

**THE ALL-INDIA MANUFACTURERS' CONFERENCE
BOMBAY.**

**PROCEEDINGS OF THE FIRST SESSION
HELD AT BOMBAY ON 1ST & 2ND MARCH 1941.**

1941

**INDUSTRIAL ASSURANCE BUILDING,
CHURCHGATE RECLAMATION,
BOMBAY.**

THE ALL-INDIA MANUFACTURERS' CONFERENCE, BOMBAY.

PROGRAMME.

Saturday, the 1st March 1941.

Morning Session: 11-30 a. m. to 1 p. m.

Opening of the Conference.

Speech by the Chairman of the

Reception Committee.

Presidential Address.

Afternoon Session: 2-30 p. m. to 5-30 p. m.

Resolutions.

Sunday, the 2nd March 1941.

Morning Session: 11-30 a. m. to 1-30 p. m.

Resolutions.

Afternoon Session: 3 p. m. to 5 p. m.

Resolutions.

Garden Party: 5 p. m. to 6 p. m.

Monday, the 3rd March 1941.

Factory Visits.

THE ALL-INDIA MANUFACTURERS' CONFERENCE.

1941.

PRESIDENT OF THE SESSION :

Sir. M. Visvesvaraya, K. C. I. E., LL. D., D. Sc., M. I. C. E.

RECEPTION COMMITTEE.

Chairman : Mr. Sankalchand G. Shah.

Vice-Chairmen : {
Raj Mitra B. D. Amin.
Mr. C. S. Patel.
Mr. Gordhandas G. Morarji, J. P.
Mr. Madhavlal M. Bhatt, J. P.
Dr. K. A. Hamied.
Mr. Ramdeoji A. Podar.
Mr. Pranlal D. Nanjee J. P.
Mr. Choonilal Girdharlal.
Mr. Fazal I. Rahimtulla.
Mr. Hiralal A. Shah.

Jt. Hon. Secretaries : {
Mr. G. N. Banerjee.
Mr. Murarjee J. Vaidya.
Dr. L. C. Jariwala.
Mr. N. D. Sahukar.
Mr. Anandji Kanji.

Jt. Hon. Treasurers : {
Mr. M. P. Polson.
Mr. P. R. Bhatt, J. P.

Members : Mr. Shantikumar N. Morarji.
Mr. M. A. Master.
Mr. M. J. Buch.
Mr. Narsee Monji.
Dr. P. M. Krishnaswami.
Mr. N. P. Kale.
Mr. N. R. Adenwala.

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Members: Mr. N. R. Khambati.
Mr. N. J. Gor.
Mr. H. V. Gandhi.
Mr. Byramji Cowasji.
Mr. Jamnadas Meghaji.
Mr. Chandulal S. Shah.
Mr. Shantilal H. Shah.
Mr. B. R. Hari.
Mr. Fazel A. Fazelbhoy.
Mr. J. N. Iyer.
Mr. Esoofally M. Tajbhoy.
Mr. M. B. Shaparia.
Mr. Valabhdas Runchoddas.
Mr. B. K. Dalal.
Mr. Jamnadas Narottamdas Bhau.
Mr. M. E. Goawalla.
Mr. C. P. Shah.
Mr. D. H. Vakharia.
Mr. F. R. Moos.
Mr. K. L. Waghela.
Mr. Venkatrao Sista.
Mr. Vasantrai Amritlal Ojha.
Mr. Chimanlal M. Shah.
Mr. K. B. Rao.
Mr. Chunilal D. Patel.
Mr. Gulamhusein Ebrahim.
Mr. Kantilal H. Shah.
Mr. V. N. Patrani.



THE ALL-INDIA MANUFACTURERS' CONFERENCE.

The Association of Indian Industries, an Organisation which represents the small and medium scale industries of the country in particular, was confronted, since its inception about six years ago, with various problems and difficulties connected with such industries. The present European War made the situation still worse and it was considered that in order to alleviate these difficulties a combined and concerted action was necessary.

At their meeting held on 12th December 1940, the Committee of the Association, after mature deliberations, resolved unanimously "to convene an All-India Manufacturers' Conference at Bombay under the auspices of the Association about the middle of February or the first week of March 1941.

Pursuant to the above Resolution of the Committee, opinions and suggestions were invited from various manufacturers, industrialists, Chambers & Associations of Commerce & Industry and persons interested in industry, from all over the country. The response to the letters thus sent out by the Association was very encouraging, and the idea of holding such a Conference found great favour in Industrial and Commercial Circles all over the country. The decision of the Committee to convene the Conference, therefore, proved to be a step in the right direction. On 8th January 1941 a Special General Meeting was held at which the action and resolution of the Committee were confirmed and a Reception Committee was appointed to carry on all the work in connection with the First Session of the Conference. The Office-bearers of the Reception Committee were appointed. It was also unanimously resolved "that all the members present to-day at the meeting be and are hereby enrolled as members of the Reception Committee".

In subsequent meetings of the Reception Committee it was decided to form several Sub-Committees as mentioned in Appendix A, with powers to co-opt, to carry on the work connected with the Conference. It was also decided to hold the Conference in the first week of March 1941 in Bombay at Shree Sunderbai Hall, Queen's Road, and to invite Sir M. Visvesvaraya to preside at the Conference.

In order to secure a better publicity for the Conference, Mr. Sankalchand G. Shah, Chairman of the Reception Committee, invited representatives of the Press on 13th February 1941 at the Office of the Association of Indian Industries. At

this meeting, Mr. Sankalchand G. Shah, after giving a short resume' of the various activities of the Association during its short existence of six years, explained to the Press representatives the aims & objects of the All-India Manufacturers' Conference. He requested the Press representatives to extend their co-operation. In response, the members present assured him of their full support and co-operation. It may here be mentioned that the Press all over India have given ample publicity to the Conference both before and after its First Session.

It was thus with assurances of co-operation and support from individual manufacturers, from Organisations representing commercial and industrial interests and from the Press, that the Association of Indian Industries convened, for the first time, in India, the First Session of the All-India Manufacturers' Conference, to bring together, on a common platform, the representatives of small and medium scale industries from all parts of India. The success which attended this First Session was, indeed, beyond all expectations, and the Association may justly claim to have rendered a distinct service to the cause of Indian Industry by calling such a Conference.

The importance of this Session of the Conference lies not only in the subjects which came up for discussion, but in the decision of the Conference to create a permanent All-India Organization to carry on the work outlined by the distinguished President in his address and clearly set forth in the last and the most important resolution adopted by the Conference. The work thus envisaged is, indeed, very ambitious and it is hoped that the same measure of co-operation and support which were accorded to the First Session of the Conference would be accorded to the All-India Organization which is being created for carrying on this work.



**PROCEEDINGS OF THE FIRST SESSION OF THE
ALL - INDIA MANUFACTURERS' CONFERENCE HELD
IN BOMBAY ON SATURDAY AND SUNDAY THE
1ST AND 2ND MARCH 1941.**



The First Session of the All-India Manufacturers' Conference commenced at Shree Sunderbai Hall, Queen's Road, Bombay, on Saturday the 1st March, 1941 at 11-30 a. m. under the Presidentship of Sir M. Visvesvaraya when there was a very large and representative gathering of Industrialists, from all over the country. There were about 200 delegates present.

The following distinguished persons were among those who attended this session :

Lady Thackersey, Smt. Sunderbai Thackersey, Sir Chunilal V. Mehta, Seth Mafatlal Gagalbhai, Mr. H. F. Knight, Mr. H. K. Kirpalani, Mr. G. E. Bennett, Hon'ble Sir Rahimtoola M. Chinoy, Sir Shapurji B. Billimoria, Rao Bahadur T. D. Rana, Mr. Chunilal B. Mehta, Mr. Vithaldas D. Govindji, Mr. J. K. Mehta, Mr. P. B. Advani, Mr. R. P. Mathur, Mr. M. L. Tannan, Principal, M. J. Antia, Raj Mitra B. D. Amin, Mr. C. S. Patel, Mr. Gordhandas G. Morarji, Mr. Madhavlal M. Bhatt, Mr. Ramdeoiji A. Podar, Mr. Pranlal D. Nanjee, Mr. Choonilal Girdharlal, Mr. C. A. Buch, Mr. Fazal I. Rahimtoola, Mr. Hiralal A. Shah, Mr. M. E. Haskell, Mr. Gajadhar V. Puranik.

Mr. Sankalchand G. Shah, Chairman of the Reception Committee, in inviting Sir M. Visvesvaraya to preside at the Conference made the following speech.

BROTHER DELEGATES AND GENTLEMEN,

It is my proud and honoured privilege, on behalf of the Association of Indian Industries and as Chairman of the Reception Committee of this Conference, to extend to you all a warm and hearty welcome. On an occasion like this, it is customary for the gentleman who plays the part of the host to refer, in detail, to the topography and the history of the place of gathering, to recall its past glory and to outline the achievements of the City or the Presidency in the spheres of economic, social, educational and industrial activities. Having regard to the pre-eminence of Bombay both as a large industrial and commercial city and as the gateway of India, its history and general conditions have attracted a wide measure of public attention and there is, therefore, no need for me to burden this address with details of such

particulars. I will only mention, in passing, that Mother Nature has not been niggardly with regard to this Province. It has a long coastline, a variety of useful forest products, different types of live-stock and possesses important raw materials such as cotton, groundnut, linseed, cocoanut, fibres and tobacco. Food-grains of various kinds and fruits and vegetables are available in good quantities. In the words of the Bombay Economic and Industrial Survey Committee, the Province, therefore, "has resources of food products, forest products, dairy products, leather products, fibre products and pilseeds, all of which form a sound basis for a good industrial structure."

It will not be considered out of place if I were to refer, briefly, to the genesis of this Conference and the *raison d'etre* for the formation of the Association of Indian Industries. Although in olden days, India had her Trade Guilds and Mahajans, the importance of work on an organisational basis was not fully recognised till lately. Chambers of Commerce and Associations of Employers are of recent origin in this country. But such organisations generally represent organised large-scale industries and the bigger commercial interests. It was felt that there was a need for an organisation which would bring into a common union and platform factories which had been established in large numbers all over the country but which had not hitherto been associated and had not, therefore, been in a position to study the common problems which they had to face, to give expression to their many and varied grievances, and to draw the attention of the public as well as the authorities to any hardships to which they are subjected. Avenues of information and assistance open for the small units are also limited. In dealing with public authorities and in obtaining redress the case of the smaller and unorganised industries generally went by default. It was mainly to fill up this lacuna in the collective organisation of our commercial and industrial interests that some public-spirited men of Bombay thought of starting such an association in the year 1936. The Association had the initial advantage of having as its founder-President Mr. Manu Subedar, that versatile and eminent economist of Bombay, whose contribution to the cause of industrial and commercial regeneration of the country, particularly in the matter of education and ventilation of public grievances, is of no mean order. Under his able guidance, the foundations of an active organisational effort for factories of the smaller type was well and truly laid. The good work was carried on by the succeeding Presidents, viz., Mr. Gordhandas G. Morarji, Dr. M. Venkatarao and Mr. Madhavlal M. Bhatt and under their able supervision, the Association has year after year grown from strength to strength. It has now on its roll about 150 members representing a variety of manufacturing efforts. It is the aim of the Association to serve as the watch-dog of the interests of the small and medium scale industries, factories and factory owners all over the country in every matter pertaining to their activities and

the services of the Association are at the disposal of such factories and factory owners, wherever they may be situated.

This conference is the natural extension and evolution of the idea of securing a common platform for the smaller industries and factory owners all over the country. In fact, annual conferences are now a common feature in all branches of our national activity; in the political sphere we have the sessions of the Congress and the political conferences of the various parties. Persons interested in scientific development, in educational activities, in social welfare have also their annual gatherings. In the sphere of commerce and industry there are annual meetings of the Chambers of Commerce and of the Employers' Federation. The present effort is an extension of the basic idea of annual exchange of views to the domain of the small units in our industrial fabric. I may recall here that in the past we had what was known as the Industrial and Commercial Congress which used to meet almost side by side with the Indian National Congress. After the formation of the Federation of Indian Chambers of Commerce and Industry in the year 1927, the practice of a separate all-India Commercial Congress was discontinued from 1929. Some of us felt that it would prove useful to revive the practice of holding such conferences so as to focus a larger measure of public attention on the various problems facing the development of small-scale industries. If I may say so, there are several problems which are peculiar to small industries and as such our friends connected with organisations of larger industries should not consider this as a duplication of effort. I am glad to note that the idea has appealed to many friends who are connected with industries, as the response we have received to our invitations is really encouraging. Delegates have gathered here from different parts; we have also received suggestions and advice from various sources.

It has been our good fortune to secure the guidance of Sir M. Visvesvaraya in our first effort of this kind. His contribution to the economic and industrial regeneration of the country is a matter of common knowledge. In fact, he has almost evinced a missionary zeal in matters connected with our industrial development. I take this early opportunity of conveying to him, both on behalf of the Association of Indian Industries and on behalf of you all, our sincere thanks for having readily responded to our invitation in spite of his age and at considerable personal inconvenience. This is a good augury for the future and I venture to hope that under his able guidance and active direction we will be able to do some really good work.

Let me at this stage mention that the programme before the Conference is not to end merely by passing resolutions and communicating them to the authorities that be. We wish to pursue the subjects and the problems which we are about

to discuss to their logical conclusion. In fact, it is our intention to carry on the good work of the Conference by initiating a continuous and sustained programme of work throughout the year. Establishment of regional committees and sub-committees, enquiries into the difficulties and handicaps of small industries, methods of making available technical advice and assistance for such industries, assisting the formation of agencies for financing industries, investigating the natural mineral and industrial resources of the country, providing facilities for the efficient marketing of our goods, securing the standardisation of our manufactured products and the maintenance of an Information Bureau, are some of the matters which we wish to tackle in the near future.

I hope the programme that I have chalked out will not be considered too ambitious for an organisation like this which is still in its infancy. We have a band of enthusiastic workers and with adequate assistance and support from friends like you all, I feel confident that we will be able to serve the industrial interests of the country in the directions I have indicated above.

I do not wish, at this stage, to take up your time by making any detailed reference to the Industrial position of the country, the difficulties connected with the development of industries and other cognate matters. I am sure the address of our distinguished President will provide sufficient material for industrialists to think over. Moreover, when we come to the resolutions, we will be discussing these questions in their various aspects in full detail. I will therefore, confine myself to a few remarks of a general character.

The history of Indian industries is one of lost opportunities. We had a good measure of past glory; but the vicissitudes connected with our political advancement, or shall I say, subjugation, relegated us to the background. During the last war, our industrial weakness was prominently brought to the forefront. The lessons which we learnt then, were soon forgotten and we continued to drift. This war has again afforded us an opportunity. I am not sure, however, that full advantage is being taken of the same. We continue to import annually goods of the value of over Rs. 160 crores. The imports of some of these have, perforce, been made difficult, and it would be a national catastrophe if we are not able to rise to the occasion to organise corresponding industries within the country to fill up the void.

It is now almost a year and a half since the war started. If one were to closely examine the developments in the industrial sphere during this period, the conclusion is irresistible that we are not making the best use of the opportunity by developing industries within the country. Except in regard to the increased manufacture of munitions and other war materials under Government ægis, and in regard

to the spurt in production which some of our established industries have received, due to war orders, I should say that there has not been much of an industrial progress during the period. I am not ignoring the fact that some of our small industries have been able to market in larger quantities their products of daily necessities as the competition from the corresponding imported products has been made less unequal, due to the war factors. All this, however, does not mean that the fundamental objective of making a rapid stride in the pace of Indian industrialisation is being attended to with that vigour, enthusiasm and persistence which the occasion demands. Referring to key and defence industries, I am constrained to say that precious little has been done in that direction except to the limited departmental effort that is being carried on in the munitions factories of Government and the railway workshops which are temporarily working for war requirements. The question of developing engineering industries, heavy chemicals, manufacture of dyes, etc., which are vital factors in any attempt at accelerating the process of industrialisation, is still being toyed with. In a country of vast distances like India, mechanical transport is of paramount importance both in an emergency and even during periods of peace. Even so, the question of facilities for the manufacture of transport vehicles and aeroplanes is still a subject matter of correspondence and negotiations between industrialists who are evincing an interest in developing the necessary industries on the one hand and Government on the other. I do not want to be satiric, but I cannot help sharing the feeling that Government would perhaps cogitate on all these matters till the war comes to an end and at the end of the war they may again present us with a situation that as the immediate need for such goods and articles had ended, financial prospects of India developing those spheres of production could not be bright.

Government outlook and policy in the matter of fostering the development of industries is one factor which perhaps stands in the way of the rapid industrialisation of the country. While I do not want to overlook the progress achieved during the last two decades under a policy of discriminating protection, I cannot help feeling that the State has shown extreme reluctance in moving with the times and has been content to persist in continuing that policy which perhaps has outlived its usefulness. We had all been urging for a more dynamic and active interest on the part of the State in the affairs connected with our industrial development. It is true that recently the Hon'ble the Commerce Member of the Government of India was at pains to assure the Indian industrialists and Indian public that industries stimulated during the period of the war would not be left high and dry after the emergency was over and that the State would be prepared to give such assistance to those industries as they might find it necessary at a future date. While this reassurance is opportune, I venture to point out that such a promise of

assistance by itself is not sufficient at this juncture. Government must come forward with an active programme of industrialisation; they must themselves sponsor schemes, harness the resources available in the country and organise an industrial push. Government should also be willing to assist the financing of industries by promise of certain guarantees in the matter of capital requirements. In short, it should be the anxiety of the authorities to create the necessary atmosphere and to bring about the necessary conditions which would engender in the minds of the Indian capitalists a greater measure of confidence regarding the future of industrial efforts in this country in so far as State policy towards such efforts is concerned.

The question of co-ordinating war supply in the East is now engaging the active attention of the Government of India and other allied Governments in the Eastern Hemisphere. To the extent that such efforts would stimulate fresh and increased activities within the country, the step should be welcome. But there have been in the public mind considerable misgivings regarding the exact scope and the plan of work before this joint effort. It has been suggested in certain quarters that there would be an attempt at regimentation of industrial efforts as between the various countries constituting the Eastern Group. Countries more advantageously placed in respect of certain industries would be asked to concentrate on the same; while other countries would be expected not to attempt to develop or start those industries. Such a plan may be admirable as a theoretical attempt at co-ordination and may suit very well countries which have attained a degree of advancement in the matter of industrialisation. But it certainly will not suit a country like India which is still very backward in regard to industries. It is the strong conviction of the nationals of this country that nothing should be done in the name of co-ordinating war effort which would fetter the right of India to start industries of an essentially national character, or, would prove to be a handicap in the process of India attaining her goal of industrial self-sufficiency.

While on this question of the Eastern Group, I should also like to refer to another apprehension in Indian minds regarding the possible developments connected with pooling up industrial efforts. It is feared that foreign capital would be attracted and utilised in promoting or developing industries coming within the co-ordinated framework. It has been our complaint that non-Indian enterprises and foreign capital already invested in the country have stood in the way of adequate opportunities being afforded to enterprises sponsored by the sons of the soil, besides involving considerable drain of money by way of interest and dividend charges. We do not wish the position to be accentuated. There is no dearth of capital in the country, and given the necessary conditions and assurances, Indian capital would be forthcoming sufficiently to meet all the requirements of the case.

I do not wish to enlarge on this point, but I cannot help pointing out that the need for some distinction as between nationals and non-nationals in the matter of economic activities was recognised in the past and, if I may say so, accepted by Government.

When we are all thinking in terms of the war and the war period as an opportunity and an occasion for stimulating industrial efforts in the country, it is very much distressing to find that the Government of Bombay is pleading war as a cause or an excuse for their policy of inaction in the matter of the recommendations made by the Bombay Economic and Industrial Survey Committee presided over by our eminent fellow-citizen, Sir Purshottamdas Thakurdas. These recommendations concern mainly and fundamentally small-scale and cottage industries. Lack of finance is again trotted forward as an excuse for the rejection of many of the recommendations of that Survey Committee. On that basis no further progress seems to be possible at any time in the future. It is not likely that Government would find themselves in very affluent circumstances, so far as finance is concerned, one fine morning. Does it, therefore, mean that no change in Government policy towards industrial development within the Province can be expected so long as the existing financial position continues? After all, it is pertinent to point out that the Committee was constituted at a time when the Provincial finances were in no better position. It is upto Government to find out ways and means of securing the additional finance that may be required for implementing the suggestions and recommendations made by the Survey Committee. The steps proposed to be taken are very half-hearted and Government should change their outlook if the results are to be impressive or effective.

With these words I again extend to you all a cordial welcome.

Mr. Murarji J. Vaidya, Jt. Hon. Secretary then read the following messages of goodwill:

His Excellency the Governor of Bombay in his message, said that he hoped the Association would have a most successful Conference and that His Excellency would be very interested to hear the results of the deliberations and to read the Report when it appeared.

The Hon'ble Dewan Bahadur Sir A. Ramaswamy Mudaliar, Commerce Member, Government of India, in his telegram said: "I wish your Conference success and look forward to practical, constructive and helpful suggestions for strengthening and developing Small and Medium Scale Industries."

The Hon'ble Sir Girjashanker Bajpai: "I wish to congratulate you on this."

The Hon'ble Sir Andrew Clow : "I trust that the Conference will have useful results."

Mr. Amrit Lal Ojha : "It would have been a great pleasure for me, interested as I am in the economic uplift of our country, to be present on the opening day at least. Almost all the products that we are importing can be manufactured here if only our small-scale industries are well and properly organized. It is, therefore, gratifying to find the Association of Indian Industries championing the cause of minor industries and focussing public attention on this subject. I may be permitted to add that you have been particularly fortunate in getting Sir M. Visvesvaraya, than whom a more eminent advocate of Indian industrial uplift it is impossible to find, to preside over this Conference. I am sure, the All-India Manufacturers' Conference will get down to brass-tacks and accept President Roosevelt's motto "Deeds and not Words." While regretting my inability to be present on the occasion, I wish the Conference a success that it so richly deserves and I congratulate you on the lead that you have given in organizing this Conference."

Sir Mirza M. Ismail : "It would have given me much pleasure to have been able to attend the Conference presided over by so esteemed a countryman of ours as Sir M. Visvesvaraya, but I much regret it is not possible for me to do so on account of my pre-occupations here. I need hardly say that you and your Association have my very best wishes for the success of the Conference. Indeed the success of a Conference which has for its President, one who has a great passion for the rapid industrialization of our country can be regarded as a foregone conclusion."

Sir Akbar Hydari in his telegram said, "I am sorry to have missed the Conference but hope it was a great success."

Sir Manubhai N. Mehta : "I would have been very glad to attend but my previous engagements come in the way. All the same I wish your Conference every success. At the end of the great war and as a consequence of a greater peace that will follow, India is sure come out as a great industrial Centre and take its legitimate place in the world as a supplier of manufactured goods as well as producer of raw material. In the new order of things India must fulfil its eternal promise."

Sir V. T. Krishnamachari : "The questions proposed to be discussed at the Conference are of a great importance and I wish your deliberations every success."

Sir Ibrahim Rahimtoola : "I wish to take this opportunity of wishing the Conference every success in the laudable efforts which are proposed to be made for the industrial development of this country."

The Hon'ble Mr. Shantidas Ashkuran : "I congratulate you for having secured as your President Sir M. Visvesvaraya. I wish the Conference all success."

