three members, one of whom should be a Government official, but with power, subject to the approval of the Government of India, to co-opt other members for particular inquiries."

2. The Government of India have decided to appoint a Tariff Board, for a period not exceeding one year in the first instance, to carry out the investigations resulting from the acceptance of that resolution and to make recommendations thereon. The following gentlemen have agreed to serve on the Board :—

President :

G. RAINY, ESQ., C.S.I., C.I.E., I.C.S.

Members :

The Hon'ble MR. V. G. KALE, *Professor of Economics, Fergusson College, Poona.*

P. P. GINWALA, ESQ., M.L.A., *Bar-at-Law.*

Rai Bahadur S. N. Banerji, Assistant Secretary, Commerce Department, has been appointed Secretary to the Board.

3. The Government of India will select the industries to be taken up for investigation and determine the order of the inquiry and it will be the duty of the Tariff Board, after such examination as it thinks necessary, to make recommendations regarding the protection (if any) to be extended to those industries and the nature and extent of the protection. Firms or persons (other than those referred to in the next paragraph) desiring that the industries in which they are interested should be investigated by the Tariff Board should apply to the Secretary to the Government of India in the Commerce Department. With their applications they should send up a full statement of the reasons why they consider that protection should be extended to the industry.

4. The Board will assemble immediately at Simla. As recommended by the Fiscal Commission in paragraph 107 of its Report the Board will examine first the question of extending protection to the manufacture of steel in India. In considering this question, the Board will take into account the effect of any recommendations it may make on industries dependent on the use of steel, and in particular it will consider how its recommendations will affect the industries referred to in paragraph 9 of the Report of the Railway Industries Committee, and whether those industries should be accorded protection. Firms or persons interested in the steel industry or the industries dependent on the use of steel, who desire that their views should be considered by the Tariff Board, should address their representations to the Secretary to the Board.

The headquarters of the Board will be with the Government of India, but it will visit from time to time commercial and industrial centres in India for the purpose of the investigations which it may be required to undertake. While the steel industry is under examination, the office of the Board will be located temporarily at Calcutta. For the investigation of other industries, it may be necessary to transfer the office from time to time to other convenient centres.

5. The Government of India trust that Local Governments and Administrations will afford the Board all the assistance which it may require and will comply with any request for information which may be addressed to them by it.

Order.—ORDERED that a copy of the above resolution be communicated to all Local Governments and Administrations, the Director-General of Commercial Intelligence, and to the Secretary of the Indian Tariff Board.

ORDERED also that it be published in the *Gazette of India*.

D. T. CHADWICK,
*Secretary to the Government of India,
Department of Commerce.*

No. 203, dated Calcutta, the 5th September 1923.

From—The SECRETARY, Tariff Board,

To—The SECRETARY, Indian Engineering Association.

I am directed to enclose a copy of a short questionnaire drawn up by the Tariff Board in connection with their enquiries into the steel industry.

2. The Tata Iron and Steel Company have put forward their claims to protection and have asked that the rates of duty on imported steel should be raised from 10 to 33½ per cent. An important aspect of the case is the effect which the imposition of duties at that rate would have upon other industries for which steel is an important raw material. It is from this point of view that the questions have been framed. The Board are most anxious to ascertain the views of the firms interested in iron and steel, and the questions are intended to indicate the main points on which they desire information. At the same time the Board would like to make it plain that the questionnaire deals with only one aspect of the case and is not intended to be exhaustive. It is of course open to any one to adduce evidence to show that protection for steel is unnecessary or that the amount proposed is either excessive or insufficient. Apart from that your firm may wish to direct the attention of the Board to other aspects of the case which are important to you. But for the present the proposal put forward by the Tata Iron and Steel Company holds the field and it is the duty of the Board to ascertain as far as possible what the consequences are likely to be if effect were given to it.

3. I am to ask that if you intend to lay any representation before the Board, full information may be given on the points brought out in the questions. It is important that all such representations should be sent in with the least possible delay. Unless they are received by the 15th September it will be difficult for the Board to complete their work by the date when it will be necessary for them to submit their recommendations to the Government of India. If you desire to adduce oral evidence the Board will fix a date after receiving the written statement of your views. I am to add that if you put forward proposals for the protection of any articles manufactured by your firm, it is desirable that the question of the cost of production should be dealt with as fully as possible.

4. It is the intention of the Board to take evidence as far as possible in public in accordance with the recommendations made in paragraph 303 of the report of the Fiscal Commission. If, however, you are unwilling to publish part of the information you desire to lay before the Board, they will be prepared to treat it as confidential. It is to be remembered, however, that the Board may find themselves unable to base their recommendations on information which cannot be made public, and it may therefore be important from your point of view that the main facts should be brought out in public evidence.

5. I am to add for your information that the firms mentioned in the attached list have been addressed direct by the Board.

6. I am to request that, if possible, 6 spare copies of all documents placed before the Board may be sent.

7. All communications should be addressed to me at the office of the Board at No. 1, Council House Street, Calcutta.

QUESTIONNAIRE.

1. The proposal which has been put forward by the Tata Iron and Steel Company, is that the duties on imported steel should be raised from 10 to 33½ per cent. Do you consider that the adoption of this proposal would adversely affect the operations of your firm and if so to what extent?

2. What are the principle products manufactured by your firm for which steel is a necessary raw material?

3. State approximately the kinds of steel, and the quantity of each kind, required by the firm annually for the manufacture of their products.

4. What proportion does the cost of the steel bear in the case of each product to the total cost of the finished article?

5. What is the approximate Indian consumption of each product, and what proportion of that consumption is (a) imported or (b) manufactured in India?

6. What was the actual outturn by your firm during each of the last five years in the case of each product and what is the maximum outturn of which your plant, as at present organized, is capable?

7. Who are the principal consumers of the articles produced by your firm and for what purposes are they used? Are any of these products exported from India at present and if so to what extent?

8. Are any of the products of your firm used as the raw material for any other industry, and if so of what industries?

9. What foreign competition (including for this purpose competition from the United Kingdom or other parts of the Empire) do the products of your firm have to meet—

(a) in the Indian market,

(b) elsewhere?

10. Do you consider that, in accordance with the principles laid down by the Fiscal Commission in paragraphs 97 of their report, the circumstances justify the grant of protection to any of the products (of which steel is the principal raw material) produced by your firm—

(a) if the duties on steel were to remain unaltered or

(b) if the rate of duty were to be increased to 33½ per cent?

11. If protection is considered necessary in the case of any product at what rate and in what form do you consider it should be granted?

12. Does the industry in which your firm is engaged ever suffer from dumping so far as those products are concerned for which steel is a principal raw material?

No. 75-M., dated Calcutta, the 11th September 1923.

From—The SECRETARY, Calcutta Import Trade Association,

To—The SECRETARY, Indian Engineering Association.

Tariff Board.

I am directed to hand you, for your information, copy of a letter dated 11th September 1923 addressed by the Committee to the Secretary, Tariff Board.

No. 74-M., dated Calcutta, the 11th September 1923.

From—The SECRETARY, Calcutta Import Trade Association,

To—The SECRETARY, Tariff Board.

I am directed by the Committee of the Calcutta Import Trade Association to address you regarding the claims to protection for the steel industry in India put forward by the Tata Iron and Steel Co., Ltd.

2. The enhancement of the import duty on steel to 33½% as asked for by the Tata Co. would necessarily react on all industries using steel as a raw material and the consequent rise in prices generally would have a far-reaching and, the Committee consider, disastrous effect. They are therefore strongly opposed to a protective duty and they consider that with a 10% import duty as at present, with cheap coal and iron ore and heavy concessions in railway freights (as compared with importers) the Tata Co. should be able to maintain themselves if their overhead charges are kept within reasonable limits. The Committee would point out that if the steel manufacturing industry cannot hold its own in this country with the present duty it is not likely to do so with a duty of 33½%. In any case it is reported that the bulk of the Tata Co.'s output is at present taken by the State and company managed railways in the shape of rails and that the current contracts in this connection continue for four years. If this be so, it is clear that no new duties can assist the company materially until the expiry of that time and the Committee are of opinion that no change should be made at all events until then.

3. The price paid by the Government for the rails supplied to it by the Tata Co. is understood to be from Rs. 110 to Rs. 123 per ton only and as this price is far below the cost of importation—about £ 10-0-0 c. i. f.—the Committee consider that any assistance which the Tata Co. requires should take the form of some enhancement in the Government rate. This would really be equivalent to a bounty, and the Fiscal Commission indicated that, in the case of a basic industry such as the steel manufacturing industry, the best method of providing assistance would probably be to give a bounty rather than a high protective duty.

4. There is also the question of foreign competition to be considered. At present continental prices for steel are much lower than British prices, for the foreign manufacturer is assisted both in the matter of exchange and by cheaper freights. If the import duty be increased to 33½% it is generally anticipated that Belgian and German exporters will immediately respond by reducing their prices to the extent of the additional duty; that is to say, they will make any sacrifice necessary in the matter of price in order to retain their footing in this market. Should they do so, it is clear that the Tata Co. will not be materially assisted. But what will happen will be that British steel will be quite unable to compete with continental imports, for the British manufacturer cannot make the same reductions in his price as, by reason of the advantages he enjoys in exchange and freight, the continental manufacturer can afford to do. Unless therefore British steel is to be excluded altogether any increase in the Tariff should be on the basis of preference within the Empire as this would tend to restrict the dumping of foreign manufactured steel, the encouragement of which is detrimental to both Indian and British manufacturers.

No. 117-I. E., dated Calcutta, the 13th September 1923.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY, Tariff Board.

With reference to your letters, No. 36, dated 17th July 1923 and No. 203, dated 5th September 1923, I am now directed to submit a memorandum by the Indian Engineering Association on the question of extending protection to the Indian Steel Industry.

2. I am to add that if the Board wish the Association to supplement the memorandum by oral evidence the Chairman (Mr. A. Cameron, M.I.M.E.) and if necessary another representative will be prepared to tender such in due course.

THE INDIAN STEEL INDUSTRY.

Memorandum by the Indian Engineering Association with reference to the Tariff Board's press communiqué, dated 17th July 1923.

In the second paragraph of the Tariff Board's press communiqué, dated 17th July 1923, it is stated that the primary question to be examined by the Board is "Whether the circumstances of the steel industry are such as to justify protection being extended to it and, if so, what should be the nature and extent of the protection given. But the Board have also to take into account the effect which any measures they recommend may have on industries dependent on the use of steel and in particular the industries which manufacture wagons, locomotives, and other railway requisites. It will be necessary for the Board to keep this aspect of the case constantly in mind throughout their enquiries, and it will greatly facilitate their work if those interested in the industries referred to will submit statements of their views as soon as possible."

2. The members of the Indian Engineering Association are very deeply interested in the industries based on the steel manufacturing industry. For the Association comprises forty-one engineering firms and companies located at Calcutta, Bombay, Madras, Rangoon, Karachi, and elsewhere in India. It has been in existence for nearly twenty-eight years, and it may justly claim to be a body thoroughly representative of Indian engineering in all its aspects. The Committee have consulted the members of the Association on the subject of the investigation which the Tariff Board has undertaken; and they will now endeavour to define as briefly as possible the opinions held by members.

3. The question at issue is whether the circumstances of the Indian steel industry are such as to warrant protection being extended to it, and if so what should be the nature and extent of the protection to be afforded. The Indian Fiscal Commission said that in dealing with claims for protection the Tariff Board should, in the first instance, satisfy itself that certain general conditions are fulfilled. That is to say, whether the industry is one which is likely to develop satisfactorily without protection; whether it possesses natural advantages such as the supply of raw materials, etc.; and whether it will eventually be able to face world competition without protection. The steel industry is undoubtedly, as the Fiscal Commission pointed out, an industry which is essential for the purposes of national defence. And in respect of such an industry the Commission were of the opinion that, if necessary, it should be adequately protected irrespective of whether it does, or does not fulfil the general conditions outlined above. As a result of their enquiry the Board will be in a position to judge whether the industry, as exemplified by the one steel-making plant in India is or is not justified in claiming protection. The Association is not of course in possession of all the facts and figures which are required to enable it to answer this question; but its members are very decidedly of the opinion that the industrial development of India would be set back by certainly a quarter of a century if the existing works should be unable to continue to manufacture steel.

4. Hence it follows that the members of the Association, irrespective of their view on the general fiscal policy of the country, consider that the State ought unhesitatingly to come to the assistance of the steel industry if the Board are convinced that, without such assistance, the industry cannot be reasonably expected to develop on satisfactory lines. At the same time the members of the Association are unanimously and strongly opposed to State aid being given in the shape of protective duties on imported steel. The Indian Fiscal Commission refer in their report to what they call basic industries, by which term they mean industries of which the products are utilised as raw material by other industries. From one point of view the protection of such industries might be considered, they said, to be undesirable, seeing that the effect of protection would be to raise the cost of the raw material of the dependent industries. For this reason it might be found, they went on to say, that the best way of aiding a basic industry would be by a bounty rather than by protective duties. They instanced iron and steel as being a basic industry the development of which will stimulate the establishment of other industries dependent upon it.

5. This is exactly the view held by the members of the Indian Engineering Association. Steel is the raw material of the industries in which they are engaged; and a protective duty on this raw material would so increase the price of both the imported and the locally manufactured article as seriously to restrict consumption. It would thus be greatly to the detriment of all the dependent industries. Indeed it would probably mean the re-introduction of the use wherever possible of Indian timbers, which were largely used for engineering purposes before the production

of steel was cheapened. Very low Customs duties on imported steel would be far more advantageous than a protective tariff, not only to the industries concerned, but to the country generally. It is true that the existing duty of 10% has not been in force sufficiently long to enable just conclusions as to its ultimate effect to be arrived at. But it is difficult to believe that so heavy a tax on the trade of the country can be really beneficial. The Association would like to see the duties on raw material—for example, steel bars, beams, angles, rounds, etc.—on a very low scale. But with the object of encouraging local engineering industries higher rates might be charged in respect of all steel upon which work of any kind has been done, that is to say, upon all fabricated steel.

6. The recommendation made by the Indian Fiscal Commission is free of the objectionable features of a protective duty on raw materials. And the Association is of the opinion that, if the demand for the full output of the steel manufacturer is assured, and his case for State-aid is established to the satisfaction of the Tariff Board, such aid might well take the form of a subsidy or bounty. This might be paid at a rate per ton of steel manufactured; and the rate might be arranged on a sliding scale based on English prices. The effect of such a bounty, coupled with low rates of Customs duties on imported steel, would be to enable the engineering industries to obtain their raw material at reasonable prices. And this would be obviously advantageous not to them only, but to the whole country, inasmuch as it would tend to increase rather than to restrict consumption. But even so these industries will not be able to develop satisfactorily without the assistance of the State in some form or other. The Stores Purchase Committee recognised that the Government must give practical encouragement to Indian industries, and must assure them of a reasonable measure of protection against outside competition. This recommendation applies with special force to the industries dependent upon steel, as these industries are called upon to face exceedingly severe outside competition. It must also be remembered that the steel manufacturer relies upon these industries to absorb his products; and unless they are maintained in a healthy condition the output of steel will not find a market.

7. The most important of the industries in question, in fact the largest single engineering industry in India, is that of wagon-building. This industry is entirely dependent upon steel as its raw material; and it is entirely dependent on the Indian railways for orders. No private wagons are allowed to run on the Indian lines; and the only buyers of wagons are consequently the State-managed and the Company-managed railways. Seeing how closely the State exercises control over both these classes of railways it is clear that the industry must look to the State for support. It is an industry which is peculiarly suited to the Indian-workman; and the Tata Iron and Steel Co. have announced that, by July 1924, they will be able to supply all the required plates and sections. This means that it will then be possible to manufacture in India the complete wagon, or under-frame, except the wheels and axles. The question then arises as to how the State can most effectively aid the industry. The Association recommends that the best methods will be for the Government to call for tenders yearly for a certain number of wagons at competitive Indian manufacturers' prices.

8. A similar principle might be introduced for steel work of other classes. It is found that the prices quoted by foreign manufacturers for bridge and girder work are such as to give the Indian manufacturer no chance to compete. To overcome this difficulty the Government should place, say, 10,000 tons of work of this type yearly in the country at competitive Indian tenders. Structural steel work also might be fostered in the same way. There are a number of workshops in India which can manufacture most of the Government requirements; and a considerable quantity, say 20,000 tons yearly should be placed in the country at competitive Indian prices. The manufacture of railway requisites, such as permanent way material, cast-iron sleepers, etc. that can be made in India, should be similarly encouraged. A sufficient volume of work should be given to the Indian manufacturers to enable their plant to be kept continuously in operation. If these recommendations were adopted the demand for steel manufactured in India would be largely augmented.

9. It is the opinion of the members of the Association that State-aid in the form suggested would promote the engineering industries more satisfactorily than protective import duties or bounties. But they wish to make it clear that, if State aid in this form cannot be given, these industries must then be assisted in the same way, and to the same extent, as the steel-making industry is assisted. They take strong exception, as they have already indicated, to protective import duties. But if it be decided to levy such on imported steel then duties to the same extent will be required on all classes of fabricated steel, if the Government cannot assist the engineering

industries in the manner suggested. The same remark applies with equal force to bounties. In short the engineering industries are entirely dependent on the steel industry, and they must be aided precisely to the same extent as it is aided.

10. Finally the Association summarises its views as follows :—

(a) That if the Tariff Board find that the steel-making industry requires protection such protection should take the form of bounties rather than of import duties ;

(b) That the engineering industries should preferably be encouraged and protected by guaranteed Government orders at competitive Indian prices rather than by import duties or bounties ; but

(c) That if State-aid in this form cannot be given then the engineering industries should be protected by import duties, or by bounties, to precisely the same extent as the steel-making industry is protected.

No. 325, dated Calcutta, the 27th September 1923.

From—The SECRETARY, Tariff Board,

To—The SECRETARY, Indian Engineering Association.

In the course of the examination of the representatives of the Indian Engineering Association on the 24th instant, the Tariff Board asked for information on certain points and as the representatives were unable to furnish the information required at the time, it was agreed that the Board should address your Association formally on this subject. I am now directed to request that, if there is no objection, the Board may be furnished with information on the following points :—

- (1) A list of firms who are members of the Indian Engineering Association.
- (2) A list of firms (being members of the Association) who manufacture machinery in this country, and the kinds of machinery they manufacture.
- (3) A statement showing the total quantity of steel used by the firms, who are members of the Association, for their own manufactures, for the years 1919 to 1922.
- (4) A list of the principal products manufactured by the members of the Association of which steel is an important raw material. Where possible the proportion which the cost of the steel bears to the total cost of the finished product should be stated.
- (5) A list of the steel castings required in substantial quantities by engineering firms in India. Where possible the approximate total quantity of a particular casting likely to be required should be stated.
- (6) A statement showing the articles manufactured out of steel on a commercial scale by a dozen important firms who are members of the Association, which the Association think ought to be protected in some way or other, together with the cost of production of these articles, or the price at which they can be sold in this country, the quantities, if any, of these articles imported by the same firms and the prices at which they were imported.
- (7) A few concrete instance of cases in which the duty on the raw material is higher than the duty on the finished product.

2. The Board will also be glad to have the views of the Association on the following questions :—

- (a) How far the price of steel must rise before the tendency to substitute timber for steel would come into operation ?
- (b) Whether, if the manufacture of steel were protected either by import duties or by bounties, other firms would commence to manufacture steel and whether internal competition would within a reasonable time begin to affect prices of steel.

3. It has been suggested to the Board that, if the price of steel were raised substantially by an increase in the import duty, there would be a tendency for wrought iron (particularly as small and medium bars) to be used for some of the processes for which steel is now used, and the Tata Iron and Steel Company have asked that, if the duty on steel is raised to 33½ per cent. that on wrought iron should be raised to 20 per cent. On the other hand wrought iron is used for certain purposes for which its special properties are essential and any increase of duty would handicap these uses without assisting any Indian industry. The Board would like to know

- (a) whether in the opinion of the Association if the duty on steel exceeded the duty on wrought iron by more than 13½ per cent. wrought iron would replace steel to any appreciable extent ;
- (b) the extent to which members of the Association use wrought iron for purposes for which it is essential ; and
- (c) whether they think it would be practicable to draft the tariff schedule so as to enable the customs administration to distinguish between such wrought iron and those kinds or forms of wrought iron which might be imported to replace steel.

4. The Board were informed at one engineering works which they visited that suitable steel for certain forgings (such as long shafts) could not be obtained in India. The Board wish to know (a) the extent to which members of the Association import steel of a kind which is not made in India (or is not likely to be made within, say, the next 2 years) for the purpose of manufacturing forgings (b) the extent to which forgings made of steel of this kind are imported by the members and (c) whether the steel or the forgings are of such a nature that it would be practicable for the customs administration to distinguish such steel from other steel or forgings made from such steel from other forgings.

5. In their memorandum, dated the 17th July 1923, the Association have suggested that, if it is found that the steelmaking industry requires protection such protection should take the form of bounties rather than of import duties. It was also suggested by the representatives of the Association that the necessary money for giving the bounty should be found by increased duties on articles manufactured from steel. As your Association are aware the Tata Iron and Steel Company have asked for a protection of 33½ per cent. As there is already a duty of 10 per cent. on imported steel the additional protection required is 23½ per cent. Taking the price of steel at Rs. 150 per ton and the output of the Tata Company at 400,000 tons the money required for a bounty of 23½ per cent. would amount to 1.4 crores approximately. The Board will be grateful if the Association can make concrete suggestions for raising this additional revenue by increasing the duty on finished products of steel.

No. 131-L E, dated Calcutta, the 3rd October 1923.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Tariff Board.

I am directed to acknowledge the receipt of your letter No. 325, dated 27th September 1923, in which you ask for further information on certain points arising out of the evidence tendered on the 24th September by the representatives of this Association to the Tariff Board.

2. The Committee of the Association have considered your letter, and they have instructed me to say that they will do whatever may be possible to obtain the particulars for which you ask. But, as you doubtless realise, a reference to the members of the Association will be necessary, and this may take some little time. The Committee have closely examined your letter, in conjunction with the report of the oral evidence tendered on the 24th September. They feel that if copies of this evidence could be sent to members with copies of your letter there would be a greater likelihood of obtaining from them the information that is wanted. For in the absence of the evidence they may find it difficult to understand the position, or to realise the importance of their

giving all the assistance that they may be able to afford. I am accordingly to ask if there would be any objection to the Committee printing the report of the evidence, and circulating copies to members. If the Board take no exception to this proposal I would of course submit to you a proof of the report before issuing it. This proof would show the corrections which have been made by Mr. Cameron, Mr. Skinner and Mr. Balfour; and the members of the Board would have an opportunity of revising their questions and remarks if they have not already done so.

No. 373, dated Calcutta, the 6th October 1923.