Mr. V. N. Chandavarker, President, Millowners' Association, Bombay : "I greatly appreciate your kind invitation and wish success to the Conference."

Mr. Nandas Haridas, President, The Ahmedabad Mill-owners' Association : "You have my very best wishes for the success of the Conference."

President, The Indian Mercantile Chamber of Ceylon : "I am sure that the Conference would have had the success it deserved."

Rajacharitavisarada Rao Sahib C. Hayavdana Rao, President, The Mysore Chamber of Commerce : "I wish the Conference every success."

Khan Bahadur Adam Haji Mohomed Sait : "I pray for the successful and happy termination of the Conference."

R. B. Shet Lalji Mehrotra, President, The Indian Merchants' Association, Karachi : "I wish success to Conference which is timely. Hope will thrash out well planned industrialization."

The President, The Commission Agents' Association, Karachi : "I like to be present at this function of vital importance, but I regret my inability due to prior engagements. I wish you every success."

Sir Ness Wadia : "I wish the Conference all success."

Sir Seth Sarupchand Hukamchand : "I wish the meeting every success."

Khan Bahadur Mohammed Musa Sait, President, The Muslim Chamber of Commerce, S. I., "My best wishes for the success of the Conference and its deliberations to the ultimate benefit of the manufacturers and the consumers in the country."

Sir Homi Mody : "I have long held the view that it is essential that the Smaller Industries should have a Representative Organisation of their own particularly in an industrially backward country like India and that a Conference at regular intervals would do a great deal to draw the attention of the Government and the public to their many needs and difficulties. The success achieved by the organised efforts of large scale enterprises conveys its own lesson and I am glad you and your friends have arranged to provide the platform from which the voice of the Smaller Industries can be heard. I wish the Conference every success."

Sir Hormusji M. Mehta: "I wish the Conference every success. The problems before the Conference have assumed considerable importance of late. The problems affecting the Small and Medium Scale Industries must, like the large organised Industries, receive proper recognition and find peaceful and proper solutions before an august Conference ultimately for the betterment of the Industries themselves and of India generally."

Mr. J. A. Madan, Adviser to His Excellency the Governor of Bombay : "Now that the Industries in our country have been receiving great impetus especially on account of the War, it is only proper that all those interested in the advancement of the country should meet to consider what could be done for the promotion of Industries and I am confident that under the able and experienced guidance of your President, Sir M. Visvesvaraya, you will be in a position to lay down the lines of progress on sound lines."

Sir Manilal B. Nanavati, Deputy Governor of the Reserve Bank of India in his letter said : "I trust that your Session will do very useful work for the promotion of Small Industries in the country."

Dr. Sir Shantiswarup Bhatnagar: "I wish the All-India Manufacturers' Conference under your Presidentship all success."

Mr. Kasturbhai Lalbhai: "I wish your Conference to be able to make a definite contribution to the solutions of Manufacturers' difficulties."

Mr. Ambalal Sarabhai: "I trust that the Session will be successful and that substantial work will be done."

Mr. G. E. Bennett, Controller of Supplies, Bombay : "The problems you are proposing to discuss are of very immediate importance to this Department as affecting the country's capacity for war supplies and I am sure discussions of this nature cannot but help in the industrial development of the country."

Mr. J. C. Setalvad in his telegram said, "I wish the Conference all success and expect good results out of its deliberations which will solve the problems of small and medium scale industries."

Prof. K. T. Shah: "I wish the Conference success."

Mr. Jamnadas Mehta: "I wish the Conference all success."

Prof. Dr. M. N. Saha: "I wish your Conference every success."

Mr. Jamshed Nusserwanjee Mehta: "I wish the Conference all success"

Mr. D. G. Mulherkar : "I wish the Conference success."

Mr. R. P. Masani, Vice-Chancellor, The University of Bombay,, "I wish the Conference all success."

Prof. C. N. Vakil, of the University School of Economics: "I have every hope that the Conference will supply a longfelt want and will focus attention on several leading problems about which it is necessary to have well-defined ideas. I wish the Conference every success."

Principal G. R. Paranjpe : "I wish the Conference a great success."

Mr. A. D. Shroff : "I wish every success to the Conference and trust that it will take such wise decisions as will be most helpful to the Small and Medium Scale Industries of our country."

Mr. A. Geddes "I wish the Conference every success and trust that satisfactory and beneficial solutions will be found to the various problems confronting you and your colleagues."

Dr. Nazir Ahmed of the Indian Central Cotton Committee: "India is now rapidly becoming industrially minded and the holding of such a Conference as you have called, should serve a very useful purpose in focussing our attention, on the immediate industrial problems. We have the raw-materials, labour and technical skill available in the country and it only needs adequate Organisation to put them to their proper use. The Board of Industrial & Scientific Research is engaged at present in helping the Industries as best as it can and the Resolutions of your Conference would be well to draw the attention of the Board to those Industries for which the Technical Assistance is more urgent and necessary."

Principal, Dr. V. K. R. V. Rao : "I send you my best wishes for the success of the Conference and hope that your deliberations will result in the formation of concrete schemes for the promotion and expansion of Small Scale Industries in India."

Mr. Fred Stones : "I can assure you of my keen interest in all that the Association of Indian Industries discussed in their programme at the Conference."

Mr. V. Sunderamurthy, in his telegram said: "I wish Conference tremendous success."

Sir M. Visvesvaraya thereafter delivered his Presidential Address :-

WE meet here to-day at a time when a ruthless war is being waged over the greater part of Europe and the Middle East. There are also signs threatening a possible extension of the Sino-Japanese war in the Far East.

This Conference is composed mainly of industrialists, many of whom are directly interested in war supplies and war needs which are at present making a great demand on the industries and manufactures of this country. The Roger Mission, as you know, is still in India. It has had consultations with the Eastern Group Conference and is arranging to obtain all the supplies that could be had from this country for war purposes. The Military Department of the Government of India is also busy mobilising recruits and materials for the war. The Ordnance Factories under the control of the Military are working to full capacity producing arms and ammunition in great quantities. This is all as it should be. I have no doubt we are agreed that our co-operation in war supplies should be whole-hearted and enthusiastic.

What we know as industries is the source of national wealth for every progressive country. We should expand our productivity in industries in order to be able to support our very large population. Industries, therefore, require special encouragement.

This country's economic weaknesses and poverty are mainly due to its neglect of industries and its excessive dependence on agriculture. Neglect of mass education is another cause. Absence of any specific plan or policy to increase the occupations, production and income of the people is a third.

Agriculture in this country already suffers from the excessive pressure of population on the soil. Industries are the only means left whereby it is possible to reduce unemployment, improve working capacity, make living conditions secure and raise the standard of living for the bulk of our population.

An intensive effort to promote industries is expected at a time of war like this, but there is no special agency in existence to assume responsibility or leadership on Government behalf in this important matter.

The responsibility also rests in a special degree on influential industrialists, merchants, financiers and business experts, generally, who work on public associations like the Chambers of Commerce, or like the Industries Association under whose auspices we meet here to-day. An organised effort on their part is needed. Our object at this Conference is to consider on what lines this effort should be put forth and in what manner the public should conduct the movement until Government change their attitude and come to co-operate with the people.

Some of the older members present here might recollect that before the last war, an Annual Industrial Conference used to be held as an offshoot of the Indian

National Congress. That organisation disappeared, with the outbreak of the last War, after the few enthusiastic leaders who were giving it their support had passed away. A Commercial Congress used to be held in Bombay more than twenty years ago. That too has ceased to exist.

The Industries Association, which has its headquarters in Bombay, has undertaken this year to convene a Conference of persons engaged, or interested, in industries from all parts of India. Past experience has shown that owing to the complex nature of interests involved, and lack of influential backing, industrialists in this country are usually diffident and distrustful, and co-operation among them has not been easy. But the members of this Association who asked me to participate in this Conference have assured me of their resolve to spare no pains to organise an effective form of common action among industrialists in the coming year.

INDUSTRIES AND MANUFACTURES

A large number of modern industries have been established in India but the aggregate value of the production from them is very small.

From a commercial point of view the manufacturing industries in this country may be considered under three classes according to the amount of capital invested in each. Industrial establishments in which a capital of Re. 1 lakh or less is invested may be classed as minor or cottage industries; those whose capital cost ranges between Rs. 1 lakh and Rs. 30 lakhs as medium-scale industries, and all undertakings costing more than Rs. 30 lakhs as large-scale ones. A classification of this kind seems necessary for purposes of statistical measurement and administration.

Large-scale industries are useful for large-scale production attended with economy of cost. They help to keep considerable sums of money in circulation, reduce imports, prevent the drain of the country's wealth, and increase Government revenue. The textile, cement, steel and sugar industries have prospered because in recent times Government have chosen to give them adequate tariff protection.

Modern industries and manufactures may be brought under some 24 heads and according to the materials from which they are made, they may be arranged into three groups, namely, (1) Engineering, (2) Chemical, and (3) All others. Research at present is confined to chemical industries chiefly. Engineering industries which are of great value for industrial advance are not receiving adequate attention. In the United States of America, even Banking, Travel and Hotels are treated as industries, and training or preparation for them is provided for.

PRODUCTION AND OCCUPATIONS

The industries in the country are of two classes, namely organised and unorganised, or, factory, and non-factory. The former give employment to less than 2 per cent. of the working population and the latter to about 8 per cent.

Some statistics are given for organised industries, but even in their case, the capital invested and the value of the commodities produced are not available.

A rough estimate of income from industries in India is about Rs. 12 per head of the population. The corresponding estimate in the United Kingdom is Rs. 412 and in the United States of America, Rs. 721 per head.

In a world which is industrialising everywhere, this picture of the extremely low comparative position of the productive capacity of the Indian population should come as a staggering reminder that in the economic organisation of the country one great source of income is practically shut out. And yet in a cablegram which appeared in the Bombay papers only five days ago the Secretary of State for India is stated to have said "*that India was now one of the greatest industrial countries of the world.*" This may be true in the aggregate on account of the size of the country but considered on a *per capita* basis, the industrial production is, as I have just shown by figures, miserably low. Viewing the facts in the light of the figures I have just given, you will agree that the Secretary of State's statement, is to say the least, an exaggeration. The value of the products of industries in Canada which has only 3 per cent, of India's population is higher than that in India.

The Government might collect and supply enough reliable statistics to enable estimates of value of production to be prepared from both agriculture and industries. If this information is made available, at least in approximate figures, it would bring the productive activities of the country into line with international standards. Future production of this country could then be watched with profit from year to year in its international setting.

The distribution of population by occupations in India and that in the two most progressive countries, namely, England and Wales, and the United States of America is given in the following table for comparison:—

No.	Occupations.	India.	England and Wales.	U. S. A.
		Per cent.	Per cent.	Per cent.
1	Agriculture, fishing, forestry	67.2	5.6	22.0
2	Industry, handicrafts, mining	10.2	46.2	30.9
3	Commerce, shipping, transport generally	6.7	26.9	21.1
4	Public Services, free professions	2.6	10.9	8.5
5	Household work and various	13.3	10.4	17.5
	Total	100.0	100.0	100.0

It will be noticed that the percentage of population engaged in the two occupations of Industry and Commerce together, is 16.9 in India, that in England and Wales is 73.1 and the same in the United States of America 52.0. Comment is unnecessary to show how low productive occupations have fallen in this country and how unbalanced the occupation structure has become.

DEFICIENCIES AND HANDICAPS OF THE INDUSTRIAL STRUCTURE

The productive power of the people is unorganised and low, owing to recurring seasonal unemployment and lack of profitable occupations. Even a superficial survey reveals grave deficiencies.

The *per capita* income in India is roughly taken at Rs. 58 from agriculture and Rs. 12 from industries or a total of Rs. 70. The corresponding figures for the United Kingdom are approximately Rs. 68 from agriculture and Rs. 463 from industries or a total of Rs. 531 from both. Those for the world's most prosperous country, namely, the United States of America, are Rs. 219 from agriculture and Rs. 830 from industries or a total of Rs. 1,049 from both. These figures will be changing, specially as a result of the War, and are of course very approximate.

The *per capita* income from industries in the United States of America is nearly four times that from agriculture. In India the Government policy is to encourage agriculture if they encourage any production at all. As a result of neglect of industries, the population dependent on agriculture, judged from world comparative statistics, is about double what it should be, that is, double the average in progressive countries.

The capital invested in organised industrial concerns in the United States of America is about Rs. 1,800 *per capita*, in the United Kingdom it is Rs. 1,600 and the corresponding amount in India is barely Rs. 25.

The public in India do not readily risk money and take to new industries because of lack of assurance from Government that the ventures would be safe against foreign competition, and because the tariff policies are not regulated in conformity with the wishes of the tax-payers.

There are also wrong traditions and faults among the people. This is attributable to the absence of mass education—only about 10 per cent, of the population being literate—and lack of encouragement of nation-building activities. Also the principle that there should be equality of opportunity for every citizen as in a democratic State is not practised here.

One of the indications of low manufacturing power is that the annual production of steel is only about $1\frac{1}{4}$ million tons, whereas for a country of this size it should be at least 8 or 10 million. In the United States of America which has one-third of our population, 50 million tons of steel are produced every year. The attention given in India to engineering education has been very meagre.

As a result of all these disadvantages, namely, illiteracy, lack of citizenship training, absence of progressive policies, the people have been drifting into agriculture which is the only occupation in which competition is not keen. Agriculture is overburdened, the population dependent on it being, as already stated, about double what it should be, and production is impeded by the abnormal pressure of population on the soil.

POLICIES AND PREPARATIONS

Government policies have to undergo considerable change and preparations on the part of the public have to be persistent and vigilant if industrial advance is to be a reality. There has been some talk in this country of industrialisation and some opposition also to the idea at the same time. The general public have no clear views. At the pace we are going and with the intricacies of our public policies, an industrialised India seems an empty dream.

The country as a whole and every Province and region in it should be adequately equipped with tariff protection, banking facilities and an adequate staff for collection of statistics.

Exhibitions should be held frequently to promote commercial activities and industrial life. Indian Trade Commissioners in foreign countries are too few. Their number needs to be considerably enlarged.

Mass education, mechanisation and use of machine tools should receive earnest attention. The greater the ability and skill of the people, the higher will be their level of income and material well-being.

Sufficient attention should be paid to the study of labour questions both local and in foreign lands. Our business men should be well-posted in the latest practices in marketing, also in the working of such organisations as trusts, combines, mergers and cartels.

Vigilant watch has to be kept on the effects of the control exercised over foreign exchange to safeguard currencies.

The above subjects are mentioned here merely to show how vast and intricate are the questions connected with modern practices in industry and trade. Their

investigation and study should be widely distributed among the intelligentsia engaged in business life, to develop a spirit of self-help and self-confidence in every grade of society and in every part of the country.

The Commerce Department of the Government of India has started an all-India Board of Scientific and Industrial Research. The appointment of a Research Utilisation Committee on which several prominent industrialists are given seats is a new development within the past few weeks. As far as my information goes, the public welcome and appreciate these activities.

There are quite a number of industries waiting to be started without any preliminary research at all, or for which abundant technical information is locally available or can be easily procured from abroad. This is particularly the case with industries connected with mechanical and electrical engineering.

It is well known for several decades past, that the manufacture of locomotives in this country would at any time be a sound commercial proposition. No steps have been taken to establish this industry although there is a longer railway mileage in this country than in the United Kingdom itself.

It is understood that in England and in Canada, at least one-half the normal work of the various industries is allowed to be pursued as in pre-war normal times to ensure continuity and safety of enterprises after the War. It is not understood whether any similar precaution is being taken in this country.

It should be remembered that industries launched in war-time begin their career with special advantages. Both in Europe and America as well as in Japan, organisation of industry is recognised as the increasing concern of the State. The public will want to know what the India Government are doing to utilise this opportunity for launching new enterprises.

Within the last fortnight a Reuter's message told us that at the request of the President of the Board of Trade, Sir Charles Innes, a former Provincial Governor, who by the way was also a former Provincial Director of Industries in this country—was examining problems of industrial reconstruction in England after the war. We want to know what the Government of India are doing in the same direction in this country. If they are not doing anything themselves, would they not be rendering a service to the public by appointing forthwith a committee of leading industrialists and business men for this purpose and placing at their disposal a small grant and a competent Commissioner or Secretary as Executive Officer?

THE AUTOMOBILE INDUSTRY

Before I leave this part of the subject, I should like to refer to a *Communique* of the Government of India of 16th December last, in which they have expressed reluctance to support a proposal for starting an Automobile Factory in Bombay. As this proposal has been under consideration and discussion for nearly seven years and it has been also before the Government for over 4½ years, a few words of explanation seem due at a Conference of industrialists like this.

In the United States of America, as you know, the population is only about one-third of ours but still that country is using 30 million motor vehicles. So high is their standard of living that motor vehicles have come to be regarded as one of the necessities of life. In this country, the number of vehicles in use is only about 1,80,000 for our enormous population, and this number has practically been stationary for five or six years past. During these same years, several foreign countries have achieved record developments in this industry.

A scheme for an Automobile Industry has been before the public for the past five years. The former Congress Government of Bombay provisionally promised to guarantee 3 or 3½ per cent. interest on the share capital of the project for a term of ten years. Encouraged by this promise the promoters have spent money, energy and time and entered into an agreement with one of the world's foremost manufacturers.

There is no question about the soundness of the scheme. If started immediately, there is prospect of the industry proving useful even for war purposes. The promoters who are in close touch with the details of the industry and with the American manufacturers consider that the advantages are all in favour of an immediate start.

If the industry is successfully started in war-time, when there will be no foreign competition, motor vehicles can be manufactured and sold to the public at appreciably lower prices than before the War.

The Government of India have refused help for no valid reason one could see. First, they said it was on account of some old Government order passed in 1921-22 and now they say it is due to difficulties on account of the War. No explanation is vouchsafed why Government are giving orders worth crores of rupees to foreign firms while refusing a small order to a prior application for help from an indigenous industry.

Whether Government help will be available or not, the industry cannot be abandoned at this stage. We have every hope that when the scheme is placed before them, the public will give it their ardent support.

SPECIFIC REMEDIAL MEASURES RECOMMENDED

To remedy this low condition into which industries have fallen, the early adoption of a few specific measures is recommended, pending the ultimate evolution of a sound policy and plan.

These measures have long been overdue and the industrial situation is likely to improve appreciably if they are speedily adopted.

(1) *Statistics of Industries.*—One of the basic needs of progress is the compilation of statistics. Industrial affairs are at present shrouded in mystery owing to lack of essential statistics. Government had appointed committees of experts more than once to meet a popular demand in this respect but when the time came for action, the reports received were shelved.

Government in England issue small pamphlets relating to industries, trade and allied subjects to encourage economic activities. Not only do they not do this in India, Government publications are usually very late; for example, there is a couple of years' delay in the issue of the statistical abstract relating to joint-stock banking in India. Currency reports were dilatory and scrappy till the work was taken over by the Reserve Bank.

(2) *Revision of Tariff Policies.*—The tariff policies which are based on a report of the Fiscal Commission of 1921-22 are halting and discriminating. When it is a case of protecting a local industry, European countries including Great Britain keep out imports by levying a 100 per cent. duty if need be. One of the conditions for granting protection is that raw materials should be in the country and a prolonged meticulous enquiry is held into the economics of the industry before protection is granted or refused. In Australia and in the United States of America the Tariff Board organisation disposes of applications with despatch. The questions are decided on broad policies, on the desirability or otherwise of an industry being established. World economic conditions have undergone a vast change since 1922. It is time that the Indian Tariff provisions were brought into line with the working policies in this respect, say, in a Dominion like Australia.

I do not think the public in this country would object to reasonable discrimination in favour of Great Britain provided there is effective protection against all other foreign competitors.

(3) *Extension of Banking Facilities*—Industries, particularly the smaller enterprises, have long suffered through restrictions in the circulation of money. The business of industry and the business of finance are interdependent but banking

facilities in this country have been extremely meagre and unsatisfactory. Our industries do not develop fast for lack of industrial finance. Modern industrial banking has not been developed at all. "The lack of financial facilities is at present one of the most serious difficulties in the way of extension of Indian industries" wrote the Indian Industrial Commission in 1919. The Report of the Indian Central Banking Enquiry Committee of 1931 stated: "Japan's *per capita* banking capital was roughly 150 times that of India's. Out of 2,500 towns in India—generally places of 5,000 or more inhabitants—only 400 have joint-stock banks or their branches."

(4) *Manufacture of Engines and High Grade Machinery.*—There has been a demand for a long time for the manufacture of engines, locomotives and other machinery. Manufacture of textile machinery is overdue.

In introducing the latest Railway budget in the Central Assembly last month, the responsible Government Member expressed regret that although there has been a handsome budget surplus, the manufacture of broad-gauge locomotives as a large-scale industry had to be postponed.

(5) *Key Industries.*—A proposal was made some time ago that each Provincial Government should be advised to start at least one key industry. Had this advice been followed, we would have had half a dozen to a dozen large-scale industries added to the present number by now.

This is the quickest way to establish key industries. In most Provinces it would not be difficult for private citizens to assume responsibility if only the backing of Government could be secured.

(6) *Subsistence Industries*—Another important proposal is the establishment of a satisfactory number of medium and small-scale industries in each district.

A scheme was prepared by me for this purpose a couple of years ago under the title "District Development Scheme." The object was to equip each district with the necessary groups of industries to make it as self-contained as possible for the ordinary daily wants of its population. The scheme can be introduced without interfering with the ordinary district administration. The object is important. If my proposals are not considered satisfactory, I trust others will come forward to achieve the same purpose.

(7) *University Reform.*—The primary business of education should be to teach the people to become earning members of the community and to protect themselves and their families from poverty and destitution. While the people

around you are earning one rupee per head of the population for every ten earned in advanced countries, it is not wisdom to spend too much time of the students on cultural studies and philosophical literature. For another ten years, perhaps, prudence requires that special attention should be paid to subjects connected with production, transport and finance; such as mechanical and electrical engineering, chemistry, textile engineering, shipbuilding, automobiles, aircraft, commerce and accountancy.

You are aware that the United States of America is the most advanced country in mechanical and electrical engineering industries just as Germany is in chemical industries. Over a dozen years ago in one of my visits to Washington, Mr. Herbert Hoover, who later became President of the States, said to me: "The rapid progress of industries in the United States of America in the last fifteen years is due to leadership. Our educational system keeps about 600,000 persons under training in all branches of higher and practical education. It is the pouring of this leadership on the population that is answerable for our prosperity. It is this avalanche of skilled leadership that has made the country what it is."

NEW MOVE OF THE ASSOCIATION OF INDIAN INDUSTRIES

It is proposed to plan, and give an impetus to, industries in future by organising closer co-operation among persons interested in them. In unity there is strength. The Committee of this Association has invited industrialists and business men from a number of places in India to this Conference with a view to exchange views with them, to co-ordinate their activities and to secure unity of purpose among as many persons working in this field as possible. We will welcome and utilise all the help we can get from Government, but in regard to the numerous wants and measures I have indicated on which advance is imperative but for which planned effort on the part of Government is either feeble or not available, it is proposed to spread sound ideas of the situation and to work for such advance by promoting co-operation and team work among ourselves. It is an uphill task, I admit, to make any headway without the aid of the executive power of Government, but we cannot on that account leave things alone.