From—The SECRETARY, Tariff Board,

To—The SECRETARY, Indian Engineering Association.

With reference to your letter No. 131-I. E., dated the 3rd October 1923, I am directed to say that the Tariff Board have no objection to copies of the record of evidence tendered by Messrs. Cameron, Skinner and Balfour, on behalf of your Association, being circulated to the members of the Association. If you will kindly return after correction the copy of the evidence sent to you with my letter No. 324, dated the 27th September 1923, so that it may be corrected by the Members of the Board also, a revised copy will then be sent to you. If, however, you are anxious to send out to your members copies of the evidence with the least possible delay, there is no objection to the circulation of the evidence as corrected by Messrs. Cameron, Skinner and Balfour provided all copies are marked "not finally corrected". Whichever course is adopted it is desirable that the copy of the evidence sent should be returned corrected as soon as possible.

Circular No. 137-I. E., Calcutta, the 13th October 1923.

From—The Indian Engineering Association.

To—All Members of the Association.

The Tariff Board.

In continuation of my Circular No. 99-I. E.,* dated 2nd August 1923, I am now directed to invite your urgent attention to the subjoined letter, dated 27th September, from the Secretary to the Tariff Board. I am also to submit, for your information, a full report of the oral evidence tendered by the representatives of the Association (Mr. A. Cameron, M.I.M.E., Chairman, Mr. J. D. Balfour and Mr. H. E. Skinner, M.L.C.) to the Tariff Board on the 24th September.

2. The Committee of the Association wish to impress strongly upon members the necessity for all engineering firms to do their utmost to help the Tariff Board in the investigation which it has undertaken. So far the replies from engineering firms to the questionnaire, which the Board have circulated, have been few in number. The result is that the Board are experiencing considerable difficulty in obtaining the information that they must obtain in order to complete their enquiry. They have appealed to the Association in the matter and in their letter, No. 375 dated 27th September, they have indicated the specific points in respect of which they urgently want information. It is possible for the Committee of the Association to deal with certain of these points, but in regard to the majority of them answers from members are essential. I am, therefore, to express the earnest hope of the Committee that every member of the Association will give most careful attention to the letter, and will favour them with a reply *at the earliest possible moment and in any case not later than the 31st October*. The report of the oral evidence which was tendered on the 24th September will make clear to members the position which the enquiry has so far reached, and will also show why it is that the particulars asked for in the letter of 27th September are required.

THE TARIFF BOARD

Oral evidence of Mr. A. Cameron, Mr. H. E. Skinner and Mr. J. D. Balfour representing the Indian Engineering Association recorded at Calcutta on 24th September 1923.

(NOT FINALLY CORRECTED.)

PRESIDENT.

I should like to say at the outset that the Board are much indebted to the Indian Engineering Association for having gone into the matter so fully and explaining their views so clearly. Of course you will easily understand that without the co-operation of the Engineering industry generally and in fact of all the industries who are concerned with steel it is practically impossible for the Board to do its work at all.

The first thing I would like to ascertain is this: Could you supply the Board with a list of firms who are your members? In fact I have no questions to ask about that but I just want to put it on record.

MR. CAMERON.

Yes. We shall send you a list.

MR. GINWALA.

Is the Metallurgical Association a part of your association?

MR. BALFOUR.

It stands by itself.

MR. MATHER.

Are other firms who are members of the Metallurgical Association also members of your association?

MR. BALFOUR.

Yes. The Tata Iron and Steel Co. for instance.

PRESIDENT.

I gather from the memorandum which has been sent in that the Association as a body consider that it is very desirable that steel should be manufactured in India and it is desirable in the interests of the engineering industry itself.

MR. CAMERON.

Yes.

PRESIDENT.

I take it that what it comes to is this: that unless steel is manufactured in India the engineering industry being dependent to such a large extent on imported raw materials could always be represented as being only a sort of middleman who conducted a few processes and passed the thing on. I think that in previous days before the war when the wagon-building industry used to make representations to the Government the accusation was sometimes made that after all a very small proportion of the materials was made in India and that it was really not an industry in the full sense.

MR. CAMERON.

That was so so far as the wagon industry was concerned.

PRESIDENT.

Still it was an intermediate process that was carried out. That used to be said I think about the industry though I do not think it is right to-day.

MR. SKINNER.

We were merely assemblers in those years. That statement is less correct to-day.

PRESIDENT.

It has this much in it that all the engineering industries would stand on a much more solid basis if the materials they use were to a large extent produced in this country.

MR. CAMERON.

Yes.

PRESIDENT.

The position of the Association is that if at present the manufacture of steel cannot exist in India without assistance from Government such assistance should be given.

MR. CAMERON.

That is the view of the Association.

PRESIDENT.

I do not think that you have expressed any definite opinion on behalf of the Association as to whether they consider such assistance is necessary or not.

MR. CAMERON.

They have not given any definite expression of opinion.

PRESIDENT.

I take it it is always difficult for an association consisting of a large number of members to express a definite opinion on a question, because the opinions of individual members might sometimes differ. At any rate you have not expressed an opinion.

MR. CAMERON.

No.

PRESIDENT.

The question comes to this: assuming that assistance is necessary in what form it should be given. What the association have said is that they think that the best method is by Government giving bounties for the manufacture of steel.

MR. CAMERON.

Yes.

PRESIDENT.

What we were told by the Tata Iron and Steel Co. when we were at Jamshedpur was that they expected by 1925, (that was the date they gave, when the extensions would be in full operation) they would be in a position to turn out 400,000 tons of steel a year and what they asked for was for 33½ per cent. protection on the basis that the imported price would be in the neighbourhood of Rs. 150 a ton and that they would produce steel at a profit at or very nearly Rs. 200. So that the bounty they would claim was something like Rs. 50 a ton. Rs. 50 a ton on 400,000 tons would mean Rs. 2 crores annually. In the present state of the finances of India is that a practical proposition?

MR. CAMERON.

I should certainly say not. The need to-day is for retrenchment in every avenue of expenditure.

PRESIDENT.

Is there any way in which the difficulty can be got round. We have got to find the money before we can pay it to any body.

MR. SKINNER.

Would Tatas want a subsidy on 400,000 tons? Does that include rails?

PRESIDENT.

It is the total output of rolled steel: they may be slower in attaining that figure than they expected.

MR. SKINNER.

I think they only want it on sectional steel which would perhaps bring it to 300,000 tons. If we exclude rails the total sale to engineering firms would only come to 300,000 tons.

PRESIDENT.

I have not got with me at the moment the statement they gave showing roughly how they expect their production to be divided. But I do not think that the rails came to anything like 100,000 tons.

MR. GINWALA.

It comes to about 60,000 tons and will diminish as the contract expires.

MR. MATHER.

I think it must be nearly 100,000 tons.

MR. SKINNER.

That would leave 300,000 tons to give a subsidy on.

MR. MATHER

It costs as much to produce a ton of finished rail as a ton of finished beam.

PRESIDENT.

* If it is proposed that the assistance should be given in the form of bounties there is a very great practical difficulty. In the case which the Tatas put before the Fiscal Commission what they proposed at that time was that the duty should be raised to 15 per cent. and the remaining 18½ per cent. should be given as a bounty. Whether it was intended that the extra five per cent. should to a large extent provide the money necessary to pay the bounty I do not know. It may have been partly that. That could be one method by which the thing could be done. That is to say that we would try and balance the revenue to be derived by putting the tariff as against the expenditure on the bounty. I do not know whether on behalf of the Association you would be prepared to express an opinion on that.

MR. CAMERON.

The opinion of the Association is this. During the Fiscal Commission enquiry the duty on steel was raised from 2½ to 10 per cent. They really feel that rather than increasing the duty any further the question should be examined whether it should be reduced.

PRESIDENT.

But supposing the position is like this, that a certain amount of assistance is necessary if steel manufacture is to go on at all and Government is not in a position to find money to pay the bounty, what is to be done?

MR. CAMERON.

Increase the duty on manufactured articles coming into the country.

PRESIDENT.

I am trying to get at the opinion of the Association.

MR. CAMERON.

There should certainly be no increase of duty on raw materials. We want our raw materials free. Any revenue necessary should come from the finished goods.

PRESIDENT.

If it is necessary to obtain by taxation of some kind the money required for a bounty it ought to be by increasing the duty on finished goods. Do you want this to be done on all kinds of finished goods or on particular kinds of finished goods?

MR. CAMERON.

The position of machinery manufacture in India at present is not an enviable one. They have in many cases invested large sums of money on factories and on the development of their works under the impression that they would receive more consideration and support from Government but the necessity of the Finance Department has driven Government to such a stress that they had to put a duty of 10% on steel whereas the duty on machinery was allowed to be 2½ per cent.

PRESIDENT.

You will see at once that the question of higher rates of duty on imported machinery would raise issues which would affect every industry in the country and it is rather beyond the scope of our enquiry at present. I do not say it is not connected with it but it is very difficult to make it a side issue on the question of steel because there is a lot more in it but while we are on that point I may say that the Board have not succeeded even in getting any sort of list of the firms who manufacture machines in this country and the kind of machinery they manufacture. Would it be possible for the association to supply it?

MR. SKINNER.

Here is a classified list of articles manufactured by the Members of the Association showing those who make the articles here and those who import.

PRESIDENT.

In the manufacture of machinery steel is not the only raw material used. There is a good deal of cast iron and in respect of cast iron India has an advantage rather than a disadvantage so that it would require rather a careful enquiry to discriminate between the various kinds of machinery. If cast iron happens to be the principal raw material for a particular machinery there is really no case for anything in the nature of protection so that a mere increase in the duties on imported machinery would not carry us far. It is really a separate question that will have to be rather closely examined.

MR. CAMERON.

Yes. It requires careful examination.

PRESIDENT.

Perhaps your reply comes to this: that you consider that the money might be found if it is to be found through the Customs tariff by an increase in the duty on finished products and naturally you would prefer an increase in the case of finished products of the engineering industry. Does that fairly represent the view of the Association?

MR. CAMERON.

I think you can take it at that.

PRESIDENT.

You do not wish to supplement it in any way.

MR. CAMERON.

No.

PRESIDENT.

I would like to go on to a different point. You say in para. 5 of your memorandum "that an increase in the duty of steel would probably mean the re-introduction of

"the use wherever possible of Indian timbers which were largely used for engineering purposes before the production of steel was cheapened." Is it possible to get in any way the period when the change from timber to steel took place for building purposes? Can you put it at 10 years as about the time when the change took place?

MR. BALFOUR.

Even now some people prefer wood to steel. It is very difficult to say.

MR. CAMERON.

There are still a large number of wooden boats.

RESIDENT.

I thought you were referring to timber for building purposes I now see that you are only referring to engineering purposes. How many things does that cover?

MR. CAMERON.

Building is one of them, replacing steel beams by wooden beams, shipbuilding and so on.

RESIDENT.

Is there anything else of importance?

MR. CAMERON.

No. They are the two principal items.

RESIDENT.

Are you thinking of imported timber or Indian timber? Take the case of Calcutta; what timber would you use chiefly for engineering purposes and where would it come from and how would it get to Calcutta?

MR. CAMERON.

Teak from Burma.

RESIDENT.

Is that the main timber?

MR. CAMERON.

Yes. That is what happened during the war when we could not get steel.

RESIDENT.

How does the price of teak today compare with the price in 1913?

MR. CAMERON.

My experience in India is only 3½ years.

MR. BALFOUR.

I cannot tell you but roughly it was Rs. 160-180 per ton (in pre-war days and Rs. 240-260 per ton (first class teak) to-day.