The Committee of the Association propose to develop some form of an all-India organisation in the coming year, the primary object of which will be to take stock of existing conditions, collect working data and information relating to industries in the various parts of the country and make them available both to the members of the Association and the general public. By this means, it is proposed to provide the industrially-minded public with the basic data needed to investigate and judge things for themselves. At the same time it is hoped to set as many intelligent people as possible among the general public thinking on the many vital problems that go to the root of their livelihood and prosperity.

I suppose it will be agreed, that the City of Bombay is centrally situated to form the headquarters of such an all-India Industries Association. It is proposed to encourage the constitution of *boards* to carry on the duties, which this Association has in view, in every *Province* of the country which desires to co-operate with it; and also to constitute *councils* in every *city* and *district* that wishes to participate in the work of the Association. A city or district in a Province which appoints an Industries Council may become a member of this Association upon its undertaking to perform the duties assigned to it.

For the present if sufficient funds are collected, it is proposed to print whatever information of value is collected by the Association and its member bodies from time to time and circulate the same to councils in various parts of the country. When the organisation has further expanded and sufficient funds and workers are brought together, a Manufacturers' Journal will automatically come into existence.

It will be agreed that funds for this purpose if wisely utilised, are of the nature of a national investment; and I trust philanthropists, business men and well-wishers of industrial progress will come forward with financial help to support the measures contemplated by the Association.

Much valuable spade-work will be done if useful statistics and data pertaining to industries are collected in the coming year on a proper system under the auspices of this Association. The information collected in the first-year or two will necessarily be imperfect, perhaps even inexact; but practice will improve accuracy in the ordinary course, difficulties and imperfections in the preliminary stages should not discourage persons who undertake this very responsible and patriotic work.

DEVELOPMENT IN PROVINCES AND DISTRICTS

If a Provincial Board or an independent Association co-operating with this Central Association is started in any Province, then that Board or Association will carry on the duties towards its city and district members in the same manner as this Central Association proposes to do. Any city or district, anywhere in British India, which appoints a committee of three to five persons with a responsible business man as Chairman and which undertakes to carry out the objects of this Association, may be enrolled as a member. Every member council so enrolled will be expected to collect funds for its own work, maintain industrial statistics and launch an economic drive thereby bringing into existence new companies, co-operative societies, and new units of work within its area. The Chairman appointed should be a person known for his energy and initiative, and one willing to give a major portion of his time to this work at least for one year.

The member councils in the cities and districts which join this Association should be self-supporting and self-contained as far as possible. The Central Association will want their co-operation for common benefit but will have no wish to control or unreasonably restrict their activities.

The duties of the member councils would be :—

- (1) To collect and submit, as early as practicable, statistics and other information of practical value, pertaining to industries in their area, which would be required to form a basis for future stock-taking ;
- (2) To undertake to bring new industries into existence and strive ceaselessly for increase in the number of industrial establishments or units of work, number of workers employed, capital invested, value of products manufactured, and other similar essential developments ;
- (3) To carry on propaganda for the purpose of increasing production both from industries and agriculture by means of meetings, lectures, leaflets, friendly local gatherings, etc., and
- (4) To supply to their constituents from time to time statistics of progress and a right perspective of economic affairs in their area.

Each city or district should prepare a plan of work, arrange for funds and appoint a council to carry on the work of this Association. The plan should be accompanied by detailed estimates and schedules. The council and its Chairman should take full responsibility for the satisfactory performance of the work they undertake to do, at least for one year at a time.

Statistics relating to progress of industries, namely value of products manufactured, capital invested, labour employed, wages paid, etc., should be recorded on standard forms approved by the Central Association.

An important duty of the local council would be to encourage all classes and grades of people to interest themselves in productive enterprises in industries and incidentally also, in agriculture. Equal opportunities and facilities within the power of the committees should be afforded to all of them.

Also, every President or Chairman of the Central Association in Bombay and of the Boards and Councils in the Provinces, cities and districts, should review progress, every quarter, if possible, and every year without fail. Bulletins should be issued also both by the Central Association and by member bodies from time to time as circumstances require.

These suggestions are only meant to give a rough idea of what is proposed but final decisions will be taken after fuller consultation and discussions in open Conference.

RECOMMENDATION AND CONCLUSION

I have endeavoured to outline a constructive policy and to place before you an attainable programme of action. But I have not concealed my conviction that without the power and co-operation of Government, our efforts, as they have been in the past, would be feeble. As taxpayers we have a claim on Government support but if they do not give it, we should not keep idle; we will be courting losses and disaster by allowing things to drift.

Let us make no mistake. The future prosperity of our people, of their children and children's children is bound up with industrial development. Industries are indispensable for all essential modern needs, for quick transport, for rapid production of goods and services, for low cost of production, for safeguarding the defences of the country, for raising the standard of living, for civilized existence generally.

We have seen, too, that to rectify existing deficiencies is a very complex business. Through lack of organisation, our affairs have remained in a confused, chaotic condition. The country has practically stood still and allowed itself to be outstripped by many a foreign country within the past fifty years. Our resources in men and material if wisely utilised are colossal. *A plan, leadership and an economic drive are the essential needs of the industrial situation to-day, and these are lacking.*

Organisation and leadership are regarded as nerve-centres of any development scheme. If a plan of work is prepared for each region or locality, small or large, if the operations and measures needed are worked out in detail and recorded in schedules attached to the plan, if the time for execution of individual items is fixed and the responsibility for it allocated to independent committees and leaders, all the essentials of an organisation will have been brought into existence.

Absence of a plan, or programme of action, in the councils of Government to advance industries in the country as a whole, or in any province or region, has always been and still is our main handicap. If only some order is brought into them and the co-operation of the power of Government is secured, practically any modern industry, whether materials are available in the country or not, can be made a success of, in this country. If England should follow the present policy of the Government of India and decide that only those industries should be started for which there are raw materials available in the country, it will have to close down most of its factories.

This is a rare opportunity for establishing, in this country, heavy and machine industries for manufacturing such requirements as shipbuilding, automobiles including army trucks, armoured cars and tanks, also aluminium and several other industries, such as rayon and dye-stuffs. The Government should take active steps for helping the establishment of these industries as a long-range proposition.

The tendency of Government appears to be to start only those industries which can supply directly war requirements by the middle of 1942. This may be right from a war point of view though I personally think that it is wrong from that point also, but it is definitely wrong as a long-range policy of a Government interested in the welfare of the people.

It would not be wrong to say that the most urgent demands in this field of development would be met if, as a preliminary step, the seven items I have enumerated under the heading "Specific Remedial Measures recommended" are immediately put into operation. If Government mean business, all the seven proposals are ripe for action. No unprejudiced person, be he Government official or private industrialist, will deny that money spent on these seven measures would be a national investment.

The public expect the Government of India to make an open declaration that if any of the major industries like automobiles, locomotives, dye-stuffs, rayon and the like are started, they will get protection if necessary, and all assistance for obtaining the requisite machinery for manufacture. In the case of an industry like dye-stuffs a reasonable subsidy should be given, in addition, as was done in England after the last war.

While we must press all this on Government from every platform, with all the emphasis and energy at our command, we ourselves should not sit idle. We must impress on Government that they will not have discharged their duty to the people of this country by encouraging only war industries which can be in production by the middle of 1942, but that an endeavour is expected in this emergency on their part to make the country self-contained in as many requirements, both for peace and war, as possible. It is with this object, that this all-India Conference has been convened. The automobile industry episode is an instance of the way Government are accustomed to delay and mishandle industrial matters. I therefore repeat: Let us welcome whatever Government may do, but in the numerous other directions in which advance is necessary and Government help is not forthcoming, let us strive to meet the situation ourselves by co-operative effort to the best of our ability and opportunities.

The Conference then adjourned till 2-30 P. M. for lunch.

AFTERNOON PROCEEDINGS.

The First Session of The All-India Manufacturers' Conference resumed its business at 2-30 P. M. on Saturday, the 1st March 1941, Sir M. Visvesvaraya, the President, occupying the Chair.

Mr. Pranal Devkaran Nanjee (M/S The Devkaran Nanjee Banking Company Limited):—

Mr. President and Gentlemen,

I have the honour to move the following resolution.

No. 1 INDUSTRIAL FINANCE.

This conference draws the attention of the Government of India to the absence of adequate facilities for the financing of Small and Medium Scale Industries. The Scheduled Banks are also not anxious to provide long-term finance in view of the restricted scope of re-discounting facilities under the Reserve Bank of India Act. This Conference therefore urges that :

- (a) Industrial Banks be established in important industrial centres throughout the country wherever possible.
- (b) Co-operative Credit Societies, Indigenous Bankers and other Agencies be enabled to provide finance for these industries on reasonable terms.
- (c) Sufficient funds be placed at the disposal of the Departments of Industries to grant loans to these industries on liberal terms.
- (d) The Scheduled Banks be encouraged to grant loan-facilities for the financing of Small and Medium Scale Industries by permitting the Reserve Bank of India to re-discount such loans on favourable terms.

Finance, Gentlemen, is, as you know, the most important requirement for Industry whether great or small. The Small and the Medium Scale Industries, however, do not find it easy in our country to obtain it adequately with the result that we do not see these Industries growing to anything like the extent to which they are entitled to grow, although there is a scope for their growth. The speed at

which they are being developed, is also extremely slow as compared to other countries. Industrialists and economists have drawn the attention of the Government as well as of the public to this state of affairs on numerous occasions, but, unfortunately, it has yet not been possible to accomplish much to help them. More notice is, however, now being taken of the lack of adequate supply of finance from which the Small Industries are suffering, and it is now to be hoped that both the Government and the public will see that they are no longer neglected. As is well-known, Countries like Japan have prospered considerably by the growth of their Small and Medium Scale Industries, and if adequate financial facilities are forthcoming in our country, we may be sure that our country also will not lag behind, as there is no dearth of talent and enterprise among us Indians.

The Resolution I have just moved urges upon the Government of India to arrange to supply the needed facilities for finance and it mentions a few ways as to how this could be done. As one connected with Banking, it appears to me that Small and Medium Scale Industries would be able to get loans more favourably and readily from the Banks if the Banks were sure that in case of need they could get such loans re-discounted at the Reserve Bank of India without difficulty. As is well-known, the Reserve Bank of India is always anxious to give loans to the Scheduled Banks on Government Securities on most favourable terms. The result has been that these Banks are eager to lend on and invest in Government Securities. This has helped not a little in maintaining the high prices for Government Securities, which has enabled the Government to borrow at very favourable rates from the public. Similarly, if the Government would see that the Reserve Bank of India offered re-discounting facilities on favourable terms to the Banks for loans made by them to Small and Medium Scale Industrial enterprises, it would, I am sure, encourage the Banks to come forward to lend to the Small and Medium Scale Industries. It appears that several central banks in the other parts of the world do re-discount such loans, and such loans are considered eligible paper, i. e., readily re-discountable by their central banks. As I believe, one of the objects of the Reserve Bank of India is to help the country's industrial growth. If the Reserve Bank of India is able to do the same as some of these central banks are doing, it would be but a step in the right direction and would encourage Banks to finance Small and Medium Scale Industries on reasonable terms.

Mr. A. R. Bhat (Jt. Hon. Secretary of the Maharatta Chamber of Commerce & Industries, Poona) :—

Mr. President, Fellow Delegates and Friends :—I have great pleasure in seconding this resolution on Industrial Finance which has been so very ably moved by Shriman Seth Pranlal Devkaran Nanjee.

In the first paragraph of the resolution we have drawn the attention of the Government of India to the absence of adequate facilities for financing Small and Medium Scale Industries, and we have, thereafter, urged that special Institutions be established in important industrial centres to meet this existing deficiency in the economic organization of our country.

The problem of Industrial Finance was first discussed, at some length, by the Industrial Commission and thereafter, very exhaustively by the Indian Central Banking Enquiry Committee in their Majority and Minority Reports. The Provincial Banking Enquiry Committees, also, had their say about this problem. Only very recently the Bombay Economic and Industrial Survey Committee, dwelt on it. Besides this, a couple of treatises have, also, been published on the subject during the last few years, one important among them being that of Dr. P. S. Lokanathan.

The problem of Industrial Finance has always been an intricate one all over the world, but in Western Countries, the United States and Japan, it has been more or less satisfactorily solved, as the National Governments in those countries handled it as a matter of pleasant duty. As has been rightly remarked by that able economist, Sjt. Manu Subedar, in his thought-provoking Central Banking Committee's Minority Report "there is an organic relationship between the State and economic development." Here, in India, where the Central Government is still not responsible to the Legislature, the State policy in economic matters is not in consonance with the aspirations of the people. There is no sufficient guarantee, even to-day, that the industries will be protected against the onslaughts of foreign competition that is sure to result after the present world war. Under the circumstances, it is no wonder that the existing industries should find it difficult to meet their financial needs and the new industries to raise sufficient capital even to make a good beginning. It is due to Government's apathy that insistent demands have been made in the past that the Special Institutions for financing industries must be sponsored by Government, that a good portion of their share capital should be subscribed by Government, that a minimum interest on the capital subscribed by the public should be guaranteed by Government and so on. If the Government of the Country had been sympathetic, if they had evinced oneness with the industrial aspirations of the sons of the soil, ere long, Special Institutions for financing industries, big and small, would have grown in the country on private initiative. I have not doubt, whatsoever, in that respect.

But we must face the realities of the situation and try to find out a way even in the existing discouraging atmosphere. A glance at the present economic structure of the Country shows that large-scale industries are somewhat better placed from the point of view of capital supply than the medium and small-scale concerns.

Further, industries situated round about leading commercial centres are better catered for than those in the mofussil. But the need for Special Industries Finance Corporations is none the less felt even in commercially advanced centres. It is, however, much more in the mofussil places. Past experience shows that it is useless to depend on the present Government either to take initiative in starting such institutions or to help private efforts by giving patronage. The Bombay Economic and Industrial Survey Committee had recommended that the Provincial Government should help in the promotion of a Small Industries Bank by guaranteeing both capital and interest. But we all know that in their interim orders on the recommendations of the said Committee they have stated that owing to financial stringency they could not give effect to it.

The financial needs of industries, generally, and those of small and medium scale ones, particularly, can be classified as, firstly those for Block Capital and secondly those for Working Capital. Majority of industrial concerns which have no financier behind them are hardly in a position to raise funds sufficient for the erection of factories and installation of machinery. In many cases the original calculations of the promoters regarding Capital needs fail and the organisers, who, in the mofussil, are, as a rule, only technicians, are at their wits end as to how to meet the financial needs of their concerns, and their energies are frittered away in going after moneyed people, with the result that the concerns have any how to plod their weary way the day in and the day out. Commercial Banks are, by their very constitution and the nature of business they transact, not suited to help such industries. Commercial Banks can meet only a small portion of the total working capital requirements of an industry. Further, this much assistance also is rendered by them by creating a charge on the floating assets of the industry, thereby partially crippling its credit. A number of industrial concerns, therefore, accept fixed deposits. But this method of raising funds is ultimately disadvantageous both to the industries and the depositors. From the point of view of industries, depositors' funds are in the nature of fair weather help inasmuch as once the industry is faced with depression the confidence of the depositors gets shaken and the troubles of the industry only get enhanced. From the point of view of depositors, who are generally laymen, industrial concerns are not always safe channels of investments, inasmuch as an average depositor is not competent enough to judge the position of the industry. What, therefore, is needed is a special type of Industrial Investment Concerns. Such concerns should be organised on joint stock basis with a minimum paid-up capital of Rs. 5 lakhs. They should accept only fixed deposits for periods varying between 2 years and 5 years, the maximum amount of such deposits being not more than three times the amount of the Paid-up Share Capital. The rates of deposits should be somewhat higher than those offered by Commercial Banks. Such Industrial Investment Concerns should underwrite

debentures of approved concerns or advance them long term loans sufficient to meet all reasonable financial needs of such industries, on the security of their fixed and other assets. Further, the Investment Companies should nominate a director or two on the Boards of the Concerns they finance and get their accounts audited by their own auditors. In choosing concerns for finance, Investment Companies should get the prospects of the former examined by experts in the line. But, as a policy, the Financing Companies ought not to associate themselves with the day to day management of the business and conduct of the factory of the concerns they finance. Such Investment Companies will act as a useful intermediary between the long term depositors and the industries.

I attach very great importance to clause A of the resolution which deals with the formation of Industries Finance Companies. Other clauses of this resolution are important in their own way but the problem of Industrial Finance will be effectively solved only by the establishment and growth of Investment Concerns on the lines I have suggested.

I hope and trust that we shall not stop at merely passing a pious resolution nor wait till the day when the Government will come forward to take the initiative. Let us decide to make a beginning.

Almighty helps those who help themselves. I have done.

Mr. P. R. Bhatt (Messrs. Crescent Insurance Co., Ltd., Bombay) supported this Resolution.

The resolution was then put to vote and declared carried unanimously.

Mr. Ramdeoji A. Podar (Chairman, The Bombay Silk & Art-Silk Mills Association, Ltd., Bombay) :—

I beg to move the following resolution :—

2 DIFFICULTIES IN SECURING ESSENTIAL RAW-MATERIALS.

This Conference draws the attention of the Government to several hardships resulting from quota restrictions, import licenses, exchange controls etc., experienced by our industries in importing their essential industrial supplies from abroad. Whilst fully appreciating the difficulties of the Government due to the present situation, this Conference urges upon them to adopt a more liberal policy in their enforcement.

It further urges upon the Government of India and the British Government, to use their good offices through their Trade and Consular representatives, in rendering all possible assistance to indigenous industries in this direction.

This Conference feels that the time has now arrived when every possible effort should be made to make the country self-sufficient in regard to availability of industrial raw, semi-raw and ancillary materials such as, Machine Tools, Chemicals, Special Steels, Rayon, Aluminium Foils etc.

In commending this resolution for your acceptance I would express in brief the various reasons of its importance.

India, after nearly 100 years of British connection, is even to this day, dependent on other countries for vital necessities for her economic life. When the Empire is fighting for democracy, India, had she been industrially advanced, would have contributed much to the war efforts in winning the cause. The demands for war materials from allied countries and also for India's own requirements have increased, but India, to day is not in a position to meet them on account of the shortage of raw materials partly manufactured. War had deprived India of some of her essential imports with the result that even those industries, which were well established in the country now find difficulties in maintaining the normal working. Though late, I am glad, Government has realised this position, and has now set up the Board of Scientific and Industrial Research with effect from 1st of April 1940. Long before this, many eminent men like Sir M. Visvesvaraya and others were insistently clamouring for the industrialisation of India. The Working Committee of the Indian National Congress set up a Committee for Industrial and Social Planning in August 1937. When the Congress Ministry was in power, a conference of Ministers of Industries was held in Delhi in October 1938 and it was there that they asserted that the problems of poverty and unemployment, national defence and economic regeneration in general could not be solved without industrialisation. With this object the National Planning Committee was appointed in that conference. The Industrial conference held at Lucknow this year adopted a resolution for the enunciation of a vigorous policy of industrialisation. Besides, many Provincial Governments have also passed resolutions supporting industrialisation. Unfortunately, nothing more has been done in this respect except the passing of resolutions and the setting up of committees. For industrialisation, it is the State that should take primary hand in the matter.

In India 75% of the population are dependent on agriculture with the result that there are more people on land than are required for its cultivation. This has

brought down the national income of the country. Of the 36 crores of people of India 3 crores only live in urban area and are dependent on industry, transport or trade, for their livelihood. The actual number of workers in all branches of industry, transport and trade is still 23 millions only according to the review of the trade of India, 1937-38. While the income per head per annum in U. S. A. is £. 72, Australia £. 54, U. K. £. 50, France £. 38, in India the income per head is £. 3/- only. The margin between sufficiency and scarcity is so narrow in India that if the monsoon fails in any area, there is insufficiency all around over a wider area. In all industrially advanced countries, the industrial income of the nation is much more than the agricultural income. Therefore agriculture should be supplemented by a well balanced scheme of industrialisation without which the national income will not rise.

Our industries have to depend on foreign goods partly manufactured, for our raw materials. Even the well established industry like the Textile Industry has to look to a foreign country for most of the stores and dyes. As has been stressed already, the problems that face industrial planning are many. It is true, that many raw materials required for our industries are articles that have been exported from this country and have been returned to us after being treated abroad. The Government has, so far, not made a comprehensive scientific study of the raw materials available so that they may be utilised in local factories without any intermediate handling abroad.

The Government has been in several cases indiscriminate in the use of tariffs. These tariffs, no doubt, afford a protection to an industry, but, if they are to be used in the case of raw materials with which new enterprises are to develop, they prove rather a hinderance than a protection. It becomes still worse, if there be "discriminating protection" as laid down by the Indian Fiscal Commission of 1921-22. Any State desiring industrialisation of the country must render financial aid to its pioneer industries in the shape of subsidy, bounty or guarantee of purchase of minimum quantity of manufactured articles at fixed prices. In spite of that, we find here that Government has placed impediments by way of tariffs on the importation of raw materials e. g. on artificial silk yarn. I specially mention rayon as I am closely connected with this industry and can speak from personal experience. The industry has provided a capital of a crore of rupees and a half and employs about 25,000 workers. Although it is a new industry there has been levied a heavy duty on the imported art silk yarn. No serious attempts have so far been made by the Government to produce art silk yarn in India even though the necessary raw materials are available in abundance in the country. War, instead of being an instrument to encourage industries, has, to day, become an obstacle to the progress on account of restrictions on imports, exchange controls etc., placed by the Government.

I, therefore, urge the Government to give all facilities for the importation of those materials so long as they are neither produced nor manufactured in India. For the present, India has to rely upon foreign materials such as heavy chemicals, rayon, dyes, machine tools, aluminium foils, etc. It is my sincere hope that Government will not fail to help in starting and developing a suitable manufacturing industry by bringing about greater co-ordination between enterprising industrialists and scientific research.

Before concluding I would like to add that the Government would have realised what amount of assistance the country would have rendered to the war efforts if industrially advanced and done all in its power to remove the present difficulties the industries are facing in securing essential raw materials. One thing I would particularly like to press is that the Government should assure that the new industries that will be started during the war, will be given for a required, period the necessary protection even after war. The experience of the entrepreneurs during the last war is too fresh to be forgotten.

Mr. Chocnilal Girdharlal (Messrs. Choonilal Manilal Ltd., Bombay) :-

I second the Resolution. India is a partially developed country. It is therefore obvious that a good many of raw and semi-raw materials should come from abroad. The present dislocation of trade has, therefore, created a very serious problem which has greatly affected the production capacity of several industries.

At a very rough estimate, the net value of our yearly industrial production will be about five hundred crores, in itself not a very impressive figure considering the size, population and resources of the country, when one remembers that, that of Japan, with about one-sixth of population and one-twelfth in size is more than double and that of British Isles with about one-seventh of population and one-fifteenth in area is more than four times. These figures tell their own tale. This already very low output of the country's industries will go still lower if shortage of essential raw and semi-raw materials will be added to the already existing handicap. Even though essential raw materials of our major industries such as Iron, Cotton, Jute, Leather, Cement, etc., are available from the country, they are still dependent upon certain materials, which, though not as vital, are still sufficiently important to seriously disturb their production, provided they are not enabled to obtain them in enough quantities. But our other industries especially of small and middle class are dependent upon imported supplies for a good portion of their material necessities. Heavy and fine chemicals, dyes, artificial silk, metal rods and sheets, special steels, certain grades of ores, paper-pulp and many other manufactured, half-manufactured and raw materials, are few things from the long list of materials required by our industries.

As you are all aware. Gentlemen, most of these materials come from the United Kingdom, Germany, Japan, the United States, Belgium, Italy and a few other countries. The Nazi domination of Eastern, Northern and Central Europe, has cut off the European sources of supply. Thanks to the admirable efforts of the British manufacturers, to the magnificent work of the Royal Navy, and to the accumulation of stock in pre-war period, our industries have so far not experienced any appreciable shortage, although the material condition in certain industries cannot be said to be very satisfactory. We take increasing quantities of our industrial material requirements from Japan, and since recently from the U. S. A. But, here again, we have to reckon with two possibilities, namely, the export restrictions of their respective Governments, and any unforeseen eventualities in the near East. As the situations are at present stand, foresight warrants that our industries should be ready for any development.

We must appreciate the Government's anxiety to conserve foreign exchange as far as possible. It is a logical outcome of such times. Therefore, any restrictions to this end should have our approval and co-operation. But from industrial point of view, these restrictions call for more liberal administration. Let me take a concrete case. By the notification of the Commerce Department of the Government of India No2-I. T. C/40 of 20th May, 1940, import licenses are necessary for importing certain articles. In actual operation, quotas based on the firm's imports from 1st April, 1939 to 31st March, 1940, are allotted. Now it may just happen that an industry may not have taken up production, or, may be in early stages of its development in this very period, in which case it may either have no imports at all, or so little as may not meet their present demand. Further the trader and the manufacturer are placed on the same basis in the calculation of these quotas. While appreciating the consideration that the Government have so far given to the requirements of industrialists, I believe I am voicing the desire of you all industrialists, if I request the Government to make a distinction in quotas allotted to the trade and the industry with a view to assist the latter in obtaining its requirements in full. Besides, a more expeditious method of quota allotment will be very much welcome. So much for the Import. In local materials, care should be taken to satisfy in full as far as possible the requirements of our industries in those materials which already are, or likely to come under rationalisation. Gentlemen, when I say this, I am neither unmindful nor unappreciative of the anxiety of the Government to give priority to Defence requirements. I should not also here omit to mention that the claims of our industries for their home material requirement have been so far met. But in the difficult times that lie ahead a little more liberal consideration will be very much helpful.

I have referred to, before, the possibility of export restrictions by other Governments. In fact, since January, 1941, and even prior to that, certain export restri-

-ctions have come into operation, causing some concern to some of our industries, especially in the U. S. A., which is at present one of our principal supplier of industrial materials. Only with the intervention of the Government of India through their Trade Commissioners as well as by the good offices of the British Government through their Purchasing Commissions and other Trade and Consular Representatives, will it be possible for our industries to obtain such materials. May I, therefore, take the liberty to request them both to whole-heartedly co-operate with our industries in this connection ?

Any break in normal working is simply disastrous to any industry. These are abnormal times. Our industries must, therefore, create sufficient reserves of materials for any emergency. The small and medium scale industries have often not the means to lay aside large stocks especially owing to lack of finance. I believe a scheme should be worked out to assist this class of industries to create and maintain sufficient material reserves. recently, Sir Muhammad Zafrullah Khan, Member for Law and Supply of the Government of India met the Committee of the Bengal Nantional Chamber of Commerce when the Committee was informed that financial assistance will be given to those manufacturers with whom orders were placed, by way of supplying them with raw materials. While welcoming this statement, I take this opportunity to request the Government to extend the assistance to other manufacturers as well, irrespective of whether orders are placed with them. Gentlemen, I have taken a good deal of your time. But shortage of raw and semi-raw materials will very adversely affect all our industries in general and our Small and Medium Scale Industries in particular, some of whom may even then be compelled to close down. I take it that you will excuse and allow me two minutes more. Our country has vast resources of important materials. It is, therefore, not only advisable, but necessary that steps should be taken to prepare these materials for use in our manufacturing processes. This can only be done by the joint efforts of Government, Industry and Trade. To do this successfully, a thorough survey of all these materials is a pre-requisite. Efforts in this direction will serve the double purpose of assisting war efforts and strengthening country's Economy in general. Therefore, before I conclude, I appeal to the Government to do all they can to encourage the industries of the country in this direction.

I thank you Gentlemen.

The following gentlemen supported this resolution :—

Mr. G. S. Mohamed (The Indian Match Manufacturers' Association, Bombay.)

Mr. Sarabhai Prataprai.

Dr. B. K. Nandi (Teddington Chemical Co., Bombay.)

The resolution was then put to vote and declared carried unanimously.

Mr. Murarji J. Vaidya (Messrs. The Bombay Silk Mill.):—

Sir,

I beg to move the following resolution.

3 TARIFF POLICY.

This Conference is of the opinion that the present Tariff Policy of the Government of India has not proved to be sufficiently effective in fostering the development of Medium and Small Scale Industries in the country. This Conference, therefore, urges the adoption of a more vigorous policy designed to secure to Indian industries effective protection against foreign competition. The conditions for the grant of protection and the machinery and the procedure for investigating claims therefor under the system of discriminating protection should be modified and revised in a manner, which should ensure timely and adequate protection to Indian industries.

This Conference strongly recommends that with the aid of a small Committee of Representative Industrialists, Government may be pleased to investigate into the difficulties and hardships experienced particularly by Medium and Small Industries on account of the present unsuitable Tariff Policies and to make necessary modifications in the shortest possible time.

This Conference disapproves of the shelving of the reports of the Tariff Boards and Government Enquiry Committees on several occasions.

The present tariff policy of the Government of India which is called a policy of "discriminating protection" owes its origin to the recommendations of the Fiscal commission which reported to the Government of India about 20 years back. Three main conditions were laid down by the Fiscal Commission at that time, which conditions had to be fulfilled by every industry before it could successfully claim protection from the Government of India. One of the main conditions laid down was that raw materials used by the Industry should be amply available within the country. As you, Sir, have rightly pointed out in the course of your address to this conference, this condition of the availability of raw materials is not a justifiable one if the broad issue of industrialisation of the country is to be considered in its proper aspect and that if this condition were to be made applicable to the industries in England a very large number of industries in that country would fail to qualify for Government protection on that count.

Therefore the policy laid down by the Fiscal Commission and adopted by the Government of India at that time is to-day obsolete and out of date. Conditions have changed considerably, I might say, entirely, in the economic sphere not only in our own country but in the whole world. Economic policies of different states in Asia, America, and Europe have undergone a re-orientation since the last post-war period. A country like England which claimed to be a strong believer in a policy of free trade has changed over to a policy of very high protection since the last post-war period. England has not hesitated to impose as much as 100% tariff duties for the protection of her own industries. The United States of America have even a more complicated and higher frame work of tariff walls to keep out competition from both East and West in order to protect their industries and to maintain for them a protected domestic market within the States. As a result of the adoption of such a policy, the United States have become a very important exporting country not only of agricultural products but that of almost every kind of industrial products. The U. S. A. have even gone a step further and have applied the principles of tariff protection and State aid even to agricultural commodities. As for Japan, it is hardly necessary to mention that it is impossible for the industrial products of any other country to enter the Japanese markets.

However, turning to our own country, we find that whatever protection has been granted to certain industries in our country, has been half-hearted, halting and untimely. It speaks volumes for the tenacity of our major industries that they have been able to stand and wait until the Government of India have at last given them some measure of protection or until some international situation, like the war, has given them an opportunity to muster sufficient strength to stand on their own legs. Even to industries like Iron and Steel, protection was given after considerable delay, when that industry was almost on the point of being ruined and wiped out of existence. The story of the Textile Industry is a long tale of repeated and insistent requests to Government for protection. But protection has at last been given to some of the major industries in our country because they could organise themselves and make their voice heard and the pressure of their demands felt. But in the case of medium scale and small scale industries, no organised efforts have so far been made to grant tariff protection by the Government of India. An attempt was made in the year 1937 by the Government of India to make an enquiry into the position of the small scale industries all over the country. But unfortunately this enquiry was not even carried to its conclusion and was dropped on the ground that the Sino-Japanese war which had then started would give relief to Indian industries from Japanese competition. But as we all know to our own cost, the Sino-Japanese war did not make any difference to the very severe competition for which Japan has become notorious. Consequently these small scale industries received no protection and no relief and they were left to carry on in the best way they could.

It is common knowledge that with the vast raw material resources and colossal man-power of our country, there is ample scope for India to become self sufficient in industrial matters. Even where some raw materials are not easily available in this country, they can be easily obtained from abroad. It is an irony of world-economics that the powerful industrial countries of Europe and even a small country like Japan, who hardly possess any raw material-resources should possess very highly developed industries, while countries like India and China who command immense resources and man-power should to-day be so backward in the development of their industries and be so dependent on foreign countries for the supply of many of their industrial requirements.

A look at the Indian Tariff Schedule is enough to convince anybody that the major portion of the tariff duties imposed on imports entering into this country is composed of revenue duties. Out of the 87 items enumerated in the import tariff, only 15 items consist of protective duties, whereas the remaining 72 items of imports are subjected to revenue duty only. On a further analysis of the Indian Customs Tariff we find, that out of these 15 items of protective tariff, products of large scale industries like, Sugar, Cotton Textiles, Steel and Iron, Matches and Paper claim 9 items, while for the Heavy Chemicals there is only one item of protective duty and that is for Magnesium Chloride. Two items of protective duty are for agricultural products like wheat and wheat flour and the medium and small scale industries have only 3 items of protective tariff granted to them, namely, Sericulture Industry, Silver Thread Industry and the Cotton Hosiery Industry. Under these circumstances is it possible for any new minor industries to develop when they have no chances whatsoever of being able to stand in competition with imported articles? The tariff system as it exists at present does not take into account the need for protection to medium scale industries. Even a very important basic industry like Chemicals has not been given any protection except with the solitary instance of Magnesium Chloride. It will be easily appreciated that when there is no prospect of any protection against foreign competition it is useless to expect that private enterprise will come forth and will establish any new industries.

It is, therefore, absolutely necessary, nay, imperative, that the present tariff policy of the Government of India should be entirely overhauled and a new tariff policy based on the basic principle of industrial development of the country should be introduced without any further delay. The obsolete and out-of-date conditions laid down by the Fiscal Commission should be entirely eliminated from the scheme of tariff policy of the Government of India. It is only on the acceptance of the principle that the goal of the economic development of this country should be the achievement of absolute industrial self-sufficiency through rapid and country wide industrialisation that the tariff policy of our country should now be based.

Under the circumstances of the conditions created by the war, it has been recognised on all hands that an industrially well developed and self sufficient India is not only necessary for the economic prosperity of the country but that an industrially developed India will be of immense value to the British Empire as a whole. It is, therefore, not too much to expect that the basic principle of the tariff policy outlined above will be accepted and put into practice by the Government of India at an early date. In the meantime it is very necessary that the machinery by which protection can be granted without delay and in an adequate measure to the industries of our country should be set up immediately within the frame-work of the Commerce Department of the Government of India. I may incidentally mention here that the Industries Department of the Government of India, is not at all organised in the way it should be for industrial development of our country to receive due attention at the hands of the Government. The machinery for the grant of protection should, therefore, be a matter of common concern to the Commerce Department and to a properly well equipped Industries Department of the Government of India. Recently Dr. John Mathai, who has ample and practical knowledge of the working of the tariff policy of the Government, has put forth a suggestion which I should like to place before you all here. He has suggested that a permanent Tariff Commissioner of the ability and impartial outlook of a High Court Judge be appointed by the Government of India. This permanent Tariff Commissioner should have, at his disposal, a permanent Secretariat consisting of an Economist, a Businessman (preferably one with considerable knowledge of accounting) and a Technical Expert with other necessary secretarial staff. It will be the duty of this Tariff Commissioner to enquire into the following matters in connection with the tariff problems :—

- (1) To enquire into and dispose of all applications for tariff protection from medium and small scale industries and recommend to the Government the grant of necessary protection if he is satisfied that the case for protection has been established.
- (2) To departmentally and speedily enquire into all complaints of tariff inequalities arising out of inconsistency of rates of duties on raw materials and manufactured products.
- (3) To supervise the working of those industries which have been granted protection either in the past or granted protection under this arrangement.

It may be further provided that if any case for protection involves either a major industry or a controversial issue it should be enquired into by this Tariff Commissioner in consultation with one or two practical industrialists who will command

the confidence of the public. This proposal, Sir, is one which deserves a very close and immediate consideration at the hands of the Government of India. It cannot be denied that in the past, applications for protection from various industries have been subjected to considerable delay even before the Government of India could decide whether those applications should be referred to a Tariff Board or not. Even when the Government of India had decided to refer the matter to the Tariff Board the constitution of the Tariff Board and other preliminaries involve considerable loss of time. Then follows a very detailed and long enquiry by this tariff board in order to acquaint the members of the Board with details of the case for protection. Then follows the analysis and consideration of the evidence collected by the Board and then come the writing of the report and its submission to the Government of India. All this loss of time very often involves considerable changes in the circumstances of the industries, if at all the industry has been able to pull on during the time that the enquiry has been in progress. There are even many instances, Sir, of factories having to close down because they could not wait until the decisions of the Government are announced. On the contrary there have been definite instances where even after the submission of the report by the Tariff Board to the Government, those reports have been shelved and pigeon-holed in the archives of the Government Secretariat, perhaps to be investigated into, at some future date, by a student of economic history. Very often again it has taken a long time for Government to consider such reports, and months and months have elapsed before Government have announced their decision on the recommendations of the Board. Is it therefore, too much, Sir, if we take this opportunity of protesting against such practices of the Government when the very existence of our industries is at stake and the very life of such industries hangs by the long red tape of Government departmental procedure? And it has very often happened that some of those industries have been suspended for too long a time from the strong and suffocating red tape of New Delhi and Simla.

To quote only one instance, I will mention here, the case of the Sericulture and the Silk Weaving Industry. After long and repeated requests made to them by the Industry and by the Governments of Mysore and Kashmir, the Government of India appointed a Tariff Board to enquire into the case for protection for these Industries in 1932. After a lengthy enquiry, the Tariff Board recommended certain measure of protection to the Sericulture Industry and the Silk Weaving Industry. But after a delayed consideration of the report, the Government of India decided to grant a measure of protection which was very nearly half of the scale of protection recommended by the Tariff Board. The Industries in question did not, therefore, benefit to any appreciable extent by this protection. The result was that again in 1933, the matter had to be referred to the Tariff Board. This Tariff

Board reported in the year 1939. But for about a year, the Government of India neither published the report nor did they take any action on it. Then, they announced their decision that no action on the recommendations of the Board was necessary ! Gentlemen, the ways of the Government of India are more inscrutable than the ways of Providence. Otherwise how can one explain this situation in which, although, the case for protection is proved before the Tariff Board, and although the Board has recommended further protection, the Government in their wisdom, do not find it necessary to take any action at all ? This, Sir, is only one instance of the way in which the cause of the small scale industries suffer at the hands of the Government. No wonder then, that we are not in a position, even to-day, to manufacture many a small article useful not only for our daily needs, but essential for many of our industries, as semi-manufactured materials. How can medium scale and small scale industries develop, under such circumstances ?

To remedy this state of affairs, I submit, Sir, that a vigorous policy designed to grant very timely and adequate protection to all industries who submit their case to Government and to such industries as are likely to be developed in this country even if no case has been submitted by any industry, should be immediately adopted by the Government. Secondly, a permanent Tariff Organisation of the type outlined above should be created at an early date to deal with all the matters arising out of applications for Tariff protection and thirdly, the recommendations of such a Tariff organisation should be given legislative effect without undue delay so that timely and adequate protection may enable our medium and small scale industries to develop to their legitimate and full stature for the economic advancement of our country and the prosperity of our people.

Before I conclude, I repeat the statement made by the Industrial Commission of 1916 in the course of their preface to their report that all the constructive proposals for the industrial development of India depend on the acceptance of two principles :—

(1) That in future Government must play an active part in the industrial development of the Country, with the aim of making India more self-contained in respect of men and material, and (2) that it is impossible for Government to undertake that part, unless provided with adequate administrative equipment and fore-armed with reliable scientific and technical advice.

These words were written in 1918. We are in the year of grace, 1941. We may as well enquire "have the Government of India accepted those principles ?" If they have not done so, Sir, it is indeed high time that they did.

Mr. Gajadhar V. Puranik (The Maharashtra Chamber of Commerce, Bombay.)

Sir,

I consider it a privilege to have been called upon to second the resolution re: Tariff Policy of Government of India. I am entirely at one with the mover of the resolution that the present policy based on discriminating protection, has proved insufficient for the purpose more because the enquiry by the Tariff Board, in the first place, takes long time, and after the report of the enquiry is submitted to Government they often take considerable time to study it and come to a conclusion. No wonder if small industry progresses from bad to worse even if it does not actually cease to exist during all this time.

As a special instance, I may refer to the very leisurely manner in which Government of India considered the Report of Tariff Board, which enquired into the needs of the Glass Industry of India. Government of India took more than three years to consider the report and when they came out with their conclusions, these conclusions were disappointing, to say the least. Although the Tariff Board, after a full and exhaustive enquiry, had said that non-availability of indigenous Soda Ash did not invalidate the claim of the industry to protective tariff, the Government of India took a different view and allowed only a rebate in respect of the import duty on Soda Ash to the glass factories.

You will be surprised to hear that the Indian glass manufacturers had been trying to move Government since 1925, and it took the Government of India five years to appoint a Tariff Board. I have specially mentioned Glass Industry because being a manufacturer of indigenous drugs and medicines using a very large quantity of bottles, the difficulties experienced in securing to-day the varied range of bottles for my factory, are known to me. There may be several other cases of different industries in which Government's tardiness may have actually spelled the doom of the industry. I submit that if an adequate measure of protection had been given by the Government of India to this industry soon after it applied for it, the industry would have expanded and flourished much more by now. It would have very probably made available best bottles of all kinds to meet a major portion of the country's demand, speaking conservatively.

During the course of his speech our respected President of this Conference said in an inspired mood, "Our neighbours are active, we must industrialize or perish." India is so very rich in its natural wealth, but industrial development depends on Government support; and the request made in the resolution now before you is one of the very important ways in which Government can help our industries.

Let us, by passing this resolution and by bringing our weight to bear on Government try to bring about the necessary and much needed improvement.

Gentlemen, I do not propose to take more of your time, and while wholeheartedly seconding the Resolution before this Conference I thank you for the patient hearing you have given me.

The following gentlemen supported this resolution :—

Mr. Sarabhai Prataprai and Mr. S. Ramanathan.

The resolution was then put to vote and declared carried unanimously.

Mr. Gordhandas G. Morarji.

Mr. President,

I beg to move the following resolution which stands in my name:

4 PROBLEMS RELATING TO TRANSPORT.

This conference is of the opinion that the existing system of railway tariffs appears to have been so devised as to assist the distribution of foreign goods to the detriment of the indigenous manufactures.

This Conference therefore emphasises the urgent need of early revision and re-classification of the present unsatisfactory railway tariffs with the special object of lowering them, in order to assist the free movement within the country of industrial materials and indigenous manufactures.

In a country of vast distances like India, Transport facilities are absolutely necessary for the development of Trade, Industry and Agriculture of the country and from that point of view the Railways are an asset in which over 800 Lacs of rupees of the general public have been sunk. Road transport has not still developed to the extent to which it is required for being used as means of transport of men and materials in this country. In spite of having large rivers and beautiful sea coasts, neither the coastal shipping nor the internal water-ways have yet been developed for the aforesaid purpose. The apathetic attitude of the State is primarily responsible for such state of affairs. It is our common experience that goods imported from abroad are distributed more cheaply in the various parts of the country and have offered an unhealthy competition to the Indigenous products and manufactured articles of swadeshi make. As said above the problem of vast distances is a great handicap to the development of Trade, Industry & Agriculture of the country and for that purpose it is absolutely necessary to have a more scientific

tariff of Railway fares on which we have to mainly depend for the movement of our goods. Not only favourable transport policy is not pursued in this country by the Railways, but a more favourable attitude is shown towards imports of foreign products and raw materials for export purposes from this country. Articles manufactured from the raw materials of this country exported from here and imported as finished products are on many occasions found cheaper than similar products manufactured in this country. Such a state of affairs would not be found in any civilised country of the world and if we wish to call ourselves civilised, such state of affairs should be speedily remedied. It is for these reasons, that I urge very strongly for an early revision of the classification of the present unsatisfactory railway tariff with the special object of lowering them to assist the free movement in the country of industrial materials of indigenous manufacture.

Mr. D. C. Modi (the Hon. Secretary, The Bombay Type Foundry Owners' Association) delivered the following speech in Gujarati :—

Mr. President and Gentlemen,

I have great pleasure in seconding the Resolution on Problems relating to Transport which has been so ably moved by my friend Mr. Gordhandas. G. Morarji. The construction of Railways in India had not been originally planned with any idea to develop or encourage local manufactures. If they were not constructed for military requirements the main idea was to see how raw produce was easily brought to the ports to be exported to England and other foreign countries and how mainly English—and with that practically all foreign manufactured goods—were carried and distributed from those ports in the country. Naturally nobody cared for or thought of indigenous industries, and slowly and slowly these industries were neglected. The foreign competition and pressure of imported finished goods sent these industries to the wall. The Government policy, if any, was step-motherly and it was, therefore an uphill task for industries to get a footing and thrive. Any national Government would have promptly come to the help of such industries and would not have allowed them to die while struggling for re-adjustments of Railway Tariffs. That was an ugly scandalous chapter in the economic ruin of this country. The wrong done was too deep-rooted, but still, both the Government and the people would stand to gain if the question was re-examined and the Tariffs re-adjusted as to suit the best interests of India. The other main thing was that the people did not sufficiently realise the economic subjugation; and the consciousness about it, that was required, was late in coming. It was more or less from the beginning of this century that the question began to be discussed from the national point of view. With a greater consciousness of the people and developed public opinion, no Government would dare to ignore the public protest or go counter to

national interests. It is, therefore, in the fitness of things that the Government are timely warned about their Railway policy and I have therefore much pleasure to second this resolution.

Mr. S. Ramanathan supported this resolution.

The resolution was then put to vote and declared carried unanimously.

Dr. L. C. Jariwala (Messrs. The Estrela Batteries Ltd., Bombay.) :—

Mr. President and Gentlemen :

This is the resolution that I move for adoption :

5 FOREIGN COMPETITION AND COMPETITION FROM FOREIGN INDUSTRIES ESTABLISHED IN INDIA.

This conference views with grave concern the unrestricted foreign competition, which has so far obstructed the free development of the existing industries and prevented the establishment of new ones. This conference disapproves of the Government of India's indifference towards the rapid and alarming inroads made by several powerful foreign interests into the sphere of the country's industrial life, and protests against the unfair and undue advantage thus taken by such interests, of the protective Tariff Policy solely meant for the establishment and growth of indigenous industries. This Conference therefore urges upon the Government :

- (a) To set up, at an early date, a committee of enquiry to investigate into the harmful effects of such indiscriminate influx of foreign capital and enterprise on indigenous industries, such as, Match, Soap, Rubber, Electrical Battery, Cigarette, Paint etc.
- (b) To take immediate steps to check any undesirable activities of already existing foreign Concerns, and to prevent the establishment of new ones, by introducing a system of registration and license, to be granted on fulfilment of certain pre-requisite conditions as to capital, management etc.
- (c) To allow Provincial Governments and Local Bodies to discriminate between such and Indian Concerns, wherever in their opinion it becomes necessary to protect indigenous Indian interests.