RESIDENT.

The increase is roughly 40 per cent. as compared with the pre-war price and in that case it is comparable with the increase in the price of structural steel. They are relatively in much the same position as they were before the war.

MR. CAMERON.

That is so.

RESIDENT.

I take it that so far as building is concerned timber cannot replace steel for a good many kinds of works.

MR. BALFOUR.

No.

RESIDENT.

In the case of more modern types of buildings in Calcutta it is a case of steel or nothing, but in the building of older type steel joists may be replaced by wooden beams.

MR. SKINNER.

The Indian builder in the bazar will revert to the old ways.

RESIDENT.

In the mufassal it will probably be local timber that will very likely replace steel beams.

MR. BALFOUR.

Yes.

RESIDENT.

In the post-war years 1919, 1920 and 1921 the price of steel was still pretty high. Is it possible to say whether during those years steel was regaining its position as compared with timber?

MR. CAMERON.

I should say no.

RESIDENT.

Has steel recovered its position now as things stand at present? Is there any way by which it will be possible to ascertain just what was going on in that respect, to trace any increase in the use of steel for building purposes?

MR. CAMERON.

We cannot give you a reply without consulting other members. We might if you wish it circulate to our members asking them to give the amount of steel they used during those years.

RESIDENT.

It would be interesting to have the figures from 1919 onwards as regards the amount of steel used by the members for building purposes and their prices each year.

MR. BALFOUR.

It is very difficult to get this information. It would probably be better if you asked for the total consumption.

RESIDENT.

But that would not clear up this particular point.

MR. CAMERON.

It will be very difficult to get it out of members. There is more chance of getting it if you ask for the total output.

RESIDENT.

Also there is a good deal I take it that is sold to Indian contractors which is going to be used for building purposes. What we are trying to get at is the possibility that a rise in the price of steel might diminish the market for steel. That is the fundamental point I am going on. Really as regards the total increase the trade returns give you as much information as you are likely to get from anybody else.

MR. BALFOUR.

I thought you wanted the total fabricated material required in the engineering work.

RESIDENT.

That would be very interesting to have from other points of view. If you could give us figures from the members of your association as to the total quantity of steel they manufacture themselves or use for their own manufactures from the year 1919 to 1922 apart from mercantile business that would be helpful, but I am afraid it won't help us now.

MR. CAMERON.

Yes. We shall give you that.

RESIDENT.

I take it that the Association cannot suggest any means by which we could ascertain the approximate quantity of structural steel used for building purposes.

- MR. CAMERON. I am sorry the Association cannot help you.
PRESIDENT. Do you think that this tendency of substituting timber for steel would come into operation at once with any small increase in the price of steel.
- MR. CAMERON. No.
PRESIDENT. How high will steel have to rise before it began to operate on any scale?
- MR. CAMERON. It would be very difficult to say. An increase of 25 per cent. on the price might operate to some extent.
PRESIDENT. Do you mean 25 per cent. over the price prevailing to-day?
- MR. SKINNER. I think an increase of 15 per cent. on the price prevailing to-day but it is really very difficult to say.
PRESIDENT. You mean that if steel does not increase beyond 15 per cent. the effect will not be very noticeable but after that the effect would begin to be marked.
- MR. CAMERON. Yes.
MR. BALFOUR. That is taking it very roughly.
PRESIDENT. I quite understand that. It can only be stated in general terms.
MR. BALFOUR. We cannot arrive at any figure except by calculation.
PRESIDENT. If the Association could help us by looking into the matter and letting us have a more definite opinion we would be very grateful.
- In para. 5 of the memorandum you say that "it is true that the existing duty of 10 per cent. has not been in force sufficiently long to enable just conclusions as to its ultimate effect to be arrived at. But it is difficult to believe that so heavy a tax on the trade of the country can be really beneficial." I do not think that anybody would contend that a tax on raw materials could by itself be beneficial. It may be a price worth paying to obtain something else but I do not think that anybody would contend that it is an advantage to the taxpayer.
- Then you go on "but with the object of encouraging local engineering industries higher rates might be charged in respect of all steel upon which work of any kind has been done, that is to say, upon all fabricated steel." I would like to point out at this moment that the suggestion of special protection for the engineering industry is a little outside the reference to the Board: that is to say, primarily what has been referred to the Board is whether the protection to steel is essential. Then we have got to go on and consider if it takes a certain form, what effect it is going to have on industries which use steel as their raw material. The engineering industry is a very important branch of these industries, but the question directly so to speak of specially protecting the engineering industry goes a little beyond what strictly comes within the scope of our enquiry. There are two questions of a general kind which I do not know whether you would be prepared to answer on behalf of the Engineering Association but I would like to put them. Are you prepared to express any opinion on the question namely, if manufacture of steel were protected either by import duties or by bounties other firms would commence to manufacture steel.
- MR. CAMERON. If the Board refer the matter to the Association they will be pleased to consider it.
PRESIDENT. I would then refer to a further question whether the Association consider that internal competition would within a reasonable time begin to affect steel prices. That is closely connected of course with the question of other firms coming into manufacture of steel.
- MR. CAMERON. Yes.
PRESIDENT. In para. 6 you develop your proposal for the grant of bounties to the manufacture of steel. What you say is "this might be paid at a rate per ton of steel manufactured; and the rate might be arranged on a sliding scale based on English prices." Taking as an illustration the figures which the Tatas took as their basis, it would work out, when the English price was Rs. 150 a ton, to a bounty of Rs. 50. Then how would you work your sliding scale: if the price went down to Rs. 140 or rose to Rs. 160 what will be the effect?
- MR. CAMERON. The bounty will go down or up automatically.
MR. SKINNER. We do not want so much protection on girders etc., as on wagons.
PRESIDENT. It is primarily a question on manufacture of steel and the question of the further processes through which the raw material goes is a separate one which will come later on. What Tatas told us was that the price of steel rails is very often taken as the base price and for practical purposes there are certain percentages which can be added to other shapes and so on. But in the main it would depend mainly on the variations in the base price. How would you in the first place propose that the English price should be ascertained?
- MR. BALFOUR. It can be ascertained from any of the Trade journals or from the Ironmonger.
PRESIDENT. Would that be sufficient. After all it is going to be the basis for paying considerable sums of money to the manufacturers. I have no doubt that the quotations in the British Trade papers are very accurate but still there are difficulties. We have to take into account not only the British price but also the export price.
- MR. CAMERON. The Stores Dept. of the Govt. of India will be able to give you information.
PRESIDENT. It will be necessary to have some sort of machinery to ascertain the prices. Would you propose that the basis taken should be f.o.b. in England or the c.i.f. price here.

- MR. CAMERON. F. O. B. price in England plus freight and insurance.
PRESIDENT. That is c.i.f. Do you think it would be easy to ascertain it in India or in England?
- MR. BALFOUR. In England I think.
PRESIDENT. What sort of system would you propose? The average price should be ascertained every quarter and the bounty paid accordingly on the production for that quarter.
- MR. CAMERON. Yes.
PRESIDENT. Then practically what it comes to is that it would be necessary to fix a fair price for the Indian manufacturer of steel and the difference between that and the actual average British price after taking into account insurance and freight etc. would automatically be the bounty.
- MR. BALFOUR. Yes. But it will vary from month to month or rather from quarter to quarter.
PRESIDENT. What about the possibility of Continental competition. Is there not a difficulty? Supposing that the Belgian, French or the German price is considerably below the British price what would you suggest?
- MR. CAMERON. The Association would give preference to the British manufactures.
PRESIDENT. We are trying to determine the proper bounty which the Indian manufacturer should receive, (it does not matter where the steel comes from). If steel can come into India much below the British price he may be undercut in spite of the bounty by the Continental manufacturer.
- MR. CAMERON. There is a great difficulty there.
PRESIDENT. It is for that reason that the question comes up whether it would not be better for us to ascertain the price in India supplemented if you like by special enquiries in England.
- MR. BALFOUR. If 33½ duty is put on imported steel it really gives the Continental manufacturer greater advantage.
PRESIDENT. Why?
- MR. BALFOUR. The British steel costs you £10-10-0: you add 33½ per cent. on £-10-10-0. The Continental steel costs £8-10 and you add 33½ per cent. on it. That will make the difference greater and will put the British manufacturer at a disadvantage.
- PRESIDENT. That can be got over in another way.
MR. MATHER. We are not trying to consider now how to deal with countries with a specially low currency. For instance, the trade returns show that during 1922-23 that out of 192,000 tons of bars imported into India only 23,000 came from the United Kingdom.
- MR. BALFOUR. You cannot take the figures for 1922-23: it would be better to take the amount imported in pre-war years.
- MR. MATHER. In the case of materials like that which comes almost entirely from the Continent possibly the Continental price may be regarded as a fairer basis. There is no easy method of ascertaining the prices in the Continent and Mr. Rainy wants to know whether there is any method of ascertaining the prices in India. Is there any quotation in Calcutta or Bombay of the continental prices?
- MR. BALFOUR. You can get that from the pamphlets issued by the manufacturers, Messrs. Jessop & Co., for instance.
- MR. MATHER. Is there any Iron or Steel Exchange or are there any quotations which are comparable with those of the London Iron and Steel Exchange?
- MR. BALFOUR. None in India.
MR. CAMERON. Perhaps Tatas may be able to give you that pretty accurately.
PRESIDENT. What I am really suggesting is this. I am very doubtful whether you can take the British price of the various steel products as an accurate barometer for measuring the price at which steel is coming into India.
- MR. CAMERON. We quite see your difficulty.
PRESIDENT. If it were not, then it would be necessary to have some organization in India for ascertaining the prices.
- MR. CAMERON. Yes.
PRESIDENT. That makes the sliding scale a somewhat complicated business.
MR. CAMERON. Yes, it does.
PRESIDENT. Is it an essential part of your proposals that the bounty should be on a sliding scale?
- MR. CAMERON. No.
PRESIDENT. It is really the principle of the bounty rather that you are interested in?
- MR. CAMERON. Yes.
PRESIDENT. And the question whether it should be a fixed amount or should vary according to the price of the steel is a subsidiary point.
- MR. SKINNER. Yes, from the point of view of the Engineering Association.
PRESIDENT. Let us go to paragraph 7 which is about the manufacture of wagons in India. Would it be possible for the Association to give us a list of the firms who have actually manufactured wagons.

MR. CAMERON.
PRESIDENT.

Yes we can do that.

We know the principal ones of course but I don't think we are quite sure at present about the minor ones.

MR. CAMERON.

There are only three who are members of the Association; the Indian Standard Wagon Company, Messrs. Burn & Co., and Messrs. Jessop & Co. There is no one else.

PRESIDENT.

I take it that your Association would not be able to tell us whether there are others or not.

MR. SKINNER.
PRESIDENT.

As we understand it there are no others.

So far as you know have any other firms in India manufactured wagons in the past?

MR. BALFOUR.

Not to our knowledge. There are people who have erected wagons over in Bombay and Karachi.

PRESIDENT.

The same work which is often done in the Railway workshops.

MR. BALFOUR.
PRESIDENT.

Yes.

Your proposal as regards wagons here seems that Government should call for tenders for a given number of wagons at competitive Indian prices. There are only three firms who have actually manufactured and two of them are under the control of the same agency firm. Are the Association satisfied that the prices tendered would actually be competitive?

MR. BALFOUR.
PRESIDENT.

They have been up to now.

But the competition has never been limited up till now, that is to say each Indian firm is tendering not only against other Indian firms but against British firms. But supposing these three firms are tendering there might possibly be a combination in which case prices would cease to be competitive?