There is nothing new about the Resolution, except the fact that we are compelled to discuss it in a country, which has to support a population of about Four Hundred Million. In India, annual income per head in industries is roughly about Rs. 12/-, against Rs. 158/- in Japan, Rs. 412/- in United Kingdom, Rs. 470/- in Canada and Rs. 721/- in United States. India imports yearly all kinds of manufactured goods of the value of about Twelve Hundred Million Rupees. There are less than Half a Million income tax assesseees in British India, in a population of about 250 Million, which means that only less than twenty persons in every ten thousand of the population pay this tax. These are figures, gentlemen, whose conclusions are obvious for all to see.

I am not pointing out anything new if I say, that we all regard the industrial progress of our country as one of the chief means of removing her poverty and helplessness. But, unfortunately, a new development in our country's industrial field is rapidly taking shape, which will not only prevent fulfilment of this hope of ours, but will definitely worsen the situation, if timely steps will not be taken by those in authority, whose obligation and duty it is so to do. Gentlemen, I am referring to "INDIA Ltd.", which of late has made such rapid and alarming encroachment upon our industrial life, that its complete subordination to foreign interests, may only be regarded as a matter of time.

While accepting on behalf of the Government of India the resolution moved by Hon'ble Sir Ibrahim Rahimtoola, which brought about the appointment of The Indian Industrial Commission of 1916, Sir William Clark, then Commerce Member, has said "The building up of industries where the Capital, Control and Management should be in the hands of Indians "was" the special object we all have in view." He deprecates the taking of any steps, if it might "merely mean that the manufacturer who now competes with you from a distance would transfer his activities to India and compete with you within your boundaries." Also following suggestive remarks appear in the minute of dissent to the report of the Industrial Commission. "If our colleagues' recommendation is accepted, it will be open to every foreigner to establish manufacturing industries in India by means of Companies incorporated in their own countries and in their own currency.....It will also be possible for these companies to obtain their whole capital in their own countries and thus carry away the entire profit of manufacturing industries established behind the tariff wall." It is deplorable that the Government of India have so far remained indifferent to this new development.

Gentlemen, it is Internationally recognised that every country is free to develop its industrial life to the best advantage of the Sons of the Soil. With this object, several countries, although industrially well advanced, have measures in force, which regulate the activities of Non-National concerns. I do not want to take your time

by referring to various international occasions when this principle was reiterated. Protective tariffs are imposed to serve the primary object of developing the industrial resources of a country for the benefit of her Nationals. Revenue tariffs have also a certain amount of protective value. Both of them are paid by the consumer in the belief that they are, in the long run, also for his benefit. When foreign concerns are allowed to establish in a country, they make the consumer pay higher price without any subsequent benefit, cause the Government loss of revenue from import duty, and in general defeat the very object of protection. Can there be anything more disheartening to us industrialists, in our efforts at improvement in general working, enlarging our manufacturing activities and for betterment of conditions of our labour, if, in our country, a development is allowed to take place which disregards this sound principle, the cornerstone of the country's industrial structure.

It may be argued that the Government of India Act of 1935 has made discrimination between Indian and foreign companies difficult. It is not for us to examine at this stage the implications of the commercial safeguards of this act. But, none can deny the fact that it has increased the already existing activities of foreign concerns of starting manufacturing plants in India. With the vast experience and resources at their disposal, and with the benefit of international markets, they have either ruined or have placed on the brink of ruin, industries like Match, Rubber, Cigarette, etc. Many more Indian enterprises will go the same way, if the present form of exploitation of the country's resources and labour by Non-Nationals, who carry these profits out of the country, will continue. We should then not be in the least surprised if in our country, our already low figure of about Rs. 441/- of our National wealth per head, compared to Rs. 6371/- in United Kingdom and Rs. 8023/- in Canada, and our discouragingly low industrial income will go still lower. The methods adopted by some of the foreign concerns to cut out Indian owned Companies are varied. When I say this, Gentlemen, I speak from personal experience of working of a non-empire Company, having manufacturing and Trading interests in India in the Electrical Battery Industry. The argument that in Indian Concerns, unable to stand up to such a competition, there may be inefficiency of methods of production or management, cannot hold water. May I ask those who argue this way, whether they really expect our industries in their early state of development, to be superefficient so as to compete with foreign industries established in this country with all possible advantages at the latter's disposal? I am confident of your approval when I say that an immediate enquiry is called for to investigate the harmful effects of the activities of these foreign concerns on our industries, and to check them. In making this demand under a development very harmful to our country's industrial growth, we cannot regard ourselves as estopped by the limitations of the Government of India Act, which, ought to be modified by the same Authorities who passed it, when in experience its operation under commercial safeguards has

been found to be against our country's general interests, particularly in the industrial field.

Numerous are the ways in which, even industrially foremost countries have found it necessary and desirable either to stop or limit the activities of Non-National concerns. They are restrictions on establishment in some cases, registration or licensing only if certain conditions are fulfilled, regulations or conventions of not allowing Non-Nationals to participate in management, total restrictions or curtailment of voting rights, etc. There is no reason why this cannot be done in our country, especially when we have clear evidence that the activities of these foreign concerns have ruined some of our industries in the past, and are seriously threatening the very existence of several others at a time, when India's quick industrialization is the Need of the Hour, not only in her own interest, but also in the interest of the Commonwealth. Gentlemen, it is not a counsel of despair, but, a straight forward statement of fact, that India's industrialization for the benefit of the Sons of the Soil, will remain an empty dream, if foreign concerns will not be effectively prevented from encroaching upon this special preserve of her Nationals. Concluding, let me here repeat the very wise words of Sir Frederic Nicholson: "I beg to record my strong opinion that in the matter of Indian industries, we are bound to consider Indian interests firstly, secondly and thirdly- I mean by 'Firstly' that the local raw products should be utilised, by 'Secondly' that industries should be introduced and 'Thirdly' that the profits of such industry should remain in the country". I thank you, gentlemen.

Mr. Hiralal A. Shah (Messrs. The Vasant Vijay Mills., Bombay.) :—

Sir, I second this resolution :

This resolution is framed with a view to secure a stable existence and growth of Indian Industries and to enable them to justify their existence towards increased industrial strength and for greater Indian industrial growth and all that combined for better and better national economy. For this purpose the Indian Government is requested to identify itself with India and Indian aspirations since, as in many other instances, the rule holds good here - the rule that "those who are not with us are against us." There is no half way house.

A round at our industrial exhibitions of the Past decade will remind any one of us of the growth of our small industries such as Soaps, Oils, Scents, Papers, Stationeries, Matches, Leather & Rubber articles, Boots, Electric equipments, Cigarettes, Paints, Varnishes, and many such varieties of products of daily use. The list only enumerates a few of them ; it does not exhaust the other possible ones because we have not yet been enabled to show our capacity for industrial self sufficiency for a

better Indian economic life and structure. Our industries have yet to secure well-wishers and friends in Banks, in Official Circles and in Government Authorities both in India and outside India. The capital and means at our disposal under these conditions are naturally very limited. Hence, it is sheer imprudence on the part of those who happen to-day to control our destinies to permit blizzards or onslaughts of powerful non-Indian capitals and non-Indian organisations on our small industrial growth. But this has happened and our resolution requests for a committee of investigation to show how the things have developed.

We have seen under labels like "India Limited" a quick transplantation of non-Indian enterprise, non-Indian capital and non-Indian control sweeping into India to carry not the Indian Industrial growth or foster Indian economics or to increase Indian national wealth, but to serve as one more drain line, to exploit and carry wealth out of India for the benefit of their own country, for their own nation and also for themselves, whenever they mean to step out of India. Their inroads have obstructed the small rise of our industries by uneconomic and unbalanced competition, accompanied as they are with powerful support of their Banks, Nationals, Associations or Chambers and Government.

I may give a vivid picture; "Young men or group of men - expensive education - foreign tour and foreign studies - without patronage on return - limited capital - none or niggardly Bank support - no co-operation from authorities in power - slow build up - slower growth - time factor against them - marketing difficulties - tide against them etc.,

Quick foreigners with Bank support, experience, markets, skilled staff, Cloak of a Company or "India Limited," starting mass scale work, cutting prices, making averages with their other products or home products, giving blows, laying low their Indian competitors, time factor in their favour, recovering losses later, raising prices later, with warm friends in "Chambers of Commerce," in their own social circles, etc.,

Years roll against Indian enterprises because the capital is small or their support is niggardly and State Authorities supine."

The investigations will bear these outlines. Had the controllers and contributors of these non-Indian concerns or of "India Limited" concerns been put under obligation to identify with India or to be Indians first and Indians last, the protective tariffs would have fostered Indian industries towards better and economic structure the resultant benefits would have come back to the Indian nation in several forms and with multiplied force. The healthy competition would have evinced itself for better Indian existence which has always meant a better Indian Government.

It is therefore high time that these foreign transplanted ventures should be under obligation to identify themselves with Indian national economy for exclusive Indian advantages by necessary regulations from Central as well as provincial and local Authorities. The resolution points out that Indian Government should exert itself to identify with Indian people in these efforts and dissociate itself from non-Indian elements. These elements do remain non-Indian so long as they do not merge into India and as long as they are connected in one way or another with countries and people outside India. They serve no better purpose than "birds of passage". They simply drain wealth out of India and as such they have no rightful place in Indian national growth or in Indian national economics. Their Indian label for their existence on Indian soil has either to be Indian in reality or to be non-Indian in reality. The resolution requests for a clear cut demarcations between enterprises of Indian control and Indian direction on the one hand and all the non-Indian ones on the other hand. The provinces and local bodies should be enforcing protective tariffs under these lines of demarcations to secure consistent and unobstructed growth of Indian industries towards Indian economic betterment and for increased Indian wealth with a choice to these non-Indian elements either to be Indian in reality and enjoy the protective tariffs or to be non-Indian in reality and to lose the advantages that are meant for genuine Indian ventures, if they are not agreeable to Indianise in reality.

I trust the resolution will whole-heartedly commend itself to you all.

Then **Mr. C. A. Buch** moved the following amendments :—

1. That the words "Foreign capital" in paragraph (a) be substituted by the words "non-Indian capital"
2. That the words "assuring predominance of national capital, national management and national control" be added after the words "pre-requisite conditions" in paragraph (b) instead of the words "as to capital, management etc.,".

Mr. S. S. Marathey of The Poona Manufacturers' Association seconded the amendment.

Mr. N. P. Kale also spoke in favour of the amendment.

After the reply of **Dr. L. C. Jariwala**, the amendment was put to vote and was declared lost by 26 voting for and 31 against the amendment.

The original resolution was then put to vote and was declared carried by 33 in favour and 17 against.

The Conference then adjourned till 11-30 A. M. (S. T.) on Sunday the 2nd March 1941.

In the evening members of the Reception Committee and the Delegates visited the National Commercial Museum at Sandhurst Bridge, Bombay 7, organized by The Industrial Distributors Ltd,

SECOND DAY'S PROCEEDINGS—SUNDAY 2ND MARCH 1941.

The session of the All-India Manufacturers' Conference resumed its business at Shri Sunderbai Hall, at 11-30 A. M. (S. T.) on Sunday the 2nd March 1941. Sir M. Visvesvaraya the President, occupying the Chair.

Mr. G. N. Banerjee, (The Scientific Instrument Co., Ltd., Bombay) :—
Mr. President and Gentlemen, I beg to move the following resolution.

6. TECHNICAL ASSISTANCE & RESEARCH.

This Conference urges the need for a more energetic appreciation of the part of science in any programme of industrial development and for the provision of active and adequately equipped industrial research organisations in suitable industrial centres all over the country. It further urges upon the Government of India to provide for proper utilisation of the fruits of such research for the industrial development of the country. While appreciating the constitution of the Board of Scientific & Industrial Research, this Conference hopes that the activities of this Board as also of the Industrial Research Utilisation Committee will be of such a nature as to prove truly beneficial to the country's industries in general and to the Small and Medium Scale Industries in particular. This Conference is of the opinion that the researches undertaken by different educational and technical institutions should be mainly on problems of applied scientific nature the results whereof can be harnessed to industrial necessities of the country.

The part played by Science in the development of industries can be well appreciated only if we assess the achievements of the modern scientists in providing for increased comforts and conveniences and in satisfying the demands either as regards our daily necessities or the luxuries of our present day life. The birth of Rayon or artificial silk and of synthetic dyes, the growth of Cinematography, Radio and Photronic appliances are only a few of the outstanding examples of the contribution of modern science. The alleviation of human sufferings by the modern curative art and

the sciences of surgery and medicine; not to speak of the lightning changes in modern systems of defence against warfare by air, land and sea are a few of the many valuable instances of contributions made by the scientific researches within the last decade or so. Science has long ceased to be the close preserve of a few 'Savants' but has become the handicraft of men who are associated with the practical problems of our every-day life. The Sciences are, therefore, no longer the occult or mystic creations of a few eccentric or abnormally developed minds but they do embody the results of the continued and persevering labour of Scientific researchers who can achieve their fruitful results only through hard labour and the continued application of their intellect and of the mechanical devices invented by them. It is by the ingenious application of these results directed on proper lines that we can improve our manufacturing processes or develop the industrial equipment of our country. We may aptly quote here the statement of a leading industrialist of our country :—

“Research has been described as the mother of industry and while some of the older and more traditional industries may have originated without the aid of Science, it cannot be denied that all industries to-day depend upon science and research not only for their progress and improvement but also for their survival.”

This only brings to the forefront the incontestible truth that our country needs a more energetic application of scientific researches to the problems of our industries and manufactures.

If we turn to a near neighbour of ours, we can see a small country like Japan, possessing much fewer natural resources than ours, which has made such a wonderful and sudden development making herself not only self-sufficient as regards most of her industrial requirements but also achieving pre-eminent as one of the chief competitors in the World markets. Our country undoubtedly possesses vast and varied resources unequalled by others, excepting perhaps Russia, and yet we, as the discussion of the present Conference will have shown, are even to this day so dependent on other countries for most of the finished articles on which our very existence as a nation may be said to depend. It is, therefore, of paramount importance to the industries of this country that adequate facilities should be provided for researches with a view to the improvement and Scientific utilisation of those raw materials which are available at our very doors. The efforts so far made in this direction have been negligible and their insignificant proportions can be easily demonstrated by the budgetary provisions made for scientific researches by the Governments of other countries :—

Great Britain with a population of 46 millions, spends...£6, millions equal to Rs. 8, crores.

U. S. A. with a population of 120, millions spends...\$300 millions, equal to Rs. 100 crores.

Russia with a population of 161 millions Spends...Roubles 120 Billions, equal to Rs. 165 thousand Crores.

Our country with a population of 400 millions spends only Rs. 5 Lakhs.

These facts only lay bare the inadequate conception of the magnitude of the task involved to quote the pointed remarks of the president of the last Science Congress.

A beginning has no doubt been made by our Government through the recent appointment of the Board of Scientific & Industrial Research. It is perhaps rather an encouraging beginning; but even as a beginning it falls miserably short of what is required in view of the distressing difficulties confronting us at the present time. It is indeed gratifying to us that the first Director of this Board is an Indian whose name and fame as a scientist has not been confined to this country alone. It is gratifying only in the sense that it constitutes a recognition of the fact that our country does possess eminent scientists who are competent enough to undertake the direction of research even under the most difficult conditions created by the War. It also amounts to an acknowledgment of the fact that our Indian scientists would be better able to handle with success the researches into the problems of our manufacturers and of the different industries of India because of their more intimate knowledge of the local conditions than of those brought from outside. Nevertheless we do not mean to use this as an argument for restricting our choice in selecting the right type of scientists to any particular source so long as there are opportunities of securing with better chances of success, the services of scientists from other sources, who are likely to be useful to the country.

Now coming to the Board, if its composition is analysed, it would be found that it consists of 13 members out of which only four members are eminent scientists. Out of the rear, excluding the Chairman and Vice-chairman who are merely executive heads, only seven may be classed as Industrialists, though of doubtful classification. Even if they may be called representatives of the large scale industries, they can never claim to represent the cause of the small and medium scale industries, who have been left at the tender mercies of the more powerful competitors. We believe a very great injustice has been made to this latter group of industrialists who, though they may be small individually do form collectively a very big unit and thus are of vital importance to the industrial and economic life of the country. While we have no quarrel with the big scale industrialists

represented on the Board, we believe, they themselves are organised and are big enough to be able to institute their own researches for their individual problems. In fact there are already in existence well equipped research laboratories for the Textile, Sugar and Cement industries; while the Steel industry has provided itself with one of the best and most up-to-date laboratories existing anywhere in India. The metallurgical laboratories of Tatas have no doubt proved themselves to be of inestimable value in the manufacture and development of new kinds of steel and iron products, which are meeting most of the industrial demand of the country, even under the difficult conditions created by the War.

Government have also appointed a scientific Utilisation Committee to exploit the results of the Scientific and Industrial Research Board. The former Board again consists of members which are mostly common to both of them. The interests of the minor industries here again have gone unrepresented and will therefore remain as unheard as before. The troubles of the minor industries are already distressing enough as they neither possess sufficient means nor the organisation necessary for instituting research work and securing the necessary technical assistance for their manufacturing problems.

We may, therefore, urge that it is for the State to provide adequate technical guidance and research facilities for the benefit of industries in general and to make those benefits available particularly to the minor industries.

We may turn our attention now to the scientific teaching and research institutions of the country which made a demand for research papers on their members and students. A great amount of stress has been laid on this aspect of scientific research output. Although this does not necessarily involve waste, the time has now come when in the greater interests of the country, we should cry halt and divert a larger part of our energies from a system of research based on pure basic science to the industrial problems that surround us on all sides of our industrial life. If these educational institutions had indicated their interest, I may assure there would be no lack of encouragement and financial support forthcoming from the industrialists of the country.

With these words I commend to the house the resolution moved by me.

Mr. N. P. Kale (Messrs. Chemical Engineers, Bombay,) seconded this resolution.

The resolution was then put to vote and declared carried unanimously.

Mr. Fazal I. Rahimtulla (Messrs. Fazalbai Ibrahim & Co., Ltd., Bombay):—

Sir,

I beg to move the following resolution :

7 MARKETING.

This Conference is of opinion that the present system of marketing of the products of the Indian Industries requires thorough overhauling. This Conference feels the urgent necessity of establishing suitable organisations all over the country for the purpose of efficient marketing of industrial products not only in the home markets, but also in foreign markets by the establishment of Trade Agencies, Information Bureaux, Commercial Museums, Co-operative Marketing Societies, Export Guilds and such other Agencies by joint and co-ordinated efforts of the Government, Industry and Commerce.

This Conference urges the Provincial Governments to empower their Departments of Industries to give special attention to the development of such marketing organisations.

This Conference requests the Government of India to substantially increase the appointments of Indian Trade Commissioners all over the world on the lines of Canada and other Dominions.

As you are all aware the question of economic development of a country depends upon distribution or marketing of the products manufactured in the country. It is a matter of regret that the Government of India as well as Provincial Governments have not, so far, paid due attention to the question of marketing. Government should remain on friendly terms with Indian industrialists and should endeavour, as far as possible, to buy more and more indigenous products. I really appreciate the progress so far made by the Commerce Department and the Board of Scientific and Industrial research and the Research Utilisation Committee in finding out new sources and I hope, that this progress will lead to the establishments of new industries in our country. But I must point out that the small scale and cottage industries have still got many difficulties and grievances and the problem of marketing is one of them. I therefore earnestly request the Government to assist these industries in the solution of this problem. It is gratifying to note that the Government of Bombay propose to establish a marketing Committee and marketing organisations all over the province. I hope this move will go a long way

in encouraging the sale of the products of small scale and cottage industries of the Province. It is very essential for the industrial development of our country that the indigenous manufactures should find a place in our market and I urge upon the Central and Provincial Governments to give their full support and assistance, in this direction.

Mr. Motilal Tapuria, (The Marwari Chamber of Commerce, Calcutta) :—

I rise to second this resolution. It is a truism to say that production and consumption are intimately related. Unless there is a demand for articles I produce, my articles will lie and rot in warehouses. It is my business to create a market for my products. If I succeed, I prosper; but I have not resources enough to push on the sale of my manufactured goods. Neither can I sit idle. The best course for me to do is to approach other manufacturers in my line of business with a view to pooling our resources together in the matter of studying the market and pushing on the sale of our products. We should also make a demand on the Government to help us in capturing not only the home market but also foreign markets.

We, Indian manufacturers, suffer mostly from lack of organisational work. We will profit much if we take a leaf out of the book of the Western Manufacturers. Propaganda is an essential part of success of any modern industry. We should not grudge the money spent in putting attractive advertisements, running information bureau and opening commercial museums. The last two items are more in the province of Government than that of manufacturers. I may cite the example of the Bengal Government who has opened a Commercial Museum in Calcutta. The establishment of trade agencies away from centres of manufactures, both in the home market and in foreign markets, and of export agencies for overseas markets, is an imperative necessity that admits of no doubt. These agencies will keep the manufacturers well posted up with the requirements of the market and will systematically press forward with the sale of our industrial products. Small and cottage industries cannot thrive without co-operative marketing societies. The latter will purchase the former's products, and sell them to the public by opening emporiums at important centres. These steps cannot be taken unless the manufacturers in one line of business, say, chemicals, leather goods, textiles, sugar, electrical goods, combine in a guild and co-ordinate their resources. In unity lies strength.

Still, with all good intentions in the world and with all our resources pooled to a common purpose we, Indian industrialists, cannot make much headway. India is industrially backward. The sons of the soil must be helped generously by the State by way of finding markets. Every Provincial Government should establish a comprehensive marketing board with different sections dealing with the products of

that province or in the alternative give adequate monetary help in the development of non-official marketing organisations. The Government of India should also be approached with a request to increase the appointments of Indian Trade Commissioners in all big countries of the world. They will be the custodians of the interests of Indian industrialists. They will have attached to their offices commercial museums, displaying the industrial products of India. They can do excellent work if the right type of man is selected,

The following gentlemen supported this resolution :—

Mr. G. S. Ranade, (The Industrial Distributors Ltd., Bombay.)

Mr. N. G. Apte, (The Poona Manufacturers' Association.)

Mr. D. B. Barve.

Mr. M. N. Kulkarni.

Mr. D. M. Kulkarni.

Mr. Virker.

The Resolution was then put to vote and declared carried unanimously.

The Hon'ble **Sir Rahimtulla Chinoy**. (The All-India Organisation of Industrial Employers, New Delhi.) :—

I thank the organisers of this Conference for having given me the privilege of moving Resolution No. 8 regarding Possibilities of Starting New Industries and Disseminating Correct Information Relating Thereto. The Resolution which I have to move reads thus :—

8 POSSIBILITIES OF STARTING NEW INDUSTRIES AND DISSEMINATING CORRECT INFORMATION RELATING THERETO.

This Conference appeals to the Government as well as to the Major Industries in the country to lend their whole hearted co-operation and support in establishing new industries which would lead to the rapid industrialisation of the country. This Conference further appeals to the Government to encourage the establishment and growth of new industries by subsidies, subscription to share capital, guaranteeing interest on share capital for a certain period, timely and adequate protection and by granting other facilities.

This Conference draws the attention of the Government to the necessity of maintaining valuable data of a technical, economic and statistical nature, such as, sources and uses of raw materials, technical formulae, skill etc., in numerous Government and other Research Organisations which are supported from public funds. In the opinion of this Conference, all such information will be of inestimable help and guidance to those Indian interests which wish to start new industries or introduce new and more progressive methods of manufacture. With a view to achieve this object, this Conference recommends the early establishment of Central and Provincial Bureaux of Industrial Information to collect and classify such information and make it available at a nominal cost to all who may be interested.

The question of industrialisation of our country has been engaging the attention of industrialists as well as lay men for a very long time and many useful pronouncements have been made by competent persons on the subject. To put it plainly, the question before us is : of giving a push in the direction of manufacture of so many articles that were hitherto being imported from foreign countries but the import of which is, owing to the war, either completely stopped or narrowed down. Viewed in this light the problem at once strikes us as one of gigantic proportions when it is remembered that India is almost in the stage of infancy when compared with the industrial preparedness of western countries. Such a Conference therefore can at best provide a starting point, the basis and guidance for the industrial structure that would be necessary for this huge sub-continent. I do not certainly minimise the importance of this Conference but am merely stressing the magnitude of the task before us. War has come to us as a sort of adventitious aid in the start that we want to make and our social, economic and political consciousness, as at present awakened, should compel us to seize this opportunity. I am conscious of the many obstacles that lie in the path of the development of our industries to-day but if we merely go on complaining about these obstacles without taking active steps for overcoming them we shall have failed in our duty to our country. We must therefore follow a planned policy of industrialisation if we are to reach the goal set before us. I do not wish to waste the precious time of the Conference by discussing the possibilities of each new industry that could be profitably started in the Country. Suffice it to say that there is a large number of such industries to be started for supplying the primary wants of the population. If we do not, at this moment develop a new industrial outlook we will have dealt a heavy blow to the plentiful raw resources of the country which are in a sad plight for want of foreign buyers. The restrictions placed by Government on the export and import trade of this country on account of the exigencies of war

have acted adversely on our trade and especially on the export of our raw products which could have been profitably disposed of even in neutral countries. As you well know, we have now on hand more than 30 crores worth of raw produce which the country in its present stage of industrialisation cannot utilise. Starting of new industries is thus the only remedy. After all that is said and done in this respect, we have to depend on our Government and also our major industries to quicken the pace of industrialisation so that the vast resources of this country can be properly husbanded. When I say this, I have at the back of my mind an All-India Organisation under the aegis of Government backed by authority and finance and a full fledged industrial policy which should be the pivot of this huge national undertaking. It should be the duty of Government to help, subsidise and protect all new industries in the country. If such a policy had been adopted by Government, India would have been prepared in a far better manner to help Britain with all that she needed in her magnificent fight against Nazism.

Capital is a very necessary item for putting into operation a policy of wider industrialisation and you know capital is very shy. Therefore it should be the duty of Government under any future industrial policy to guarantee dividends on private investments in new industrial concerns. They should devise aids and measures by which new ventures can be financed. A part of the Excess Profits Tax may well be set apart for subsidising new industries. I should also like to make a passing reference to the urgent necessity of cheap money policy that should be followed by Government. It is certainly in their interest to issue loans to industrial concerns as well as subscribe substantial portions of the capital issued by these new ventures. The most important of all is the formation of commercial banks all over the country whose main object would be to find out and help, under stringent regulations, any new industry that may stand in need of support.

For the fuller realisation of such a policy, Government should begin to maintain technical and economic data which would be useful for the starting of new industries. Such statistical information regarding the sources of raw material, availability of technical formulas, skilled technicians etc., would make the path easier for such new ventures. I have every hope that Government will, in the best interests of the country, set up a department for the purpose above indicated. I am confident that the Hon'ble the Commerce Member will soon implement the assurances given by him with regard to new industries in India. And industries started in the present conditions would have to be carefully looked after even after the war so that India may continue to utilise her resources not only for her own benefit but also for the benefit of the Empire.

Mr. Sarabhai Prataprai emphatically seconded this resolution.

The following gentlemen supported the resolution.

Mr. Shantilal H. Shah. (Messrs. Vasant Vijay Mill, Bombay).

Mr. Chimanlal G. Vakharia B. A. LL. B., (Messrs. Kadi Electric Supply Co., Ltd.,)

Mr. G. R. Sathe. (Messrs. Sathe Bros, Poona, representing The Poona Manufacturers' Association.)

The resolution was then put to vote and declared carried unanimously.

Mr. N. D. Sahukar, (Messrs. Godrej & Boyce Manufacturing Co., Ltd.) :—

Sir,

I beg to move the following resolution.

9 STORE-PURCHASE POLICY OF THE GOVERNMENT.

This Conference appreciates the encouragement given to some Indian Industries due to the War and records with satisfaction the contribution made by Indian Industries towards the successful prosecution of the War.

This Conference however regrets to note that the declared policy of the Government of India of confining their purchases of Stores to Indian made goods wherever possible, is not being strictly adhered to. This Conference disapproves of the placing of long-term contracts with non-Indian Companies without offering adequate opportunities to indigenous manufacturers to tender for and supply such stores.

This Conference urges that the purchasing Departments of the Government of India including Defence Services and the State Railways should co-operate with the manufacturers and assist them in the production in the country of many items of stores as are at present being imported.

The Resolution I have just read is quite clear and precise. We are indeed all grateful to Government for what the Supply Department has lately been doing for Indian Industries. They have no doubt very energetically investigated the possibilities of manufacturing in this country such items of their war requirements as they cannot now possibly get from elsewhere. However, the moot point is that, but for the exigencies of the war, would they have been pursuing this policy solely for the

benefit of Indian industries as a matter of settled policy? Our answer is – “Most probably not.” All the same, I take this opportunity to thank the Supply Department for what it has been doing to help Indian industries to manufacture in this country their requirements for the war, and I hope that they would bear our services in mind after the war has been successfully concluded.

Though Indian Industries, at the outbreak of war, were entirely working on a peace time basis, they responded magnificently to the extraordinary requirements of the war, and even at the risk of being immodest, I venture to congratulate ourselves at what we have been able to achieve in changing over our production from peace time to war time requirements.

Although, as I have admitted, the Supply Department has been purchasing some of its requirements from the Indian industrialists, we feel that what they have been doing is not all they ought to have done. The Government has been publishing in the newspapers the value of purchases which it has been making in this country, but it is unfortunate that these figures do not give details of the purchases, the Government is making from purely Indian concerns and from British and foreign concerns established in this country. Our contention is that a major part of these purchases is being made from British and foreign concerns established in this country, whereas they could well have helped the Indian industries to manufacture most of what they want.

As I remarked before, the Government's stores purchase policy is to be judged not from what exceptional circumstances have forced them to do, but from what they would have done had not these exceptional circumstances prevailed. Looking at the problem from this angle, we have to admit with dismay that the Government's policy in this regard leaves much to be desired. After all, in a country like India, where the mass of the population is so objectly poor, industries cannot expect to take a firm root and thrive, unless and until they can receive help from the Government by preferential treatment in its purchases. So long as the consumers' demand is poor, as it has always been in this country, in spite of its teeming population, without Government's help Indian industries cannot expect to make progress towards mass production methods leading to economic production against formidable subsidised foreign competition. It is the professed desire of the Government of India to alleviate the condition of the masses. We admit their honesty of purpose, but we doubt if what they are doing is adequate. The wretched condition of the masses cannot be improved unless their per-capita income is improved. This cannot be done unless generous treatment is meted out to Indian industries to enable them to employ more and more hands. The more the hands there will be in the industries, the greater will be the per-capita income, and the better will be the condition of the masses. That is axiomatic.

When industrial and economic conditions are changing so rapidly, we cannot but note with regret the Government's policy of entering into long term contracts with non-Indian companies. Complaints have been received from several Indian Industrialists that the Director of Contracts has entered into long term contracts with non-Indian concerns for the supply of things which are now being manufactured in this country at an economic price. When such industries approach the Government for the purchase of their goods, the only reply the Government has been able to give is that the existing contracts make it impossible for them to purchase from Indian concerns. How do you expect new industries to come and help you as you want them to help you, unless and until you give them opportunities to do so? The Government might argue that long term contracts are entered into to ensure their supplies at an economic price. But long term contracts cut both ways. If the price of the supplies goes down in the interim period, will not the Government be so much the loser? But our objection to the policy of making long term contracts with non-Indian concerns is based on the theory that Indian companies could not possibly come out to manufacture new lines, unless and until they are sure that the Government will buy its requirements from them; and long term contracts with non-Indian concerns certainly make them diffident of establishing any new industries in such lines in which the Government has long term contracts. We would, therefore, strongly urge the Government that in pursuance of its own declared policy of helping Indian industries, it should forthwith cancel all long term contracts with non-Indian concerns, or at least when they make a proviso that the same would be subject to cancellation by notice at short period.

The fine way in which the Indian industries have responded to the Government's war demands, we hope, will be an object lesson to them, and we shall receive from them complete recognition of our abilities, and fuller response to our desire to alleviate the sufferings and appease the hunger of the masses inflicted by unemployment.

Mr. K. S. Amin, (Messrs. Alembic Distributing Agency, (Bombay) Ltd.):-

I beg to second the resolution moved by Mr. Sahukar and can provide an excellent illustration of the scant regard paid by the Government of India to their own declarations of policy that they would confine their store purchases to Indian made goods whenever possible.

This Conference may be aware that a number of drugs and chemicals are imported every year by the Director-General, Indian Medical Service (Stores), for army purposes. Of these, several preparations are those locally available in India. Whenever the Indian Industry remonstrates with the Government of

India as to injustice of importing these particular items, they are regaled with the assurance that "every effort is made to obtain articles which can be shown of a standard equal to those imported as regards quality and price."

I will take only the case of Ethyl Chloride and Ether Anaesthetic. Even though it had been brought to Government's notice that the Ethyl Chloride and Ether Anaesthetic of standard quality were available from Indian manufacturers, till the outbreak of war, the Government of India were importing Ethyl Chloride and Ether Anaesthetic manufactured outside India ostensibly for the reason that they could not place reliance on the quantity and quality of Indian manufacture. When it became impossible to import these preparations, they commenced to purchase every month thousands and thousands of lbs. of the identical Indian preparations. Does this mean that the Government of India is perpetrating the crime of using under-quality Ethyl Chloride and Ether Anaesthetic of Indian manufacture, in Military Hospitals, where questions of life and death are involved? The quality of at least the two preparations to which I refer was exactly the same before war, and even at that time, as at present, its quality had been tested and approved by the Bio-chemical Standardisation Laboratory. The only difference is that before war the Government of India were able to obtain adequate imports, whereas now it is not easy for them to get the required quantity made up of imports. Is any further evidence required to illustrate the apathy of the Government of India to the need for giving proper support to the Industry? Only emergencies like the present one make them turn to Indian manufacturers, whom they grossly neglect and unceremoniously brush aside during peace time.

That the Indian Pharmaceutical manufacturers are at present able to supply the Government's war requirements in addition to meeting the increased demands of the general public, consequent to stoppage of all imports, in spite of the Government having left them in the cold in the period before war, is in itself a silent testimony to the admirable patience and rich potentialities of the Indian Pharmaceutical Industry.

Mr. N. N. Kshirsagar (The Poona Manufacturers' Association) supported this resolution.

The resolution was then put to vote and declared carried unanimously.

Raj Mitra B. D. Amin, (Indian Chemicals Manufacturers' Association, Calcutta.) :—

Sir,

I beg to move the following resolution :

10 INTER-PROVINCIAL TRADE BARRIERS.

This Conference regards the wide differences in the Excise policies of various Provincial Governments and Indian States and Land & Sea customs policies of Indian States as detrimental to the development of Indian Industries. It therefore requests the Government of India to initiate at an early date an exchange of views between the Provincial Governments and Indian States on the one hand and the Central Government on the other, with a view to harmonise their policies as between the various Provincial Governments and Indian States, so as to facilitate free movement of goods between Province and Province and Provinces and Indian States.

When the delegates to the Excise Conference reached a substantial degree of agreement as to the need for uniformity of Excise Rules and Procedure throughout India, the indigenous pharmaceutical manufacturers and those interested in this promising Indian Industry heaved a sigh of relief. The delegates to the Conference were none other than the Provincial and States Excise Commissioners to whom is entrusted the task of the administration of excise matters. After three days deliberations on the method of achieving uniformity in excise rules and procedure, they came to unanimous conclusions, the manufacturers felt that within a short time practical effect would be given to these resolutions, and most of their difficulties – the hardships they had been suffering due to diversity of excise rules and regulations the inter-provincial barriers to trade and industry, – the tribulations of the spirituous medicinal trade, – would be things of the past. From now onward, they thought, everything would be smooth for the pharmaceutical industry in this country.

More than three years have elapsed since these resolutions were passed – resolutions which gave fresh hope to the manufacturers of spirituous preparations in this country. Looking back on this period of nearly forty months, one would naturally expect to find an admirable example of co-ordination of the Provincial Excise Rules, and uniformity of Excise Procedure. The actual position is, however, an object lesson to those industries who would put hopes in resolutions passed in Conferences of Government Representatives even though the Conference may be convened by the Government of India, and the resolutions passed be unanimous. Except for a few stray instances here and there, excise duty, Rules and Procedure remain as diverse and dissimilar as they were before the Excise Conference was convened. The industry has to face the same hardships, the same diversity of rules, procedure, rates of duty and the same inter-provincial barriers to trade. And as uniformity cannot be achieved until all the Provinces and States agree to common rate of duty or rules of procedure, and as each British Indian Province

seems to have suddenly conceived a dislike to implement some of the resolutions agreed to by them at the Conference, the Excise Conference Resolutions are a record of the uniformity of opinion of the Provinces and States, which exist only on paper and have not been translated into action.

It is difficult to understand why there should be so much delay in implementing the resolutions which were passed unanimously after mutual agreement between the representatives of the participating Provinces and States. A few examples alone of the attitude of the Provincial Governments in this matter will be sufficient to illustrate the helpless position of the Indian Pharmaceutical Industry. The Government of C. P. & Berar have not completely implemented resolution No. 6 of the Excise Conference; the exporters of spirituous medicinal preparations into C. P. & Berar are still made to obtain import permits which involves a lengthy and cumbrous procedure, and is a source of great delay in obtaining supplies. The Government of Madras have not yet given effect to resolution No. 4 of the Excise Conference; thus only the Government Medical Stores Depots could supply duty free medicinal preparations to certain Institutions in Madras Province. The Sind Government have no doubt entered into agreements with other Provincial Governments for collection of excise duty; but they refuse to enter into similar agreements with Indian States even though they had agreed to do so in accepting resolution 6-B of the Excise Conference.

Coming to nearer quarters, the Bombay Government has beaten all other Governments in persistently and systematically refusing to give effect to several important resolutions of the Excise Conference. The Conference recommended in resolution 2 that the excise duty on certain medicinal preparations should be reduced to Rs. 17-8-0 per L. P. gallon; the Bombay Government still levy a duty of Rs. 25-10-0 per L. P. gallon, which is the full excise rate leviable on Liquor and potable spirits. The Conference recommended that the list of preparations which might be used for other than medicinal purposes should be made as uniform as possible. For this purpose proposals from Provincial and State Governments were co-ordinated by the Central Board of Revenue and this co-ordinated list was circulated to all Provinces and States for adoption. When circulating this list the Central Board of Revenue pointed out that no doubt there might be some difference of opinion as to the preparations included in the list, but that the list prepared by them was one to which there should be a minimum of objection and that it might be accepted without any modification for the sake of uniformity. The Government of Bombay have completely revised this list and have added no less than 32 preparations which are commonly used by the medical men and rural dispensaries for dispensing purposes. The Conference recommended in resolution No. 6 that reciprocal arrangements for collection of duty should be made between Provinces and Indian States

in order to reduce the elaborate formalities and excise procedure followed at present in transporting medicines to a minimum. The Bombay Government have not yet entered into such an agreement with Baroda State in spite of repeated requests from the State Administration. The Conference agreed that the present dissimilarity in definitions and nomenclatures of exciseable articles is giving rise to much confusion and consequently hampering inter-Provincial trade. They recommended in resolution No. 14 that the customs classification with suitable modifications should be made a basis of the Provincial rules. The Bombay Government still classify spirituous medicinal preparations under the head "Indian-made foreign liquor," and in reply to the representations from the industry state that this classification is only technical and they do not propose to make any modification in the excise terminology used by them at present.

Consider what this means to the indigenous industry. The greatest handicap of our Pharmaceutical Industry is the lack of our uniformity in Excise Rules. The elaborate procedure laid in the Excise Rules causes incalculable delay and inconvenience in the movement of medicinal preparations manufactured in India. It causes needless embarrassment to the manufacturers, serious impediment to trade and unsufferable delay to the consumers. The rules relating to similar imported products, however, permit them complete freedom of movement throughout India once the tariff duty is paid on them at the port of entry. It was to mitigate these unbearable conditions that the Excise Conference requested the Provincial Governments to modify the Excise Rules on the basis of the recommendations of the Conference. If the Provincial Governments like Bombay take up this intransigent attitude towards implementing the resolutions agreed to by their representatives in the Conference, and defeat the very purpose for which the Excise Conference was convened, how can the indigenous industry survive, much less attain a healthy development which is its heritage in a land with plentiful supply of all necessary raw materials ?

But the tale of the Indian Pharmaceutical Manufacturers' woes does not end there. There is also diversity in the land customs policies followed by the different Indian States. Indian States like Mysore, Baroda, and Travancore, collect Excise duty on spirituous preparations imported into their territories, and do not collect any customs duty. This attitude is perfectly right as it is not fair to collect both Excise and Customs duties on the same preparations. But the Hyderabad State Administration not only collects Excise duty according to certain prescribed rates, but in addition to Excise duty, collect also customs duty at 5% which is absolutely unjustifiable. The Jammu and Kashmir State Administration do not levy any Excise duty as such, but collect customs duty at the very high rate of 30% on both spirituous and non-spirituous preparations entering their territory. Several other Indian States follow still widely diverging customs policies, which it will be tedious to point out in detail here.

The attitude of the Government of India in this matter is indeed deplorable and very disappointing. They have adopted what may be called an attitude of "benevolent neutrality," and whenever the industry or the associations interested in the development of this industry approach the Government of India with a request to persuade the Provinces to give effect to the recommendations of the Excise Conference, they receive the time-worn reply that in matters relating to excise duty and rules the Provincial Government concerned is the competent authority for being approached. The Provincial Governments have been approached, but refuse to implement the very resolutions which were passed by their representatives in the above Conference. The industry concerned has not been able to persuade these Provincial Governments to modify their rules and procedure so as to be uniform throughout India as the Provincial Governments are impervious to reason. The Indian States on their part insist on their own rights and freedom of action and are not willing to revise their present policies. Is the Indian Industry therefore to be smothered in the net-work of unsympathetic, heterogeneous, and antiquated excise rules of the Provinces and the customs rules of Indian States, who have not made the least effort to distinguish between medicines and potable liquor? Having convened the Excise Conference and having taken a leading part in the deliberations of the Conference, the Government of India, one would naturally expect, should completely see through the implementation of the points of agreement reached in the above Conference. The industry is not ignorant of the constitutional difficulty that might exist on account of excise having been included in the Provincial List. Even so it is not difficult for the Government of India to use their good offices with the Provincial Governments, so that all the unanimous recommendations of the Excise Conference could be given immediate effect to by the Provinces and States concerned and also to unify the dissimilar land customs policies of the Indian States. If the Government of India are not willing to do this service, it can only mean that they do not care the least for the development of the growing Chemical and Pharmaceutical Industry in India.

As a representative of The Indian Chemical Manufacturers' Association who are striving to remove these disabilities of the Indian Chemical & Pharmaceutical Industry, and as one who is directly acquainted with the extent of the tribulations of the manufacturers and traders due to the present diversity in excise and customs regulations, I request this Conference to give their unanimous approval to this resolution. There is this hope to the Pharmaceutical Industry in India that the Government of the country would give proper weight to the unanimous opinion of this Conference and come out with the necessary help for the Indigenous Industry.

Mr. Byramji Cowasji (President, The Butter Manufacturers' Association, Bombay.) strongly seconded this resolution.

Mr. Lavanprasad F. Shah supported this Resolution.

The resolution was then put to vote and declared carried unanimously.

The Conference then adjourned till 3 P. M. (S. T.) for lunch.

AFTERNOON PROCEEDINGS.

The Session of the All-India Manufacturers' Conference resumed its business at 3 P. M. (S. T.) on Sunday the 2nd March, 1941. Sir M. Visvesvaraya, the President, occupying the Chair.

Mr. Madhavlal M. Bhatt, (Messrs. Madhavlal & Co., Ltd., Bombay.) :—

Mr. President and Delegates,

I have great pleasure in moving the Resolution which is assigned to me with regard to Labour Legislation. The Resolution runs thus :—

11 LABOUR LEGISLATION.

While welcoming efforts to ameliorate the conditions of industrial labour, this Conference draws the attention of the authorities to the need for such efforts being correlated to the existing conditions of industry in the country.

This conference is further of the opinion that steps should be taken to enunciate an uniform labour policy as between the different Provinces in British India on the one hand and the Indian States on the other, so that there may not be any unfair advantage to any party due to diversity of labour standards.

I should like to take this opportunity to remove any misunderstanding that may be prevailing in regard to the attitude of Indian employers in the matter of the advancement of industrial labour. The Indian employers have been ready and are always willing to fall in with the general desire for the betterment of the conditions of workers. India, in fact, has a better record in the matter than several other advanced countries. She has passed many labour laws in recent years, conducive to the betterment of the lot of industrial workers. Thus, after the Labour Commission reported and between the years 1932 and 1937, as many as six measures of major legislation, such as, Workmen's Compensation Act, Factories Amendment Act, Payment of Wages Act, Emigration Labour Act, etc., have been placed on the Statute-book. Our pace, it is feared by some people, has been

perhaps too fast for the industries concerned to cope up with the burdens consequent upon such measures. A testimony to the willingness and anxiety of the Indian employers to improve the conditions of labour was provided by no less a person than Dr. Harold Butler, the then Director of the International Labour Office, after his tour in this country. Speaking about his impression of the tour, he said, that Indian employers were prepared and sincerely anxious to improve the conditions of Indian workers, very naturally so far the steps taken did not prejudice their business interests. However, if we say we have not moved as fast as some would wish us to, I may assure the concerned that it is because of the paramount consideration that labour can thrive only if the industries prosper. The rate of progress in labour legislation, I humbly submit, should always be laid down by the capacity of the industry to pay. In saying this, I am not laying down any new dictum. This principle was accepted even by the Royal Commission on Labour, and the following extract from their Report will be of interest :—

“ Care must be taken therefore to ensure that in adopting measures for the betterment of industry or of industrial workers, the interests of the community as a whole are not overlooked. It is obviously possible to raise the standard of living of sections of industrial workers by methods which would involve the diminution of the national income that is available for other sections of the community. On the other hand the prosperity of the industrial worker can be advanced in such a manner as to enrich rather than impoverish the rest of the community. It is to these measures that attention must be confined. ”

The necessity for correlating the burden on industry consequent upon such measures to the capacity of the particular industry is also dictated from another consideration, namely, the burden on the community consequent upon an increase in the cost of production of such industry brought about by such measures. This aspect was also recognised by the Royal Commission on Labour in the following words:—

“ Any policy which raises the cost of the article to the consumer in order that the industrial worker may achieve a standard of living disproportionately greater than that of his agricultural brother, is justifiably open to criticism since it would involve the taxation of approximately 340 million people for the benefit of about two million industrial workers. ”

It is, therefore, very necessary to see that, in our anxiety to ensure better conditions of work and life for the workers, we should not, or the Authorities should not bring about conditions which would, on the one hand, jeopardise the very existence of the industries concerned, and, on the other, tend to impose burdens of

increased cost of living on the general mass of the population. I may just here give one example: the popular Government in Bombay extended the Factories Act in this province. Very naturally the Government did this with a view to better the conditions of the working classes in the Factories, but unfortunately this decision of the Government to extend the Factory legislation to smaller units like Bakeries, Leather Factories, Printing and Binding Establishments, Cloth Weaving and Dyeing, Metal Works, Brick Making, Saw Mills, Oil Mills, Rice Mills etc. proved to be against the interests of the industries themselves, because India is still in a very backward state regarding industrial development. The fillip given by the Swadeshi spirit brought about the existence of some small industries in the country, but they are all in a state of infancy and the effect of the introduction of such measures by Government is bound to be disastrous for the future development and progress of our small industries.