MR. BALFOUR.
PRESIDENT.

I don't think so. All we want is fair manufacturing cost.

Unless there is some real competition there is no incentive to reduce manufacturing cost.

MR. BALFOUR.

Unless you place more orders with manufacturers in India there won't be any competition.

PRESIDENT.

Do you think if a guarantee were given that say, 2,000 or 3,000 wagons would be tendered for in India, other firms would enter the business and start the manufacture of wagons?

MR. BALFOUR.

We think so.

MR. CAMERON.

In the same way as other firms have started to manufacture steel.

PRESIDENT.

That is to say British firms might establish branches of their works in India?

MR. BALFOUR.

Yes.

PRESIDENT.

Then the Association do not consider that any further safeguard is necessary in order to protect the Government from having to pay too high a price for the wagons.

MR. CAMERON.

The Railway Board are quite able to look after the prices.

PRESIDENT.

Even if the Railway Board bind themselves to place orders for so many wagons in India provided the quality is satisfactory and the price is the lowest Indian tender—if a guarantee in that form is provided for.

MR. CAMERON.

They can fix the price for a period of years. What they could do is to place orders on a percentage profit basis and add it on to our price per wagon. They can take that at 10 per cent. profit and they may ask their own inspectors and auditors to examine our manufacturing cost and satisfy themselves.

PRESIDENT.

But is that what the Association recommend? If any safeguard is considered necessary, would you consider that this would be the best safeguard?

MR. BALFOUR.

If they do not accept our cost, our books are open to inspection.

PRESIDENT.

The way I want to put it is this: assuming it was considered necessary that there should be some safeguard against unduly high prices being paid for wagons manufactured in India would you recommend that Government should be entitled to examine the accounts of the Company and satisfy themselves that the prices were not unreasonable.

MR. CAMERON.

I think wagon manufacturers would be quite willing to conform to this.

MR. SKINNER.

When we were called on to tender we quoted a lump sum price per wagon or in the alternative our manufacturing cost plus ten per cent.

MR. MATHER.

10 per cent. on the cost or on the capital invested,

MR. SKINNER.

10. per cent. on the cost. This is what the Association wrote to the Government of India on the 7th June 1923. "They are also prepared to undertake the supply of wagons for next year's requirements on the basis of cost plus ten per cent. They will submit all their books for audit by the Government; and they will give a guarantee that the price paid for steel, materials and fittings shall not be in excess of the market price and that present prices for labour shall be charged without enhancement." This would be an assurance that no large profits are looked for and it would, at the same time, convince the Government that the prices quoted by the Indian manufacturers are reasonable.

PRESIDENT.

If a safeguard were considered necessary that might be a part of the arrangements?

MR. CAMERON.
PRESIDENT.
MR. BALFOUR.
PRESIDENT.

That could be arranged.

And you would prefer that to any other arrangement that you could think of.

We think we will get competitive prices.

I gather that in your opinion any such special safeguard is not necessary but if Government take the other view that there must be one, they might have this safeguard.

MR. BALFOUR.
PRESIDENT.

That could be adopted.

Then, over the question of wagons such a guarantee would no doubt be given by Government on behalf of the State Railways, but what about the Company railways?

MR. BALFOUR.

I think there will be sufficient wagons from the State Railways to keep the wagon manufacturers fully employed.

PRESIDENT.

Would not the guarantee raise the cost of wagons to the State Railways disproportionately?

MR. BALFOUR.

The English prices would automatically increase should Government give us a guarantee to place orders with us.

PRESIDENT.

I don't quite follow.

MR. BALFOUR.

Our contention is that at present the price of English wagons are dumping prices with a view to kill the industry here. If the Government can guarantee us orders there is no reason why the dumping prices should continue. The prices will rise automatically.

PRESIDENT.

But for such orders as are left you cannot prevent the British manufacturer from competing.

MR. CAMERON.

British manufacturers are selling to-day at prices which do not cover their overhead charges.

PRESIDENT.

That is to a large part of the difference between Indian price and the British price is accounted for simply by dumping. They are selling below the full cost of manufacture. Do you contend that covers the whole of the difference between the English price and the Indian price.

MR. BALFOUR.

We think so.

PRESIDENT.

That would establish the big difference between the two prices, Rs. 3,500 and Rs. 4,600. Assuming that Rs. 3,500 is below the full cost of manufacture and does not cover overhead charges, even so it does not follow that Rs. 4,600 would be a price that will leave them no margin.

MR. BALFOUR.

Rs. 4,600 would not leave them any margin.

PRESIDENT.

I am not expressing any opinion myself but I am putting the question. Is it the opinion of the Association that unless the British manufacturer charges about Rs. 4,600 he is not charging a fair price?

MR. BALFOUR.

No. At the time Rs. 3,500 was quoted by British manufacturers our price was close on Rs. 5,000.

PRESIDENT.

When we took evidence on behalf of the Standard Wagon Company the proposal was that the amount of protection required by the wagon industry, if it were given in the form of a protective duty, would be about 33½ per cent. I think we went into it and ascertained from Mr. Cochran that roughly taking Rs. 3,500 as the price of the imported article 33 per cent. addition would mean something like Rs. 4,600 or Rs. 4,700 as the price of manufacture in India. That is where I get that price. On that basis he thought the Indian manufacturer could carry on. I am now trying to ascertain whether it is the view of the Association that the British manufacturer cannot charge less than that and make a profit.

MR. BALFOUR.

That is correct and we are getting that figure now from England.

PRESIDENT.

If the guarantee was given solely on behalf of the State Railways it might happen that there might be very little left for the British manufacturer so far as the State Railways are concerned, but there is a very considerable sphere where the British manufacturer can do business, I mean the Company Railways, and the price would surely be determined by a competition between the firms.

MR. SKINNER.

I would refer the Board to para 12 of our representation to the Government of India dated 7th June 1923.

PRESIDENT.

This is the paragraph in which you said that the second lowest tender was in excess of the lowest to the extent of no less than £100,000. We endeavoured to ascertain the lowest figure but we found it impossible to do so because Mr. Cochran could not tell us for how many wagons the tender was made.

MR. BALFOUR.

We also asked Government but they never replied to that.

If you are in a position to supply us with evidence that, assuming that all overhead charge is covered and a reasonable profit is earned, the British manufacturer cannot produce at a lower price than the Indian manufacturers we shall be very glad to have that.

MR. BALFOUR.

We cannot get that from the Association: it is a matter for individual firms and that is being done.

PRESIDENT.

The case of the Association is that apart from dumping the Indian wagon manufacturer is already in a position to compete with the British manufacturer. You go

on to suggest that a similar guarantee might be given in the case of bridge work, girder work and also in the case of structural work. You suggest 10,000 tons a year of bridge and girder work might be guaranteed and 20,000 tons of structural work. Well, who is to give the guarantee in the case of these things?

MR. BALFOUR.
PRESIDENT.

State Railways and the Public Works Department.

You suggest that the guarantee for bridge and girder work might be given by the P. W. D. But the Government of India are not in a position to give a guarantee on behalf of the provinces. Under the Reforms each Province stands on its own legs. In the old days the Government of India could have given a general guarantee which could have been apportioned between the different provinces, But now the position is different. If it is merely a question of the Railways the thing can be done but you bring in all the other Government departments that use girder and bridge work and structural steel. It is very difficult to imagine any arrangement by which a general guarantee can be given on behalf of them all.

How long is it since this extreme competition as regards structural work has come into existence?

MR. CAMERON.
MR. SKINNER.
PRESIDENT.

About two years.

Ever since there was unemployment in England.

Do you contend that this is also a case of dumping?

MR. CAMERON
PRESIDENT.

I don't think there is much dumping in bridge work and structural work. It is more due to the general position of trade.

Is it not your case as regards this class of material that you can establish the fact that they are being sold somewhat below the cost of production?

MR. BALFOUR.

I think they are quoting below the cost of production but not to the extent as wagons. We know that the home makers are getting nothing out of structural work but how much undercutting they are doing it is very difficult to get at.

PRESIDENT.

I take it that there are many more firms doing structural work and bridge and girder work.

MR. CAMERON.
PRESIDENT.
MR. BALFOUR.
PRESIDENT.

Practically all the members of the Association (41 in number) do that.

In that case there is plenty of competition within India itself?

Yes.

In paragraph 9 you say "They wish to make it clear that if State aid in this form cannot be given these industries must then be assisted in the same way and to the same extent as the steel making industry is assisted". I am not quite sure that I follow that. Why should the engineering industry receive State aid to precisely the same extent. What exactly is the connection?

MR. BALFOUR.
PRESIDENT.

We want to be left in the same position as we are.

The words that raise a difficulty are "precisely the same extent". I take it that you mean that if a duty of 33½ per cent. were put on steel the same duty should be put on everything manufactured by you.

MR. CAMERON.
PRESIDENT.

That is really the view of the Association that we should be left as we are at present.

That is to say in the case of each product would it not depend on the proportion the cost of steel bears to the total cost of the article and the increase in the duty or bounty would have to be regulated accordingly.

MR. CAMERON.
PRESIDENT.

Yes.

Does not that almost necessarily involve taking almost each product separately or at any rate in considerable detail and classification?

MR. SKINNER.
PRESIDENT.

You can group them.

Anyhow a good deal of classification is necessary.

MR. CAMERON.
PRESIDENT.

It practically means that each firm would have to indicate the proportion of manufactured steel against the finished article.

What I was going to ask was this: whether it would be possible for the Association to compile from the members a list of the principal products of which steel is an important raw material and the proportion which the cost of steel bears to the total cost.

MR. CAMERON.
PRESIDENT.

I take it that the Board have sent in their questionnaire to all members of the Association.

I imagine to every member of the Association but we are not receiving a great many replies.

MR. CAMERON.
PRESIDENT.

The Association may find it difficult to ascertain their views but certainly they will try.

Practically it comes to this that if the industries which you state are to be left in the same position as they are in at present it seems to me almost inevitable that these things must be gone into in detail and if so the reason why it may be better done by the Association is that you might conceivably get out answers from different firms as to the proportion which the cost of steel bears to the cost of finished product. Possibly the Association may be able to give an average proportion.

MR. BALFOUR.

It would be very difficult to arrive at a figure where most of the firms are doing miscellaneous goods. They have never concentrated on the manufacture of specific

articles. It may happen that they would never manufacture a particular article again for ten years and it is impossible to give you an average. We are looking into it but do not see a way out of the difficulty, and with the increased tariff on steel, should it go on, pig iron will be more largely used instead of steel in the manufacture of these miscellaneous articles.

PRESIDENT.

No tariff devices can prevent that. Cast iron being a purely Indian product you cannot by any tariff device prevent that from being used. There is another point in connection with this paragraph which I should like cleared up. Assuming that protection is given to the manufacture of steel entirely by bounties then no question would arise of any sort of protection being afforded to the general engineering industry.

MR. CAMERON.

General engineering does not require protection. But we want protection for wagons.

PRESIDENT.

Apart from the wagon question am I right?

MR. CAMERON.

It should include bridge and structural work.

PRESIDENT.

Supposing protection to steel took the form of a bounty what is your position as regards things like bridge work and structural work?

MR. CAMERON.

That will have to be ascertained from individual firms. The Association are not in a position to express an opinion.

PRESIDENT.

All I wish to ascertain is whether the Association has any recommendation to offer on that basis.

MR. BALFOUR.

I am afraid they cannot give sufficiently detailed figures.

PRESIDENT.

We have been hearing evidence of two firms that have recently begun to manufacture steel castings in India. I was wondering whether it would be possible for the Association to compile a list of important steel castings required by engineering firms in India. I do not require an exhaustive list but only want a list of castings required in substantial quantities.

MR. BALFOUR.

We can only give you so far as the wagon industry is concerned.

PRESIDENT.

There are firms manufacturing machinery here and I understand a certain number of castings are required by them. If you can tell us definitely that the only important ones are connected with railway rolling stock and so on and that the rest are for miscellaneous work and are of little importance, that will be useful.

MR. CAMERON.

I would not say that. What I say is that it would be difficult to give the tonnage of the miscellaneous castings outside the wagon industry.

PRESIDENT.

What I want is merely a list of such steel castings as the engineering firms require in substantial quantities. But it will be very useful to have detailed figures wherever possible.

MR. BALFOUR.

Burn & Co., are going to give you the tonnage of steel castings used in 1922-23 in the whole of their works. Other firms will give you that individually.

PRESIDENT.

There is another question that comes up there. Are there any special castings which are not likely to be manufactured in India at all that you use pretty frequently?

MR. CAMERON.

No.

MR. BALFOUR.

I don't think that any engineering firm imports any castings outside the steel castings.

PRESIDENT.

Are there any special kind of castings which are not likely to be produced in India for sometime to come?

MR. BALFOUR.

I don't think so.

PRESIDENT.

It has been suggested to the Board that if the price of steel were raised substantially by an increase in the import duty there would be a tendency for wrought iron to be used for some of the processes for which steel is now used. I don't know whether the Association will be able to express any opinion about that.

MR. CAMERON.

I think the Association could collect the information necessary and put it before the Board.

PRESIDENT.

Perhaps it would be better if we wrote to the Association about it.

MR. BALFOUR.

If iron becomes cheaper than steel then naturally they will use it.

PRESIDENT.

The increase in the duty would affect steel only and it would not affect wrought iron and the difference in the price resulting from that would mean that wrought iron would begin to cut steel out. However if we can get the views of the Association that will be better, but I think it is hardly fair to ask you to express an opinion on behalf of the Association.

MR. BALFOUR.

If the price of wrought iron is cheaper than the price of steel surely firms will use wrought iron in preference to steel where they can.

MR. GINWALA.

You have already given a list of articles which are manufactured in this country: of course some of them do not refer to steel at all. Would it not be possible for you to go through this list and select such articles as are manufactured out of steel on a reasonable scale in this country and which you think ought to be protected some way or other. I would not take any article which is manufactured once in 10 years. You have also got firms on your list that import these articles. I would ask you to get figures showing the quantities imported—I mean articles for which you claim protection—and the prices at which they could be imported. Then show the cost of production of these articles or the price at which they can be sold in this country.

That would give us some idea of the disadvantage in money value from which you suffer as compared with the British manufacturer.

MR. CAMERON.

Do you want information from all the companies ?

MR. GINWALA.

Some of the firms are small : you can take a dozen firms of sufficient importance.

MR. CAMERON.

Perhaps the Board would refer this question to us along with the others.

MR. GINWALA.

We will do that. You can omit the smaller articles which you occasionally manufacture. I take it that when you manufacture an article here you obtain such of the raw materials as you can obtain locally, steel or pig or anything else ?

MR. CAMERON.

We do.

MR. GINWALA.

We know now what is manufactured or going to be manufactured in this country. I do not wish to trouble you with the question as to which of the raw materials are imported or are obtained locally.

On this question of bounties I take it you hold very strong views ? If protection is given it should rather be given in the form of bounties, if the country could find the money.

MR. CAMERON.

We are strongly opposed to any increase in the cost of raw material.

MR. GINWALA.

But bounties would not increase the cost to you.

MR. CAMERON.

The matter of bounty has reference to the protection of steel itself not to the manufactured article.

MR. GINWALA.

You think that as far as possible protection should take the form of bounty if the finances of the country permit. We took 33½ per cent. as the amount of bounty, that came to Rs. 50 a ton. But this 33½ per cent. includes the duty of 10 per cent. which is already put on steel. So the additional bounty would be 23½ per cent., that is Rs 35 a ton. If you take 400,000 tons as the output of the Tata Company it would come to 1,40,00,000. That would be the cost to the country. If we put on a protection of 23½ per cent. that would include necessary railway materials.

MR. BALFOUR.

That is what we want.

MR. GINWALA.

I shall give you a few examples just to show how it works out. Carriages and wagons and parts thereof : I take 1922-23 figures—514 lakhs, 1 crore Government stores or 6 crores in all. 80 per cent. of that would be steel so that the amount would be about 5 crores. If we take 33½ per cent. on that alone it would come to 140 lakhs. Which course do you think would be cheaper for the country, paying it from the Treasury or 33½ per cent. on the materials imported. I have just given you one of the items, wagons only. There are other articles which will probably run into crores.

MR. CAMERON.

The figures that I have before me of imports and exports in the year 1921-22 show that iron and steel was imported to the extent of 22/23 crores.

MR. GINWALA.

That includes railway materials. My point is this : according to your idea of bounty if you look at it in this way a good deal of the burden of 33½ per cent. will fall on railways. Government and the country has got 90 per cent. interest in the railways. Would it not be cheaper for the country to pay 1.40 crores to the steel manufacturer than to impose a duty of 7 crores on these figures ? So that even from that point of view would you not suggest that the money should come from the treasury rather than that 33½ per cent. should be put on imported steel.

MR. CAMERON.

Yes.

MR. GINWALA.

You suggest as an alternative an increased duty on finished products in order to find the necessary money. What sort articles would you suggest to lay a duty on ?

MR. CAMERON.

Tea garden machinery, engines, wagons, girders, fabricated structural steel.

MR. GINWALA.

Instead of on steel bars and things like that ?

MR. CAMERON.

Yes.

MR. GINWALA.

Do you think that the additional amount of money that could be got by additional taxation would be sufficient to pay this bounty ?

MR. CAMERON.

The Association has not tried to arrive at the figures that way,

MR. GINWALA.

Would you like to make an attempt ?

MR. BALFOUR.

If the bounty is required at 1.40 crores.

MR. GINWALA.

You may take it on the present figures that we have now, 430,000 tons. It may take five years before other firms start making steel. If you take these figures and work out we shall be grateful.

MR. CAMERON.

As an Association we object to an increase in duty because we feel that once the duty has been raised, it would be very difficult to take that off.

MR. GINWALA.

It would be better for you if you could work these figures for us.

MR. CAMERON.

It would be difficult for the Association to get the figures necessary to prepare statistics like that.

MR. GINWALA.

You can say the duty on a particular article is such and such. It can be increased to so much which will give an additional sum of so much.

MR. CAMERON.

The duty on machinery and finished article is 2½ per cent. while the duty on raw material is 10 per cent.; there is a difference of 7½ per cent.

MR. GINWALA.

I am coming to that. Can you indicate the sources from which you can get the 1.40 crores. A good deal has been said on the fact that the duty on the finished articles is less than the duty on raw materials. I think in one case we asked for

concrete instances. Can you give us a few instances in which this happens. We are concerned with steel products now. If you like you can send information afterwards giving a few typical instances.

MR. CAMERON.

Yes, I have got some few figures here which do not go into sufficient detail—

Total prime cost for a launch ... 70' x 13' - 6" x 6' - 9" ...	Rs. 30,000.
Cost of boilers, engine, pumps and pipes which is principally copper ...	„ 19,000.
The actual steel in hull is ...	„ 6,000.
Splitting up the cost of machinery, the boiler which is entirely steel cost ...	„ 9,000.
The engines which are made up of cast iron and steel cost ...	„ 3,000 (cast iron).
That leaves a balance of about Rs. 4,000 to cover miscellaneous items ...	„ 3,000 (steel).

We pay 10 per cent. on steel which represents Rs. 6,000 and a duty of 2½ per cent. on Rs. 19,000.

MR. GINWALA.

So far as the cost of steel is concerned you pay Rs 600 duty. Suppose you import a launch it would contain the same quantity of steel, i.e., worth Rs. 6,000 and you will have to pay only Rs. 150 duty on it at 2½ per cent.?

MR. BALFOUR.

10 per cent. duty would be put on a launch. If you import a launch *en bloc* you pay 10 per cent. on the total value but if you bring it in pieces you pay 10 per cent. on the hull and 2½ per cent. on machinery. We benefit when a launch is manufactured in India.

MR. GINWALA.

Could you manufacture engines and boilers here?

MR. CAMERON

We manufacture engines up to a certain size but I am not sure of the boilers.

MR. GINWALA.

Suppose you import a finished article which bears a duty of 2½ per cent. If you manufacture the same in this country by importing raw materials you have to pay 10 per cent. on the raw materials.

MR. CAMERON.

You can take the steel entirely which is required in the construction of the hull.

MR. BALFOUR.

If we had to manufacture that we would have to pay a duty of 10 per cent.

MR. GINWALA.

What do you mean by structural work? What do you include in that?

MR. CAMERON.

Steel used for the construction of buildings, sheds, jetties, water-tanks, head gears for collieries and oil tanks.

MR. GINWALA.

Do the British firms compete against you in these things?

MR. CAMERON.

Yes.

MR. GINWALA.

In what way?

MR. CAMERON.

They import all the material.

MR. GINWALA.

Does it come in as a finished product?

MR. CAMERON.

It comes in as fabricated steel.

MR. GINWALA.

Do they sell under your prices?

MR. CAMERON.

Yes.

MR. GINWALA.

Can you show us how you are undersold by a few instances?

MR. SKINNER.

The Association cannot but individual members can.

MR. GINWALA.

What do you suggest as a remedy for that?

MR. SKINNER.

There must be a high duty on the fabricated material.

PRESIDENT.

Are you making this statement on behalf of the Association?

MR. SKINNER.

No. That is my individual opinion.

PRESIDENT.

We must confine ourselves to the views of the Association.

MR. GINWALA.

In the Association itself there may be members whose interests may conflict with yours. In that case how can you give your opinion as that of the Association?

MR. CAMERON.

Ours was a combined reply.

MR. GINWALA.

Is there not this risk? Supposing the duty on steel is increased a good deal more of iron which is locally produced will be used for structural purposes.

MR. MATHER.

Do you mean wrought iron or cast iron?

MR. GINWALA.

I mean pig iron.

MR. CAMERON.

I do not think cast iron is likely to substitute steel. During the war we used cast iron.

MR. GINWALA.

When the price becomes unremunerative people may use cast iron.

MR. CAMERON.

I do not think that cast iron is likely to replace steel to that extent, not at any rate for building purposes.

MR. GINWALA.

You apprehend that timber may replace steel. Then are not the chances more in favour of iron than timber for building purposes, (not for building boats, etc).

MR. CAMERON.

Not cast iron.

MR. GINWALA.

We saw a good deal of heavy castings for structural purposes at Kulti.