I should now like to deal with the necessity of co-ordinating labour legislation. I do not think that the case requires to be argued at length at all. It is so very obvious from the very nature of the question and the problems presented. Under the Government of India Act, questions relating to labour are in the concurrent legislative list, thus permitting labour legislation both by the Central and the Provincial Governments. The joint Parliamentary Committee on Constitutional Reforms, however, while coming to the above decision on the devolution of powers, observed that "It was necessary that the Central Legislature should have a legislative jurisdiction to enable it in some cases to secure uniformity in the main principles of law (labour law) throughout the country." As a matter of fact, the Central Government is given, under certain circumstances, certain over-riding powers with a view to secure uniformity in legislation, although such legislation may have been primarily passed by Provincial Governments.

We have often, in the past, complained about the competition arising from the products of industries in the Indian States. The force of this complaint has been recognised. The competition from Indian States is growing steadily. 43 States are reported to have such modern industries as factories, mines plantations and transport and only 22 of them are reported to have labour regulations. Such competition, aided by the absence of burdens or charges incidental to the observance of the requirements of labour laws, has often presented problems to the corresponding industries in British Indian territories. It is, in order to prevent occasions for such mischief multiplying, that we are suggesting that the continent of India should proceed as one unit in regard to labour legislation. If the pace of legislation in certain Provinces is made much faster than in others, arising from consideration such as the position or the outlook of the particular Provincial Government or the progress already attained in regard to the industrialisation in

that province, there will certainly arise occasions for hardship and complaint to the industries of that province from corresponding industries in other provinces, where the burdens of such legislation are comparatively less. Already some provinces have the advantages of cheap labour and also some other advantages and if a province which has to pay higher wages to its industrial workers, has also to bear the burden consequent on some labour legislative measures, which those provinces have not to bear, naturally it suffers from a double disadvantage. The mischief done by such a state of affairs may have undesirable repercussions even in matters not directly connected with that industry. It may lead to inter-provincial bitterness. It is necessary to avoid occasions for such a provincial friction, and it is with a view to bring about fair and uniform conditions in the provinces in matters pertaining to labour legislation that the Committee of the Indian Merchants' Chamber recommended the institution of an All-India Industrial Council with provincial wings, if necessary. Such a Council may work in an advisory capacity. It will examine labour legislation both before the Central Legislature and in the Provinces and recommend the necessary measures to co-ordinate such legislation for securing uniformity throughout.

The idea of such a Council is not new. It was, in fact, mooted in a Resolution moved by the Hon'ble Mr. P. N. Saprú in the Council of State in 1935. In the discussion on the Finance Bill in the Central Assembly in 1937 also Sir H. P. Mody, the President of the Employers' Federation, urged the establishment of such a Council. Dr. Rajani Kant Das who has written a number of books of Indian labour and its problems and who is an author of international reputation, so far as questions of Indian labour are concerned, has expressed strong views with regard to the uniformity of labour legislation in his recent book on "Principles and Problems of Indian Labour Legislation." He says :—

"As a matter of fact, like custom and tariff, the labour question is essentially a Central or Federal subject, and the legislative authority should be exercised by the Central or Federal Government with the delegation of power to Provincial Governments in purely local affairs, as was actually the case under the old Constitution. It is only a Central authority transcending local boundaries that can take a long view in labour legislation, develop uniform labour codes and assure its continued progress."

As I have already pointed out, the framers of the Government of India Act anticipated the difficulties inherent in legislation on matters which are under the jurisdiction of both the Central and Provincial Governments, and also foresaw the necessity for some efforts at co-ordination. There are always in evidence germs of such difficulties, and before allowing them to grow and present problems of a

complicated nature, we should request that the Central Government should, in consultation with Provincial Governments, devise ways and means of securing uniform conditions throughout the country.

With these words, I commend the Resolution for your acceptance.

Mr. Maneklal Pranlal Shah (Messrs. Gold Filled Leather Works, Bombay) seconded this resolution.

Mr. S. B. Shahrabadhe (The Poona Press Owners' Association) supported this resolution.

The resolution was then put to vote and declared carried unanimously.

Mr. M. P. Polson, (Messrs. Polson Ltd., Bombay.) :—

Mr. President and brother delegates,

I beg to move the following resolution :—

12 TRADING BY GOVERNMENT.

This Conference disapproves of the growing tendency on the part of the Government and semi-Government Institutions to manufacture and market their products in a manner, which directly or indirectly enters into an uneconomic competition with private enterprise and thereby impedes their legitimate growth.

I now wish to point out some important facts which would substantiate how several of the Government Departments are commercially entering into competition with public tax-paying business concerns, thereby impeding their legitimate growth.

I shall first deal with the Jail Industry. Having no overhead expenses, or consideration for working on profit and loss basis, the articles manufactured by this Department were being openly canvassed in the markets at competitive prices, which proved detrimental to public industries manufacturing similar commodities. Fortunately the Indian Merchants Chamber moved in the matter very strongly and were successful in bringing home to the Government the set-back experienced by private enterprises.

This competition has in certain respects been diminished, but there is no reason why the Government should not be approached to check this competition and in place of competition give protection to the Indian Industries.

Further competition from a Government Department which requires special mention is in regard to transport. You are no doubt aware of the competition entered into by the State-owned railways with private motor transport enterprises, both passenger and goods. To oust this competition the Government introduced heavy taxation, regulations, laws, compulsory insurance, etc., thus crippling an enterprise which they felt was interfering with their revenue.

From this it would appear that when Government feels so disposed they take prompt steps to put that competition out of existence, but when the boot is on the other leg, all representations, letters of complaint, etc., to them are evaded, or answered laconically in half a dozen lines.

Such an attitude on their part makes one doubt their repeated assurances that the interests of Indian Industries and Trade are always at their heart and receive their closest co-operation. This verbosity on their part, gentlemen, can create nothing but a feeling of mistrust, as well as discourage others in new industrial ventures. I shall here illustrate an example to show how Government change their policy to meet their own ends. You are all aware that there does not exist any direct road communication between Bombay and Ahmedabad. Representations were made to the Government by influential bodies placing before them the importance of a scheme to link these 2 big industrial centres by constructing a direct road. However, for reasons best known to the Government, no impetus was given to this scheme, and the matter, on some pretext or the other was kept in abeyance.

Now that War preparations are in force it has dawned upon the Government that road transport by the 2 important railway bridges which allow direct railway communication between Bombay and Ahmedabad is not possible and in absence of any quick road transport facilities, they would be compelled to choose a circuitous route via Khandesh. In their own interests therefore, the scheme of constructing a road between Bombay and Ahmedabad is now nearly completed and will be an actual fact within a short period.

Another large field of activity which the Government is encroaching upon is Munitions production and supplies. This has necessitated them not only expanding their own workshops, but also a diversion to railway works as well, resulting in curbing the development of a form of industry in India, which could well be distributed piece meal to a large number of establishments under Government control.

Being personally interested in the Butter Industry, I would now put before you in a few words how this industry has always been hampered by the evils of

Government competition. While fully realising that under the internal security schemes the Military should maintain basic dairies in India. I still feel that during peace time as also in war, dairies of established reputation should get support from the Government and the Military by receiving orders for supply of Butter to troops. High hopes were held out to my firm by various Government Officials before we established our Polson Model Dairy at Anand, that if there was a first-class dairy in this country which could produce Pasteurised Butter according to the requirements of the army, there was no reason why it could not succeed in securing big military orders. However, since our Dairy has been started in 1929, we have received no support from the Government or the Military in the way of their regular orders for Butter for the requirements of the troops.

As if this disappointment was inadequate, the Government Military Dairies in several cities, we found out, were actually selling their production to the civil population from house to house as well as to the trade at competitive rates. We strongly criticised this policy with the Heads of the Department, but received very discouraging replies inasmuch as we were told that our reports were exaggerated and in absence of any supporting evidence, they were unable to consider our complaint.

In view of this open challenge thrown, we made a systematic collection of documentary evidence showing clear sale transactions by the Military Dairies to the trade as well as to the civil population and re-opened the subject with the authorities which woke them up from their lethargy, culminating in our receiving a report issued by the Inspector of Military Dairy Farms dealing at length with our complaint. Gentlemen, this report is open to severe criticisms. All along they denied to us that they were selling their production to the civilian population and the trade, whereas the report was a frank admission on their part of the very point they were all along incorrectly contradicting with us. They have tried their level best to camouflage several other proofs which we put before them by their usual evasive explanations. Here is but another instance where the progress of one of the most essential industries in India is being thwarted due to deliberate trading by the Government.

When the trade is in difficulties, we appeal to the Government for solving them, but when the Government themselves create difficulties, it is like a Chinese Puzzle to solve as to whom we should approach.

For these reasons I trust the Conference will accept and pass this resolution.

Mr. S. Ramanathan, (The Alembic Chemical Works., Co., Ltd., Baroda):—

I have great pleasure in seconding the resolution moved by Mr. Polson. He has already pointed out instances of competition encountered from the Jail Industry and from Government competition in transport and butter industries. I wish to add to these chemical and pharmaceutical trade in which also, very acute competition is encountered.

There is a department of Government of India called the Medical Stores Department. It has branches in Madras, Bombay, Calcutta and Lahore, which go by the name of Medical Stores Depots. These depots manufacture very large quantities of Tinctures, Solid Extracts, Liq. Extracts, which they sell to the medical institutions in the country. They have monopolised for themselves a permanent market by prohibiting Government Civil and Army Hospitals from purchasing from any source other than the Government Medical Stores Depots. They also supply preparations of their manufacture to Semi-Government and other institutions such as Municipal, District, Local Board Dispensaries.

Our complaint is not that the Medical Stores Depots should not have come into existence at all. We only want that now the Indian manufacturers are in a position to supply the requirements of those hospitals which are at present compelled to purchase from Government Medical Stores Depots, the manufacturing activities of these Depots should now be abolished. If the Government cannot help the trade by subsidies etc., why should they interfere in their legitimate sphere of the manufacturers and compete with them.

These aspects of the matter have been represented to the Government, but their replies have been not only unsympathetic, but very unconvincing. They say that they cannot place any reliance on the price, quality or quantity of private manufacture and therefore they will not abolish the manufacturing activities of the Government Medical Stores. I wish to point out to this Conference, Sir, how hollow this arguement is.

Let me first take the question of price. The Government's arguement is that it is cheaper for them to manufacture medicines at the Government Medical Stores, than if they purchase from Private manufacturers. How and on what basis have they reached this inference? This they do not tell us. Several associations, competent to express an opinion on this subject, have stated that no basis of comparison between Government's cost of production and private manufacturers' cost of production can exist till the existing departmental system of account is replaced by the Commercial system of accounts at the Medical Stores Depots.

Even otherwise, an impartial comparison is not possible, because the Government refuse to divulge their cost of production. Some years ago The Alembic Chemical Works Co. Ltd., asked the Government Medical Stores Depot, Bombay, to supply them a price-list of the preparations manufactured at the Depot. The Government Depot unceremoniously refused this request. Last year the Indian Chemical Manufacturers' Association requested the Director-General, Indian Medical Service for information regarding the cost of Ext. Ergot, Ext. Glycerryha, Tinct. Cardamin Co. The Director replied, he was not prepared to enter into a discussion with the Association on such individual preparations.

If the Government maintain that the cost of production at the Medical Stores is lower than that of Indian manufacturers, the Indian manufacturers will suggest a reasonable proposal.

Let the Government remove the present restrictions on Government Institutions to purchase from the Medical Stores Depots and allow them to invite tenders from the private manufacturers. Let the Government also quote. The tenders could be compared and all doubts could be set at rest. This request was made by us to the Government and we do not know why it has not been accepted by the Government.

I will now come to the question of quality. The Pharmaceutical industry in India has developed greatly during the last two decades and there are several reputed firms in the country. About 25,00,000 of lbs. of tinctures etc. are manufactured every year by the private concerns, a great part of which is from the reputed concerns such as Bengal Chemical and Pharmaceutical Works, and the Alembic Chemical Works. Do the Government mean to say that the patients in the Hospitals which use our tinctures are not all cured, and only those who go to Hospitals which use the Government's tinctures are cured of their illness? Leaving this aside, the Indian manufacturers are prepared for their preparations being tested along with the Medical Stores Preparations at the Bio-chemical Standardisation Laboratory, Calcutta. The Government do not accept this cause either, but simply cast assertions of the quality of Indian made preparation, which are extremely inconvincing.

Next, Sir, comes the question of quantity. I do not know whether the British Government were prepared for this war and whether the Government of India foresaw its coming or not. But the fact is that during the last year and half the Indian Manufacturers have been asked whether they could prepare preparations that have not been so far manufactured in India, Trichloroacetic acid and several others. The manufacturers have been able to produce these preparations to surprising degree, and they are able to supply. Not only do they supply the

Government's requirements, but they supply the public's increased needs owing to the stoppage of imports. When this is a fact how can the Government say that the quantity of Indian preparations will not be sufficient to meet the country's needs. We have invited the Government to depute an officer to investigate the present and potential capacities of Indian manufacturers for producing the preparations that are at present manufactured in the Medical Stores Depots. This too they have not accepted.

We have requested that a Government Committee may be appointed to report on this matter and this also has been rejected by the Government. I may also point out, Sir, that the Drugs Enquiry Committee also recommended the abolition of the manufacturing activities of the Government Medical Stores. But this recommendation has met the same fate as that of their other recommendations.

The Government take very great pains to assure us that we need not be under any apprehensions. They give us repeated assurances and reconsider the matter several times. But nothing comes out of these assurances. It is very much like a story I have heard of an Indian King of olden days. It is said he was a great lover of poetry and would invite poets to his courts to recite verses before him. He would really be pleased with the efforts of these poets and would announce to one in a loud voice "Give him two lacs of sovereign". To another he will say "Give a quarter of my treasure". But these poets did not get even one sovereign out of him. When one poet had the courage to ask for the reward, the King said "Look here, your verses pleased my ears very much. Did not my announcement give pleasure to your ears? Be contented with it. Why do you want all the money which will only increase your cares."

Is the Government of India's wish is that the Indian manufacturers should be contented with the ocular satisfaction by reading assurances on Government stationers? If the Conference writes to them in the matter of this resolution, I am sure they will say that considerations of the question will be post-poned till the war is over. But after the war they will take up the old tune. If they do so I have only to say this. This treatment is not fair to the industry, which is supplying the Government's requirements during the present emergency. It will further sup the blood of the Indian industry, and when in another such emergency they find the Indian industry is not able to stand on its bloodless legs, they will find themselves in the position of a man at sea, who without realising the consequences said to himself, "the hole in the life-boat was only in the opposite end".

The resolution was then put to vote and declared carried unanimously.

Mr. C. S. Patel, (The Swastik Oil Mills., Ltd., Bombay.) :—

Mr. President & Gentlemen,

The resolution which has been committed to my care reads as under :

13 EASTERN GROUP CONFERENCE.

This Conference strongly deplores the policy of the Government of India in excluding the representatives of the Commerce and industry of the Country from actively participating in the deliberations of the Eastern Group Conference.

This Conference has grave apprehension about the ultimate results and effects on the Economic and Industrial development of the Country.

This Conference strongly urges upon the Government, to immediately enact suitable legislation implementing the assurances given by Hon'ble the Commerce Member for the Government of India in this behalf.

The main and declared object of the Conference was to make the countries of the Eastern Group, as far as possible, self-supporting for War supply purposes. It was expected to lay down a policy for co-ordinating the existing and potential productive capacity of the countries forming the Eastern Block with a view to eliminating wasteful competition and duplication and with a view to all the countries working together as a single block for accelerating the supply of War requirements. Even in peace times co-ordination and planning are essential elements in successful working. In its objective and ideal, therefore, the work set out for the Conference was of extreme importance and should ordinarily have been welcomed by all.

I am, however, constrained to say that the Government of India have the uncanny knack of creating opposition and suspicion even in matters and programmes which may be intrinsically sound. This mistake arising out of a lack of vision to present things in their proper perspective has again been committed in the case of the Conference. At the early stages, when the Conference idea was in its embryo, full particulars and the manner and method of achieving the objective were not fully explained to the public in this country. In fact, leaders of opinion were kept at arms length with the result that there was woven around the whole business a fabric of suspicion and apprehension. Matters were aggravated when in the deliberations of the Conference the accredited representatives of Indian commerce were

not actively and fully associated. These initial fears developed in the public mind a misunderstanding as to the ultimate aims of this effort and I must confess that nothing has yet been said or done by the authorities in this country with a view to removing these fears and misgivings, and with a view to create the necessary enthusiasm for pursuing the common objective.

The war has created demand for a variety of items. The ordinary sources of supply have been cut out by the development connected with the war. It is, therefore, natural to take stock as to how far these requirements could be met by mutual adjustments and arrangements as between the different units constituting the Eastern Hemisphere. In such a stock-taking naturally the existing and potential capacities of the different units have to be reviewed and arrangements made to achieve the optimum results within a limited time.

From a long range point of view, however, all these should not stand in the way of India attaining her goal of industrial self-sufficiency. Some stray remarks made at the Conference gave room for the apprehension that in the immediate anxiety of co-ordinating war requirements the permanent and lasting interests of the country would, if not overlooked, not receive that measure of attention and consideration. It was given out that efforts would be mainly directed to supplementing expeditiously the existing productive capacity in various items of war supplies. The obvious inference was that in regard to specific items where in a particular country industrial production has sufficiently advanced as to be able to meet the whole requirements without any strain, such a country would be asked to concentrate on the same and that in the scheme of things as envisaged by the Conference production of the same material would not be undertaken in any of the other countries. Theoretically such a co-ordination by specialisation would indeed be a fundamental pre-requisite of rationalisation. Further more, such a plan may very well suit some of the countries industrially advanced, but as far as India is concerned, if the Eastern Group effort were to perpetuate such conditions of distribution of spheres of activities the whole idea will be looked upon by the public in this country with disfavour. It was naturally expected that the war would give an impetus to the industrialisation in this country and that now industries particularly of an essential and key character would be developed soon. Considerations of expediency or planning for the immediate want should not stand in the way of these hopes being realised. It is in this particular regard that we want an unequivocal assurance both from the Government of India and His Majesty's Government that in anything that is being done to further the co-ordination of Empire effort, the long range problems of India in the matter of development of all types of essential industries within the country will not be overlooked.

Another serious misgiving which has been engendered in the Indian mind in connection with this Eastern effort is in regard to the occasion being utilised for giving opportunities for non-nationals to create vested interests in this country. Whatever may have been the justification for allowing foreign capital to be employed in enterprises in the country in the past, under the existing circumstances India is able to supply all the capital and finances required for new industrial undertakings in the country. Let me say that this is not only a question in which sentiment is involved. The entrenched position within the country of foreign vested interests has been responsible in no small measure to some of the ills which we are suffering from both in the political and in the economic sphere and we do not want these conditions to be either accentuated or perpetuated. Even the External Capital Committee recognised the need for some distinction in regard to the employment of national and non-national capital particularly in the matter of grant of special privileges and in regard to industries of an essential character and we are therefore asking for nothing new when we demand that certain spheres of expansion and development should be rigidly reserved for the nationals of the country.

The Conference finished its labours in November last and it is now nearly three months since the report was submitted. The Indian commercial community have no idea as to the recommendations or the plan of action recommended in the report. It is this veil of mystery which has been mainly responsible for the stamp of antagonism which the whole business has created in the country. I submit that Government should change this outlook and should learn to take the sons of the soil into confidence in all such important matters. I dare say that the contents of the report must have been known to the leaders of thought in other countries which were parties to the Conference while nothing is known here although the Conference itself met in this country and the whole programme was settled here. Government should lose no time in letting us know how they propose to achieve the result of co-ordinating war supplies in the East, what part Indian industries are expected to play in the same, what opportunities will be afforded to Indian enterprises for participating in that effort and what fresh avenues of Industrial expansion will be opened out as a result of all these attempts. It is also necessary that representative leaders of Indian commerce should be associated with the Eastern Group supply so that this maïsm of suspicion, distrust and fear may not stand as a bar against the successful realisation of the main objective of the Conference.

With these words I commend the resolution for your acceptance.

Mr. F. R. Moos, (M/S. The Pioneer Magnesia Works, Ltd., Bombay.)
strongly seconded this resolution.

Mr. C. A. Buch, (The All-India Organization of Industrial Employers, New Delhi.) supported this resolution.

The resolution was then put to vote and declared carried unanimously.

Mr. M. J. Buch, (Bombay Steam Navigation Co., Ltd., Bombay.) :—

Sir,

I beg to move the following resolution.

14 SECURING REPRESENTATION ON PUBLIC BODIES AND GOVERNMENT COMMITTEES OF SMALL & MEDIUM SCALE INDUSTRIES.

This Conference draws the attention of the Central and Provincial Governments to the lack of proper and adequate representation of small and Medium Scale Industries on public and Government Bodies either of a permanent character or otherwise, whose activities are of special interest to industrialists. This Conference therefore strongly urges upon the Central and Provincial Governments to redress at an early date this long-standing grievance of these industries by ensuring their due representation on all such bodies.

I do not think it is necessary for me to deal at great length with the subject matter of the resolution which is now before you for your consideration. The need for consulting representative public opinion in all matters, industrial and commercial, is quite well recognised in India by now, and as is well known, the Governments, Central as well as Provincial, have now begun to associate to an increasing extent the non-official industrial and commercial opinion in their deliberations likely to affect the economic well being of the nation. The sessions of the Industrial & Commercial Congress in the past, and now those of Federation of Indian Chambers of Commerce and Industry have grown in importance from time to time and the Government have now fully realised the necessity of giving useful consideration to the deliberations of these annual conferences. Still however, the general reluctance to take into confidence the non-official opinion still persists in all matters economic, however vital they may be. And, where this opinion is consulted, the treatment meted out to representatives of Commercial bodies is not only unsatisfactory but often lacks decency. Hurried, halting and hesitating consultations with leaders of industry has never satisfied any one and it is regrettable to find that even during the present times the same method - if you call it method - is followed. Men whose opinions are more respected amongst what I would call commercial "Masses" are called for consultations often at the eleventh hour and they are asked

to send and wait till the official circles think it is time for them to call these gentlemen. Perhaps the official circles think that "they also serve who stand and wait." What is again more surprising is the hurried withdrawal of these people and perhaps the strict official procedure has laid down very rigid barrier which permits only these short hesitating consultations apparently held more with a view to make the general public believe that the non-official public opinion has been consulted. It often happens that the non-official representatives get barely a glimpse of what actually is taking place as if through a keyhole and entire schemes are kept ready and cooked for them to see and admire.

Such then, is the treatment meted out to industrialists and business men who really count as "big business" in India. The position of the small industrialist is much worse. He is no where. He has no voice. The Government think that they have done their duty when they consult big business and that all is O. K. with the small industrialist who is the backbone of big business and industry. And for this state of affairs big business really may not be at fault - how would it be when the treatment given to it is not too good!

I am sure none will mis-understand us when we put forth this resolution from this platform. Small-Scale and cottage industries always have a distinct sphere of activities and they do perform a very important function in the working of the body economic of the country. Intense industrialisation is, no doubt, welcome to all of us but what is also necessary is the bringing up of a net-work of small industries throughout the country serving the needs of the masses in respect of hundreds of articles of daily use which we are now importing or which are useful as semi-finished products for the big industrialists. In any scheme of planned economy for India these industries - call them small or medium if you like or secondary if you choose have a very important part to play. Well, then how should they do so? That is the question and the resolution now before you seeks to give a reply to this question.

We often have now-a-days a lot about war effort in all directions. We are almost having a feeling that we should have done this or that so that we would have been prepared for the situation that presents us to-day. We also take satisfaction that so many of the articles now necessary for War are now being manufactured in India. What about the position after the war? Is there any guarantee that the fate of industrialisation will continue to be the same after the war as it is now? It is necessary that the Government should give earnest consideration to this question and see that something definite and concrete is done in the matter. From now onwards they should have their plans ready and it is here that consultations with industrialists in general and the small industrialists in

particular will be necessary. Each of the small or medium scale industries and there are no less than fifty-two of those represented at this conference has its own schemes of development and own difficulties to be solved - difficulties in respect of new materials, labour, finance, research, transport distribution and so on - and unless Government consult those representing these industries in any scheme of industrial development they have before them, it would not be possible to achieve any progress in any direction. It is, therefore, proposed that Government should make it a practice to accord due representation to these industries whenever they set up any enquiry or committee for investigation of problems that face Industrial India as a whole.

Individual representation as in the case of Indo-Japanese convention last year will not do. It is no use shelving the responsibility of nominating representatives of small industries on the shoulders of the Federation of Indian Chambers of commerce and industries, as was done last year, particularly when we now have an Organization to represent the interests of small & medium scale industrialists.

What we now want is not the continuance of the present method of according representation to us, but recognition of our right for a direct representation as proposed in the resolution which is now placed before you for your consideration.

Mr. G. R. Sathe, (The Poona Manufacturers' Association) :-

Sir,

I have pleasure to second the Resolution just now moved by Mr. M. J. Buch.

I am sorry that I misunderstood the Resolution. I took the words Public Bodies to mean the Legislative Councils, Corporations, Municipalities, Local Boards and such other bodies, and thought that this was quite an innocent resolution. But from the explanation given by the Gentleman in his speech, it is now clear that what he meant by the resolution, also has the same political significance as has been attached to other resolutions so far discussed by us. Even though the meaning is taken to be restricted to local executive bodies as mentioned by me. This resolution, though innocent is very important as regards Industries—especially Small and Medium scale Industries as these come in direct touch with the above bodies and have their own difficulties such as Octroi duties, Terminal tax, adequate water and electric supply, suitable sites, means of local transport and so on. The principle of guarding various interest has already been admitted by the Government by giving seats in the Councils and Corporations to Indian Chambers of Commerce, European Chambers of Commerce and if the same principle is extended further to comparatively small bodies as Municipalities, Local Boards and Gram-panchayats, it would certainly do

good both to the bodies and to industries. The Poona Manufacturers' Association had sent a similar proposal to the Poona Municipality, but the question was not even taken into consideration. When we made this proposal we knew that the question of constructing electorates was in the hands of the Government. But the Municipality could, very well, have recommended to Government the necessity of creating such electorates. Such a resolution from a body like the Poona Municipality would certainly have carried some weight. As an immediate measure, the Municipality could, as well, have formed a consulting body, but unluckily this was not done and hence there comes the necessity of making a representation to the Government by this resolution. This question is indisputable and the Government practically loses nothing in taking a move in this direction. If they do it, they will be doing a good deal. I hope you will pass this resolution unanimously.

The resolution was then put to vote and declared carried unanimously.

Mr. Sankalchand G. Shah, (Messrs. Swaraj Industries Ltd.,)
(President, Association of Indian Industries.):—

Sir,

I beg to move the following resolution.

15 IMPLEMENTING THE DECISIONS OF THE CONFERENCE.

1. With a view to implement its decisions and for the furtherance of its objects, this Conference empowers the Association of Indian Industries, Bombay, to appoint a Central Committee consisting of the members of the Association and others directly or indirectly interested in the rapid industrial development of the country, with its headquarters at Bombay.
2. This Central Committee shall be composed of persons capable of organising measures in the coming year to carry on the constructive work contemplated by this Conference in connection with the expansion of Small and Medium scale Industries both in Bombay City as well as in the outside centres which desire to participate in the work of the Committee.
3. The duties of the Central Committee and the member bodies shall ordinarily be:—
 - (i) To disseminate useful information so as to give a sound perspective view of their economic affairs to their constituents.

- (ii) To undertake to bring new industries into existence and to increase quantity and quality of production of existing ones wherever possible.
 - (iii) To collect and compile statistics of industries in the areas associated with each Committee, particularly the following :—
 - (a) Capital invested,
 - (b) Value of production,
 - (c) Workers employed,
 - (d) Wages paid,
 - (e) General marketing statistics.
 - (iv) To carry on propaganda for promoting the productive work and occupations of the people and for increasing from year to year the aggregate value of production both from agriculture and industries in the areas concerned.
4. For carrying out these and other objects, the Central Committee should be authorised to collect the funds needed from the public and build up an effective organisation in as short a time as possible.
 5. This Conference will welcome the co-operation of Government in the whole scheme, or in its applications to any particular area for the promotion of the objects enumerated above.

The resolution which I have moved is very clear. It is based on the lines indicated in the Presidential Address and lays down the constructive work before us. As I have stated in my speech our task does not end after passing resolutions, and communicating them to the authorities. We are all eager to continue the good work of this Conference.

The Central Committee which the Association of Indian Industries is empowered to appoint will not only consist of the members of the Association, but will have amongst its members all those Industrialists big and small all over the country who may be willing to co-operate and serve the cause of the Small and Medium Scale industries and thus play their part in the rapid industrialisation of the country. In fact we are out to secure the fullest co-operation and good-will of all these

industrialists including also those that may not be directly engaged in industries but nevertheless they have the cause of the Indian Industries near at heart who may be willing to thus serve the cause of the country.

As business people we all realise that this important work which lies ahead of us cannot be properly carried out without ample funds at our disposal and I hereby appeal to you all and of our industrially minded people in the country to contribute their might towards the permanent fund which the Central Committee hopes to start soon after that Committee is constituted. In order that substantial progress may be made in the direction indicated by our president, the funds will have to be large and adequate in proportion to the task which has to be undertaken. This task will include among other matters the collection and dissemination of all useful information which will prove of inestimable value, and serve the very people whom we are appealing to contribute. To such an assembly of practical businessmen that have met here, I need not emphasize the importance of this matter any further. I am happy to say during this two days session, the contacts which we have been able to form with our brother delegates from all over the country, have convinced us that our co-operation of getting satisfactory response and unstincted co-operation from industrialists will be amply justified. Our Motto should be "Unite and Industrialise."

Mr. G. S. Ranade (The Industrial Distributors Ltd., Bombay,) seconded this resolution.

Mr. N. G. Apte (The Rural Products Co., Poona,) supported the resolution.

The resolution was then put to vote and declared carried unanimously.

CLOSING REMARKS OF THE PRESIDENT.

In his closing remarks Sir M. Visvesvaraya, President, said that all work undertaken should be planned in advance with all the details properly worked out. There should be organizations in provinces and Districts besides the Central Body which might be conveniently called the Central Council.

He also indicated the defects and short-comings found in the organizations set up in this country, which generally left matters to a drift after an enthusiastic beginning. He emphasized that the valuable suggestions made in the Conference must be brought into action and that the main object of any movement, like the one under project, should be to increase the working capacity and skill of our people. The weak economic situation of our country was due to lack of efficiency and of hard-working capacity of our people who did not always utilize their time usefully.

He suggested that frequent visits should be undertaken to industrially advance countries, like Japan, by industrialists of the country to observe their methods of working and adapt them to our conditions. Industrial progress should go along with advancement in other directions, like mass literacy etc., as it was through that, that any marked improvement in the living of our workers could be made. Russia was an outstanding example of such development. He pointed out that the standard of income of our people was comparatively very low because the production capacity was not high. It would be only when we could increase our income that we would bring to our workers greater comfort and raise their standard of living.

Sir M. Visvesvaraya further stated that there was no balance between agriculture and industry in the country. The agricultural population in other progressive countries was only about 30% whereas it was nearly 67% here, i. e. about more than double. He proposed that in order to give an industrial bias in the training of our people, children should be made to use mechanical toys and take to other allied hobbies like making model steam engines etc., as started in Mysore. The present War was entirely a mechanical one. Backward as we were in this training we could not stand against foreign attacks. So it was necessary for the self defence of the country that we should improve our mechanical front; increase the working capacity of the people; reduce the agricultural population; and increase industrial labour of the country. In order to bring about such a change three things were essential, namely, a well thought out plan, leadership and economic life. In all well-advanced industrial countries it was considered that there were 24 basic industries and it was disappointing to find how few there were in our country.

In order to work out the proposals it was essential that there should be a suitable collections of statistics of the value of production in every part of the country. In conclusion, he said that for all this work it was essential to have a wide and effective organization. It was, therefore, necessary to secure the help of Municipalities, District Boards and other industrial organizations, besides big industrialists of the country, both for financial help and other information. The Central Organization should be the nerve centre and infuse spirit so as to secure co-operation from all active bodies. The result of this work should be reviewed from time to time and be given proper publicity. In this connection he cited the example of other countries like Canada, Japan and Australia which had invested thousand crores of rupees for the investigation of industrial problems and collection of statistics.

CLOSING SPEECH OF MR. SANKALCHAND G. SHAH.

Mr. President, Brother Delegates & Friends,

It is my pleasant duty to move a hearty vote of thanks to our distinguished President. It is customary to shower felicitations of a formal nature on the President at the conclusion of the Session. But, in the present case, I wish to assure, you,

gentlemen, that every word that I am going to say is the expression of the unbounded gratitude we all feel for the zeal and enthusiasm and the great consideration that he has shown to us all not only during the Sessions, but in all our meetings and discussions with him in connection with the work of organising this Conference. Although he calls himself an Octogenerian, the wonderful energy and capacity for continuous and strenuous work that we have found in him during our recent contact with him are such as to put many of us young men to shame. I do not disclose secrets or do not, in the least, exaggerate when I tell you that very often, many of us, when we were tired at the end of the days' hard and strenuous work, Sir M. Visvesvaraya was still fresh and willing to continue to work for another couple of hours. He has made Indian Industries the Mission of his life and the Industries of Modern Mysore are the standing monument of his foresight and efforts,

We feel ourselves very fortunate indeed to have acquired his able guidance in this work of ours. As a hard businessman, I do not wish to spare him even yet, and would appeal to him on your behalf as well as on behalf of the Association of Indian Industries to continue to guide us by accepting Presidentship of the Central Committee which will be shortly formed, and I have every hope that he would accept our earnest request and assume leadership once again at least for the first year.

I have also to offer my thanks to :

- (1) All the delegates who have come here from long distances to attend this Conference and also all the Visitors.
- (2) Chambers of Commerce & Associations which have sent their Representatives all the way to attend the Conference.
- (3) Honorary Workers who have voluntarily worked so hard and the Principals of the Sydenham College of Commerce & the University School of Economics who have been good enough to send some of these Honorary Workers and lastly the authorities of this Hall who have spared the same for our use.
- (4) The Press, whose co-operation and support have contributed very materially to the success of this conference.

I thank you all.

The proceedings of the First Session of the All-India Manufacturers' Conference then came to a close in an atmosphere of great enthusiasm.

The Delegates were then entertained at a Garden Party by the Reception Committee at 5 p. m. (S. T.), in the spacious grounds of Shree Sunderbai Hall. It was a very pleasant function and all the delegates, members of the Reception Committee and visitors had an opportunity of knowing each other better in the fraternal atmosphere of this social function.

FACTORY VISITS & EXCURSIONS.

Monday, the 3rd March, 1941.

On Monday the 3rd March, 1941, the Members of the Reception Committee and the Delegates visited the following factories —

1. The Vasant Vijay Mills, Comprising, The Vasant Industrial and Engineering Works, 470-471, Worli Road, Bombay: In this factory the proprietors, Messrs. Hiralal A. Shah, Shantilal H. Shah, and Kantilal H. Shah showed the visitors round their extensive newly built premises where they are manufacturing heavy machinery for the textile and other industries, and the bleaching and dyeing plant which was mostly assembled by themselves in a very efficient and scientific way. Their automatic textile printing plant was worth visiting. At the end they entertained the visitors with a light refreshment and drinks.

2. The Godrej & Boyce Manufacturing Co., Ltd., Lalbaug, Parel Bombay: In this factory the extensive up-to-date sheet metal working plant was shown to the delegates by Mr. N. P. Godrej and Mr. N. D. Sahukar. The different processes of the manufacture of steel furniture and equipment, safes, strong room accessories and locks were demonstrated to their great interest. This concern is also manufacturing a great deal of war equipment. The visit was very interesting.

3. The Bombay Steam Navigation Co., Ltd., Workshop Mazagon Dock, Bombay: In this Workshop the Delegates were received by Mr. S. C. Driver and Mr. J. D. Barklay who took them round the different departments of the Workshop, and explained to them how the different phases of work in connection with the repairs of ships were being attended to. The Delegates were further informed that in this workshop, the Company had completely assembled launches of sizes upto 120 ft. in length.

The principals of all the above mentioned factories had provided comfortable BEST buses for the transport of the visitors from the office of the Association of Indian Industries to the various places ending at Appollo Bunder.

All the delegates were very appreciative and thankful for the opportunities provided for such interesting and instructive visits to the above mentioned factories.

After all the visits were over, delegates were entertained in the evening to a pleasure cruise in the Bombay Harbour by the Indian Co-operative Navigation Trading Co., Ltd., who placed their luxurious M. L. "Jayalaxmi" at their disposal. Here Mr. M. J. Buch on behalf of the Company was all attention to the guests, who were served with sumptuous refreshments and drinks. He also explained to them the problems facing Indian Shipping and gave a short history of the Bombay Harbour; copies of which were also distributed. In conclusion, Mr. Buch garlanded Mr. Sankalchand G. Shah, Chairman of the Reception Committee. Mr. Shah in return expressed thanks to the Company and Mr. Buch in adequate terms on behalf of all for the excellent entertainment and arrangement provided.



THE ALL - INDIA MANUFACTURERS' CONFERENCE.
STATEMENT OF ACCOUNTS.

For The Period 1st January to 30th April 1941.

To,	Rs.As.Ps.	By	Rs.As.Ps.
Postage & Stamp A/c	224—5-6	Reception Committee	
Telephone Charges A/c	160-12-0	Fees A/c	750—0-0
Telegram Charges A/c	20-12-0	Donation A/c	2461—0-0
Stationery & Printing A/c	703—5-0		
Salary A/c	126—5-0		
Conveyance Charges A/c	19-12-6		
Rent A/c (Sunderbai Hall)	94—0-0		
General Charges A/c	161—1-0		
Garden Party A/c	351—0-0		
Cash & Bank Balances :			
Cash in hand	79—3-0		
With Devkaran Nanjee			
Bank, Fort	1270—8-0		
	Rs. 3211—0-0		Rs. 3211—0-0

For The Period of Six Months from 1st Jan. 1941 to 30th June 1941.

To,	Rs.As.Ps.	By	Rs.As.Ps.
Postage & Stamp A/c	235-13-9	Reception Committee	
Telephone Charges A/c	190-12-0	Fees A/c	750-0-0
Telegram Charges A/c	20-12-0	Donations A/c	2663-0-0
Stationery & Printing	750- 5-0		
Salary A/c	220—7-0		
Conveyance A/c	20-12-6		
Rent A/c	94—0-0		
General Charges A/c	213-13-0		
Garden Party A/c	351—0-0		
Cash & Bank Balances :			
Cash on hand	57—5-9		
With Devkaran Nanjee			
Bank, Fort	1257-15-0		
	Rs. 3413—0-0		Rs. 3413-0-0

We have audited the accounts of the All India Manufacturers' Conference and we obtained all the information and explanations that we required. In our opinion books of account have been kept in order and the above statements of accounts contain true account of the income and expenditure of the conference.

	M. P. Polson.	Sankalchand G. Shah.	Deshpande, Mahadeshwar & Co.
J. D. Hora.	P. R. Bhatt.	Chairman.	Public Accountants
Asstt. Secretary.	Jt. Hon. Treasurers.	Reception Committee.	& Auditors.

APPENDIX A

List of the Sub-Committees.

- (1) **The Agenda & Resolutions Sub-Committee :—**
Chairman : Mr. Fazal I. Rahimtulla.
Convener : Dr. L. C. Jariwala.
Members : Mr. F. R. Moos, Mr. Shantilal H. Shah, Mr. Kurji Gordhandas, Mr. M. T. Patel.
- (2) **The Propaganda & Publicity Sub-Committee :—**
Chairman : Raj Mitra B. D. Amin.
Convener : Mr. G. N. Banerjee.
Members : Mr. H. V. Gandhi, Mr. N. J. Gor, Mr. Luxmidas Madhavji, Mr. Jugatram Vaidya.
- (3) **The Meeting Arrangements & Decorations Sub-Committee :—**
Chairman : Mr. C. S. Patel.
Convener : Mr. N. D. Sahukar.
Members : Mr. P. T. Lalvani, Mr. Chandulal S. Shah, Mr. Byramji Cowasji, Mr. B. R. Hari, Mr. C. R. Shroff, Mr. Purshottamas Ranchhoddas.
- (4) **The Finance Sub-Committee.**
Chairman : Mr. Madhavlal M. Bhatt, J. P.
Conveners : Mr. M. P. Polson & Mr. P. R. Bhatt J. P.
Members : Mr. Harkisondass Luxmidass, Mr. M. B. Shaparia, Mr. Gulam Husein Sonawala, Mr. B. K. Dalal.
- (5) **The Enrolment of Reception Committee Members Sub-Committee :—**
Chairman : Dr. K. A. Hamied.
Convener : Mr. G. N. Banerjee.
Members : Mr. Byramji Cowasji, Mr. Jamnadas Meghji, Dr. P. M. Krishnaswami, Mr. N. P. Kale, Mr. Essofally M. Tajbhoy, Mr. Salehbhai Jainulabedin.
- (6) **The Reception & Accommodation of Delegates Sub-Committee :—**
Chairman : Mr. Pranlal D. Nanjee J. P.
Convener : Mr. Murarji J. Vaidya.
Members : Mr. N. R. Adenwala, Mr. V. M. Thoban, Mr. M. G. Raval, Mr. Tulsidas Khimji, Mr. Chimanlal M. Shah, Mr. Narsee Monji.

II

(7) **The Entertainment Sub-Committee :**

Chairman : Mr. Choonilal Girdharlal.

Convener : Mr. Anandji Kanji,

Members : Mr. F. A. Fazelbboy, Mr. N. B. Karanjia, Mr. J. N. Iyer,
Mr. N. V. Purshottam, Mr. Vasantrai A. Ojha.

(8) **The Excursions Sub-Committee :—**

Chairman : Mr. Hiralal A. Shah,

Convener : Mr. M. J. Buch.

Members : Mr. Ramji Hansraj, Mr. V. M. Thoban, Dr. L. C. Jariwala,
Mr. P. M. Kabalee.



APPENDIX B.

List of Chambers & Associations and their Representatives who Co-operated in the First Session.

Names of Chambers & Associations.	Names of Representatives.
1. The All-India Organisation of Industrial Employers, New Delhi.	1. The Hon'ble Sir Rahimtulla M. Chinoy Kt. 2. Mr. C. A. Buch.
2. The Federation of Baroda State Mills & Industries, Baroda.	1. Rajratna Sheth Girdharlal D. Parikh. 2. Mr. Balvantraï M. Trivedi.
3. The Bengal National Chamber of Commerce, Calcutta.	1. Mr. D. N. Sen.
4. The United Provinces Chamber of Commerce, Cawnpore.	1. Mr. K. C. Varshnei.
5. The Buyers & Shippers Chamber, Karachi.	1. R. B. Seth Sri Shivratan G. Mohatta. 2. Mr. C. A. Rawal. 3. Mr. Manobhai Doongursee. 4. Mr. R. K. Sidhwa, M. L. A. 5. Mr. Gobindsingh Hassasingh J. P. 6. Mr. Jeewandas Dungursee.
6. The Southern India Chamber of Commerce, Madras.	1. Mr. Yusuff Sait.
7. The Andhra Chamber of Commerce, G. T. Madras.	1. Sri Kautha Suryanatayana Rao.
8. The Mahratta Chamber of Commerce & Industries, Poona 2.	1. Mr. A. R. Bhat. 2. Mr. G. P. Sathe. 3. Mr. P. G. Marathey. 4. Mr. G. S. Ranade. 5. Mr. R. S. Marathey.

II

Name of Chambers & Associations.	Names of Representatives.
9. The Karachi Indian Merchants' Association, Karachi.	1. Dr. Hansraj Virmani.
10. The Indian Chemical Manufacturers' Association, Calcutta.	1. Raj Mitra B. D. Amin. 2. Dr. K. A. Hamied.
11. Karnatak Chamber of Commerce, Bagalkot.	1. Mr. M. C. Handigund.
12. The Poona Manufacturers' Association, Poona 2.	1. Mr. V. V. Vartak. 2. Mr. S. S. Marathe. 3. Mr. V. K. Savle. 4. Mr. M. S. Parakh. 5. Mr. H. V. Kane. 6. Mr. N. N. Kshirasagar.
13. The Poona Press Owners' Association, Poona 4.	1. Mr. S. B. Sahasrabudhe. 2. Mr. V. R. Date. 3. Mr. A. R. Bhat. 4. Mr. K. G. Sarangpani.
14. The Marwari Chamber of Commerce, Calcutta.	1. Mr. Motilal Tapuria. 2. Seth Gajadhar Jaipuria.
15. The Bombay Type Foundry Owners' Association, Bombay 4.	1. Mr. D. C. Modi.
16. The Indian Match Manufacturers' Owners' Association, Bombay 4.	1. Mr. G. S. Mohamed. 2. Mr. Lallubhai Chunilal Matcheswala.
17. The Indian Cigarettes Manufacturers' Association, Bombay.	1. Mr. Narsi Monji. 2. Mr. M. T. Patel.
18. Maharashtra Chamber of Commerce, Bombay.	1. Mr. G. V. Puranik. 2. Mr. D. G. Bhagwat. 3. Mr. P. G. Marathey.

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