- MR. CAMERON. They are cast iron columns: they are only used to support the beams. They are all right for mills, single storied buildings, etc.
- MR. GINWALA. With regard to this question of wagons I think you were trying to point out to the President that if orders were guaranteed the British prices would go up. You mean that supposing they find that the price of the wagons in this country is Rs. 4,600 they will for the remaining wagons quote something like Rs. 4,500 or Rs. 4,600.
- MR. CAMERON. There is no doubt that as the wagon trade here improves prices in the United Kingdom will harden.
- MR. GINWALA. Your contention is this: that by guaranteed orders Government really does not help you in any way except in so far as dumping is concerned.
- MR. CAMERON. At the present time the international trade of the world is absolutely suffering from acute depression so that the times are really abnormal.
- MR. GINWALA. It follows naturally that Government will lose all round both on the guaranteed orders and on the other orders.
- MR. BALFOUR. The other way of looking at it is that if they kill the wagon industry in India prices will automatically go up.
- MR. GINWALA. So that you mean that the prices are low for the express object of killing the industry.
- MR. CAMERON. Yes.
- MR. GINWALA. Do I understand you right when I say that if the protection takes the form of bounty you do not require any bounty for your manufactured articles?
- MR. CAMERON. Not necessarily.
- MR. GINWALA. But I understood you to say that there were certain fabricated structural materials on which you wanted a protection of 33½ per cent. assuming that protection on steel took the form of bounties.
- I want to know what the opinion of the Association is in regard to the articles that they need protection on assuming protection in the case of steel takes the form of bounties.
- MR. CAMERON. Wagon and structural materials.
- MR. GINWALA. Do you suggest a bounty in the case of steel industry and a duty on fabricated structural material coming into this country.
- MR. CAMERON. You may get it from individual firms.
- MR. GINWALA. As the Association has made a definite proposal I thought it would be better to get a definite view from them.
- Mr. Skinner, you gave evidence before the Fiscal Commission. Have you read your evidence?
- MR. SKINNER. No.
- MR. GINWALA. Would you like to take a copy and bring it up to date.
- MR. SKINNER. Yes.
- MR. GINWALA. There you stated in answer to one of the questions that the only thing in which you were not on an equality with the British workshops was in the matter of climate and it was very difficult to get a man to work in hot climates. The evidence we have taken so far does not go to prove that the climatic difficulty was very great.
- MR. BALFOUR. European supervision is difficult to get and you want someone to look after the labour.
- MR. SKINNER. The European supervision cannot stand the climate and we cannot get sufficient work out of the labour.
- MR. GINWALA. The evidence is the other way. In the case of the Tin plate industry they have introduced so many devices by which the severity of the climate is very much reduced. In the open hearth also they have introduced certain methods for reducing the severity.
- MR. SKINNER. I shall alter the evidence and bring it up to date.
- MR. GINWALA. There you have given illustrations of the way in which 2½ per cent. duty is levied on certain articles and you may also bring those up to date.
- MR. SKINNER. Yes.
- MR. KALE. Will you give me an idea as to how much capital the members of your association represent, a rough idea?
- MR. BALFOUR. You may take it at 8 millions to day very roughly. It was in 1915, 4 millions.
- MR. MATHER. If the Tatas are members of your association your figures would be more than that.
- MR. KALE. You have laid special stress upon preference to be given to bounties over protective tariffs but you have not been able satisfactorily to show how money that will be required for these bounties should be got by Government.
- MR. CAMERON. The view of the association is that bounties should be given in preference to tariff only if the Board is satisfied from the evidence they have taken that the industry requires assistance.
- MR. KALE. So I assume that you propose bounties only if the Tariff Board and the Government of India are satisfied that the steel industry cannot be carried on without

some measure of protection. But when that is assumed, the figure of Rs. 1.40 crores has been quoted as being required annually to pay the bounty. How is that money to be got,—either by taking it from the general taxpayer or by putting on a special import duty. These are the only ways in which more money can be got. Are there any ways in which this can be done ?

MR. CAMERON.

We have already indicated that.

MR. KALE.

Do you think you will be able to get the required amount by a duty on manufactured or fabricated steel ?

MR. CAMERON.

We have no information as to how that heading of Steel is made up in the imports and exports of 1921-22. The figures are something like Rs. 22/23 crores. We are paying 10 per cent. on imported steel to compete with foreign machinery which is brought out here at 2½ per cent. duty. It may be necessary for us to use imported steel.

MR. KALE.

If an additional import duty is levied on some of the articles you refer to would it not increase the cost generally of engineering articles in this country and would it not restrict consumption.

MR. CAMERON.

We have already said that any increase in cost will reduce consumption.

MR. KALE.

Practically it comes to the same thing—whether it is an import duty or subsidy the result would be restriction of consumption, as it will be an additional cost to the consumer in another way. You will be going to the same evils which you apprehend from an additional import duty so that your method is not very much preferable to the protective import duties so far as the results to the manufacturers and consumer are the concerned. Yet you say that if Government and the country are satisfied that the steel industry cannot be carried without a large measure of protection then that measure of protection must be given.

MR. CAMERON.

For a fixed period.

MR. KALE.

And also provided you get a compensating protection.

MR. CAMERON.

For certain of our industries.

MR. KALE.

I do not see the real advantage of bounties over protective duties. No doubt generally speaking from the point of view of theory bounties are better than import duties but from the point of view of the burden that will be thrown on the taxpayer the consumer, and the industries the result will be the same. That is the impression that has been created in my mind.

MR. CAMERON.

It is far better to throw a burden on the taxpayer.

MR. KALE.

It comes to the same thing. You object to the import duties because ultimately the industries and the consumers will have to suffer. If the burden is thrown on the taxpayer his power of consumption will be reduced and the result will be the same.

MR. CAMERON.

If you put an increase of duty on imports you stop the imports.

MR. KALE.

If you stop the imports the duty will not produce anything to pay the subsidy out of.

MR. CAMERON.

That is so. That will stop the revenue.

MR. KALE.

You are aware as the President has pointed out that the finances of the Government of India will not allow them to put additional taxation to be levied in this way or to find the money from the general exchequer. It seems to me that the only alternative left will be if it is found necessary to do so at all to put on whatever protective duty is thought to be absolutely necessary.

MR. BALFOUR.

So far we are agreed. It is wrong to allow a finished article to come in as it does below its present price. You charge a finished article 2½ per cent. and the raw materials 10 per cent. Whatever it is, whether engineering or not, our views is that finished articles should not come at a lower duty.

MR. KALE.

You have suggested that the Government of India should call for tenders in this country at competitive rates. It comes to this: that a sort of monopoly price is paid and the difference between the English price and the price that would be paid in this country would be a burden on the taxpayer. The railways for instance want so many wagons and if they are to place orders here and pay an additional Rs. 1,000 or 1,200 a wagon that means an increase in the cost, reduced revenue, increased rates or restriction of transport. So that in the long run it is a burden to the country: whether you speak of protective duties or placing orders in this country the effect is the same. You say that you do not want protective duties but you want that orders should be placed in this country at competitive prices. I do not see much difference between the two. You say in principle you are opposed to protection and at the same time you say that orders should be placed in this country at competitive prices. You want to exclude the foreign commodities and you want your own prices to be given to you.

PRESIDENT.

Have the Association said that in principle they are opposed to protection.

MR. KALE.

I am distinguishing between protective import duties and bounties—both may be covered by the general term protection. So if orders are placed in this country as you propose it means the same kind of burden on the exchequer, taxpayer and consumer.

MR. BALFOUR.

Our contention is that as far as wagons are concerned the price quoted by British manufacturers is a dumping price.

- MR. CAMERON. Instead of paying a monopoly price Government can take our cost price and pay 10 per cent. on it as profit.
- MR. KALE. Is it your contention that if dumping is stopped you would not require any special treatment.
- MR. BALFOUR. Except in the case of wagons and structural materials.
- MR. KALE. Suppose it is proved to the satisfaction of Government that there is real dumping going on and English manufacturers are selling at cost price or below cost price then what you say can be understood but if dumping stopped then you would not ask for any special consideration or that any tenders should be specially called for in this country to the exclusion of English manufacturers.
- MR. BALFOUR. Burn & Co. said when they were examined the other day that before the war they could manufacture at competitive prices but at present they cannot get anywhere near them. It is impossible for any firm to cut down Rs. 1,200 in two months when there is no reduction in the price of materials, etc. That is what the English manufacturers have done between August and October.
- MR. MATHER. I want information on one or two technical questions and shall put them in writing and send them to you.
- Are any non-standard structural sections used in India or are they practically all British standard?
- MR. CAMERON. They are practically all British standard.
- MR. MATHER. On this question of possible replacement of steel by timber can you give us a general idea as to how many tons of teak you would require to replace a ton of steel? We want to know that before we begin to calculate how far the price of steel will affect the use of timber.
- MR. CAMERON. We have promised to furnish information.
- MR. MATHER. How much steel is required in the form in which it is imported to make say one ton of structural work? What is the wastage that occurs in the conversion to structural work?
- MR. CAMERON. It will be from 5 to 10 per cent.
- MR. MATHER. The President was asking you how you would propose under the bounty scheme or any other scheme to ascertain the British prices and we were told that the ordinary trade journals quoted the prices. I have here a copy of the "Iron and Coal Trade Review" of the 3rd August in which the price of steel rails is quoted at 9-10 a ton. We have also the following information in the journal: "Bolckow, Vaughans will make the rails and fishplates required by the Victorian State Railways, the order for which has been placed with an Australian merchant firm at £8/18 for heavies c.i.f. which price will mean something less than £7/10 f. o. b. Middlesborough," Which of these two prices should we take? There is a very big difference there and it will always have to be borne in mind that the quotations shown in the journals is always the Sellers quotation.
- MR. SKINNER. The export prices are generally a bit lower than the Home consumption prices.
- MR. MATHER. Not £2 a ton. It is a fairly important point. What I have quoted may be an individual case; there may be other instances. But here is the Trade Statistics for 1922. I will take the pig iron. The average quotation for Cleveland No. 3 pig iron in Middlesborough in 1922 was 90/6½d. a ton. The Cleveland blast furnace men are paid on the basis of a sliding scale. It depends on the actual selling cost. Consequently no figures can be ascertained and published every quarter. The average selling cost of Cleveland No. 3 pig iron in 1922 was 88/2 shillings a ton, that is 2/4 less than the average market quotation. This is an illustration to show that the market quotation is generally much higher than the actual selling price and if you propose any scheme which would require the Tariff Board or the Government of India to take that as a basis for the English price or any other price this shows that we should not take the ordinary trade quotation automatically as the actual selling price.
- MR. CAMERON. That is a very important point.
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No. 138-I. E., dated Calcutta, the 15th October 1923.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Tariff Board.

I am directed to refer to your letter No. 373 dated 6th October 1923, from which the Committee of the Association note that the Board have no objection to the publication, to members of the Association, of the record of evidence tendered by Mr. A. Cameron, Mr. H. E. Skinner and Mr. J. D. Balfour.

2. In order to expedite the circulation of this evidence to members the Committee have adopted your suggestion, and have marked it "Not finally corrected." They now instruct me to return you herewith the typed copy which they received from you, and in which the three gentlemen named above made their corrections.

3. I also send you, for the information of the Board, a copy of the Committee's circular (No. 137-I. E., dated 13th October 1923) of which the evidence forms a part.

No. 473, dated Calcutta, 27th October 1923.

From—The SECRETARY, Tariff Board,

To—The SECRETARY, Indian Engineering Association.

I am directed to enclose for the information of the Indian Engineering Association copies

1. Representation submitted to the Indian Tariff Board in July 1923 by the Tata Iron and Steel Company.

2. The Protection of Young Industries, a representation submitted to the Tariff Board in August 1913 by the Tata Iron and Steel Company.

3. Oral evidence given by the representatives of the Tata Iron & Steel Company at Jamshedpur between 17th and the 27th August 1923.

4. Statements and notes received from the Tata Iron and Steel Company.

of the papers noted in the margin. It was brought to the notice of the Tariff Board that the Chambers of Commerce and other public bodies found themselves hampered in expressing an opinion on the claim made by the Tata Iron and Steel Company for protection to the steel industry owing to the fact that part of the evidence was taken in camera. The Com-

pany have now accepted the view of the Board that the immediate publication of the whole of the evidence tendered on their behalf is desirable. I am to say that if after perusal of the documents now forwarded the Association desire to put forward any further expression of their views, the Board will be very glad to receive it. It is desirable, if possible, that any representation made should reach the Board by the end of November 1923.

No. 152-I. E., dated Calcutta, the 30th November 1923.

From—The SECRETARY, Indian Engineering Association,

To—The SECRETARY to the Tariff Board.

I am directed to refer to your letter No. 325, dated 27th September 1923, in which you ask for certain information required by the Tariff Board in connection with their investigation of the question of the proposed extension of protection to the steel-making industry.

2. The Committee have considered your letter, and they have also consulted the members of the Association in regard to it. They sent to every member a copy of it, together with a copy of the report of the oral evidence tendered by the representatives of the Association on the 24th September 1923. They regret that the replies which they have received have not been so numerous as they anticipated; and that they cannot in consequence answer all your enquiries so fully as they had hoped to be able to do. But they have tried to make their answers as complete as possible in the circumstances, and for your information I detail them below.

3. In reply to enquiries (1) and (2) I send herewith a copy of the last annual report of the Association, on pages 17 and 18 of which will be found a list of members. I also forward a copy of a list of the machinery and stores imported or manufactured by members.

4. Your third request is for a statement showing the total quantity of steel used by members for their own manufactures for the years 1919 to 1922. This is one of the enquiries which the absence of replies from all members makes it difficult for the Committee to deal with. But,

from such information as they have received, they feel justified in estimating that the average total quantity of steel used yearly by the members of the Association is about 130,000 tons.

5. You next ask for a list of the principal products, manufactured by the members of the Association, of which steel is an important raw material. And you go on to request that where possible the proportion which the cost of the steel bears to the total cost of the finished product should be stated. In dealing with this request the Committee have also in mind the latter part of your second question which has reference to the kinds of machinery manufactured by members. The following list is, the Committee believe fairly complete, namely:—river steamers; tugs; flats; barges; sheds (warehouses); pit head gear and cages and all colliery work; chimneys; tanks and stagings; wagons and carriages; underframes; structural work of all kinds; winding engines; marine engines; pumps; sluice gates; tea machinery: presses; cranes; bridges; steel buildings; boilers; tanks and trestles; well curbs; general engineering such as haulage and tub creepers; all parts pertaining to machinery such as crankshafts; piston and connecting rods; rudders; etc. The information for which you ask in regard to the cost of the steel in these products was given by Messrs. Burn & Co., Ltd. in their letter No. P 3855/H dated 31st October 1923 to the Board.

6. Your fifth request is for a list of steel castings required in substantial quantities by engineering firms in India. And you add that where possible the approximate total quantity of a particular casting likely to be required should be stated. The following list is submitted in answer to this enquiry, namely, all fittings on wagons and underframes such as axle boxes, buffer cases, bolster ends, roller paths, brackets, etc., tub-wheels and miscellaneous castings. In respect of axle boxes it is estimated that about 300 tons are used annually.

7. You next ask for a statement showing the articles manufactured out of steel on a commercial scale by a dozen important firms, members of the Association, which the Association thinks ought to be protected in some way or other together with the cost of production, or the price at which the articles can be sold in this country, the quantities if any of these articles imported by the same firm and the prices at which they were imported. In reply I am to submit the following list of firms: (1) Messrs. Burn & Co., Ltd.; (2) Messrs. Jessop & Co., Ltd.; (3) The Indian Standard Wagon Co. Ltd.; (4) Messrs. John King & Co. Ltd.; (5) The Hooghly Docking & Engineering Co. Ltd.; (6) The Shalimar Works; (7) Messrs. Richardson and Cruddas; (8) The Vulcan Iron Works, Ltd; (9) Messrs. Balmer Lawrie & Co.; (10) Messrs. Marshall Sons & Co., (India) Ltd.; (11) The Angus Engineering Works; (12) The Rivers Steam Navigation Co., Ltd. All of these firms manufacture articles similar to those enumerated in the memoranda submitted by Messrs. Burn & Co., Ltd. and Messrs. Jessop & Co., Ltd., to the Tariff Board. Nos. (1), (4), (5), (6) and (12) build steamers, launches and flats in addition to undertaking structural work, and general engineering, and Nos. (1), (2) and (3) manufacture wagons and carriage underframes. The Committee think that the other points raised in the question were sufficiently dealt with in the oral evidence tendered by their representatives.

8. In your seventh enquiry you ask for a few concrete instances in which the duty on the raw material is higher than the duty on the finished product. In reply to this it is only necessary to say that the duty on all steel imported as raw material is 10 per cent. while the duty on machinery made of steel is only 2½ per cent.

9. In your second paragraph you ask two questions the first of which is as to how far the price of steel must rise before the tendency to substitute timber for steel would come into operation. In reply to this enquiry I am to refer to a statement which is annexed to this letter. It makes a comparison between the cost of timber and steel joists, and shows the prices to which steel will have to rise before timber can compete.

10. You also enquire in your second paragraph whether, if the manufacture of steel were protected either by import duties or by bounties, other firms would commence to manufacture steel and whether internal competition would within a reasonable time begin to affect the price of steel. In reply I am to say that the Committee think that if the existing import duty on steel were raised to a protective level the development of the steel industry in India probably would be promoted. They question, however, if it would be possible to have any new plant brought into operation in a shorter period than, say, five years.

11. In your third paragraph you raise the question of whether, in the opinion of the Association, if the duty on steel exceeded the duty on wrought iron by more than 13½ per cent. wrought

iron would replace steel to any appreciable extent. In reply I am to say that the Committee doubt whether the better grades of iron would be more largely used if the duty on steel exceeded the duty on wrought iron by more than 13½ per cent. They think, however, that common Continental iron would be much more largely used, as the price of this is only very slightly higher than the price of mild steel. The following are the present prices of the various grades of wrought iron :—

	Rs.	A.	P.	
Grade B iron bars in ordinary lengths (rounds, squares and flats) ...	12	15	9	per cwt. basis price on 15th August 1923.
Grade A iron bars in ordinary lengths (rounds) ...	14	14	4	per cwt. basis price on 15th August 1923.
Lowmoor iron bars ...	25	3	3	per cwt. basis price on 22nd August 1923.

12. You further ask, in paragraph 3, for an indication as to the extent to which members of the Association use wrought iron for purposes for which it is essential ; and whether they think it would be practicable to draft the tariff schedule so as to enable the Customs administration to distinguish between such wrought iron and those kinds or forms of wrought iron which might be imported to replace steel. In reply to the first part of this enquiry I am to say that wrought iron of the various grades is largely used in the manufacture of wagons, carriage underframes, rolling-stock fittings such as draw-bar hooks, axle guards, check chairs, door hinges, brake block hangers, etc. It is used also for pit cages, steam hammer pistons and in fact for anything which has to be subjected to severe shocks. The Committee estimate that the quantity used by members of the Association for purposes for which it is essential is about 13,000 tons yearly.

13. In reply to the second part of the enquiry I am to say that in the opinion of the Committee, it would be very difficult for the Customs Officers to distinguish between wrought iron and steel, as their outward appearance is the same. The only suggestion that the Committee can make is that all wrought iron should be required to be branded. All the wrought iron imported by the members of the Association is in fact branded.

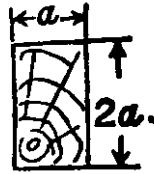
14. With reference to your fourth paragraph I am to express the regret of the Committee that the information which they have received from members is insufficient to enable them to reply to the enquiries. Steel of a kind which is not made in India is imported for the manufacture of forgings, but to what extent the Committee are unable to indicate. It is imported as B, C. and D class steel. The Committee do not think that the Customs authorities could distinguish between this steel and other steel imported.

15. In your concluding paragraph you invite consideration of the question of the provision of a State bounty for the steel industry. You estimate that for such a bounty the sum of Rs. 1½ crores would be required ; and you ask for concrete suggestions as to how this amount could be raised by increasing the duty on finished steel products. The Committee find difficulty in making suggestions having this end in view. But they think that consideration might be given to the adoption of the suggestion made by the Indian Fiscal Commission in paragraph 285 of their report. The Commission suggested that Customs duty should be charged on all goods imported by the Government. For, as they pointed out, the Government is the principal buyer of goods from abroad, but the goods that it buys pay no duty. For example all railway material imported by the State for the use of the railways worked by the State comes in duty free. And, as is known to the Tariff Board, the G. I. P. Railway Co. have successfully maintained in the Bombay High Court that railway material imported by them ought similarly to be admitted without payment of duty. It is true that the decision of the Bombay High Court is being contested by the Government of India before the Judicial Committee. But, if the Judicial Committee uphold the decision, all railway material imported, whether for State-managed or Company-managed lines, will be free of Customs duty. It is the generally received opinion in commercial and industrial circles that State commercial undertakings, including the railways, ought to justify their economic existence as commercial concerns by paying charges in the same way as other commercial concerns have to pay them. And if this rule were enforced in respect of import duties it may be

that a sufficient sum would be available to pay the manufacturers of steel a reasonable bounty on a reasonable production.

Comparison of Costs of Timber and Steel Joists.

Assume that the timber joists are of the following cross section :—



Then the moment of inertia of this section is $\frac{8a^4}{12}$
and the section modulus $\frac{2a^3}{3}$

The bending moment it will carry if the allowable stress is 2,000 lbs./sq. in. is $\frac{4000a^3}{3}$

The bending moment a steel joist will carry if the allowable stress is 16,000 lbs./sq. in. is 16000 × modulus.

Therefore there is the following relation between steel and timber joists of equal strength
modulus of steel joist × 16000 = $\frac{4000a^3}{3} \cdot a^3 = \text{modulus (steel)} \times 12$.

To find dimensions of timber joists of strengths equal to 10" × 5" × 30 lbs. and 9" × 4" × 21 lbs. steel joists.

(1) 10" × 5" × 30 lb. R. S. J. Modulus 29.12

$$a^3 = 349.44$$

$$a = 7 \text{ Timber joist section } 7" \times 14"$$

(2) 9" × 4" × 21 lb. R. S. J. Modulus 18.02

$$a^3 = 216.24$$

$$a = 6 \text{ Timber Joist section } 6" \times 12"$$

(1) To find a relation between the price of a cubic foot of timber and the price of a hundred-weight of steel in order that a timber beam 6" × 12" shall cost the same as a 9" × 4" × 21 lb. R. S. J.

Volume of timber in 1 lineal foot of joist

$$= \frac{6 \times 12}{144} \text{ c. ft.}$$

$$= \frac{1}{2} \text{ c. ft.}$$

Weight of steel in 1 lineal foot of joist

$$= 21 \text{ lbs.}$$

Therefore 21 lbs. of steel must cost the same as $\frac{1}{2}$ c.ft. of timber or 1 cwt. of steel must cost the same as $2\frac{2}{3}$ c.ft. timber.

(2) In case of timber beam 7" × 14" and steel joist 10" × 5" × 30 lbs. 30 lbs. of steel must cost the same as $\frac{98}{144}$ c.ft. timber or 1 cwt. of steel must cost the same as $2\frac{5}{8}$ c.ft. timber which is practically the same result as (1)

If we assume that we can buy teak beams at Rs. 5 per c.ft. Steel will have to rise to Rs. 13.5 per cwt. before timber can compete with it.

With timber at Rs. 6 per c.ft. steel will have to rise to Rs. 15 per cwt. before timber can compete.

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